## MEDICAL ASSISTANCE COVERAGE; REFORM

**Sponsor:** RLS BY REQUEST OF THE GOVERNOR  
**Requester:** Rules by Request of the Governor  
**Department:** Department of Administration  
**Appropriation:** Centralized Administrative Services  
**Allocation:** Office of Administrative Hearings  
**OMB Component Number:** 2771

### Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

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<td>OPERATING EXPENDITURES</td>
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<td>Personal Services</td>
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**Fund Source (Operating Only)**

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<td>19.5</td>
<td>22.2</td>
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**Positions**

- Full-time
- Part-time
- Temporary

**Change in Revenues**

- Estimated SUPPLEMENTAL (FY2015) cost: 0.0  
  (separate supplemental appropriation required)
  (discuss reasons and fund source(s) in analysis section)

- Estimated CAPITAL (FY2016) cost: 0.0  
  (separate capital appropriation required)
  (discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No

If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

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Prepared By: Chris Kennedy, Deputy Chief Administrative Law Judge  
Division: Office of Administrative Hearings  
Approved By: Sheldon Fisher, Commissioner  
Agency: Department of Administration
Analysis

This bill would alter the income eligibility criteria for certain categories of Medicaid eligibility and would add an eligibility category for persons under 65 who are not pregnant and whose income does not exceed 138 percent of the federal poverty line. The bill also makes changes to the provider audit process and addresses certain cost control measures.

Section 3 of the bill alters the minimum number of provider audits that the Department of Health and Social Services is required to perform. The Office of Administrative Hearings (OAH) hears appeals from provider audits. The current cost of handling these appeals is approximately $60.0 per year (thousand). A significant change in the number of audits performed could affect the number of appeals and the cost of hearing them. Based on information from the Department of Health and Social Services, OAH has determined that the number of audits that generate appeals is expected to remain approximately the same if this provision is enacted, and therefore no fiscal impact has been projected.

Section 6 of the bill expands the number of Alaskans eligible for Medicaid, and would result in a larger overall enrollment in the program. OAH hears appeals from decisions to deny or limit Medicaid coverage. Based on data supplied by the Department of Health and Social Services, OAH anticipates that the number of administrative law judge hours required to hear Medicaid appeals from the Division of Public Assistance and the Division of Health Care Services would increase by approximately 16.1% in the first year of expanded eligibility and by slightly higher percentages in succeeding years. OAH has determined that appeals from the Division of Senior and Disabilities Services would not increase appreciably. Costs have been projected above using OAH's approved cost allocation rate of $165 per hour.

OAH is presently operating at or beyond capacity. The additional hearing load of this work alone would not support the creation of a new full-time administrative law judge position. In the absence of a new PCN, OAH will instead contract out hearing responsibilities to contractors as appropriate.