

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-PAFS-3-10-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Public Assistance Field Services
OMB Component Number: 236

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services			4,326.0	4,155.6	3,984.4	3,984.4	3,984.4
Travel			62.0	15.5	15.5	15.5	15.5
Services	173.0		1,553.8	1,553.8	1,553.8	1,553.8	1,553.8
Commodities			600.2	11.8	11.3	101.3	11.3
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	173.0	0.0	6,542.0	5,736.7	5,565.0	5,655.0	5,565.0

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	86.5		3,271.0	2,868.4	2,782.5	2,827.5	2,782.5
1003 G/F Match (UGF)	86.5		3,271.0	2,868.3	2,782.5	2,827.5	2,782.5
Total	173.0	0.0	6,542.0	5,736.7	5,565.0	5,655.0	5,565.0

Positions

Full-time			49.0	47.0	45.0	45.0	45.0
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 6,120.0 (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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

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Agency: Health and Social Services

Phone: (907)465-2680
Date: 03/10/2018
Date: 03/10/18

FISCAL NOTE ANALYSIS

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Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in activities to come into compliance with work requirements. The department analyzed FY2017 Medicaid enrollee data and found that in that year there were 22,824 adults (10.5% of total enrollees) in non-working households who would not be exempt from the requirement under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines. This proportion comports with a national actuarial analysis recently published in a Society of Actuaries periodical that found that 75% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be exempt from work requirements, another 15% are adults who are actively working, and the remaining 10% would be required to engage in activities to comply with work requirements.

The department estimates that in FY2019 10.5% of total Medicaid enrollment will be 25,095. This fiscal note is based on the assumption that 25,095 Medicaid enrollees will be required to engage in new activities to come into compliance with the work requirements.

Assumptions:

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- * Children under the age of 18
- * Adults 65 and over
- * Disabled adults
- * Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- * Caretaker of a disabled relative who requires 24-hour care
- * Parent/caretaker for a child under age 6 if appropriate child care is not available
- * Alaska Temporary Assistance Program (ATAP) participants
- * Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- * Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- * Adults participating in substance abuse treatment programs

Cost and savings estimates are based on the following assumptions:

- * Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year.
- * Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.

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- * 10.5% of total enrollees would be required to comply with the work requirement.
- * Eventually 25% of the 10.5% of total enrollees subject to work requirements would not comply and would be removed from or denied Medicaid.
- * The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached, as follows:
 - Of the enrollees and new applicants subject to work requirements:
 - * 15% will be denied or removed in FY2020
 - * 20% will be denied or removed in FY2021
 - * 25% will be denied or removed in FY2022 and beyond.
- * Of those who do not comply and are denied or removed, two-thirds would be in the Medicaid expansion eligibility category.
- * The 2.6% reduction in Medicaid enrollment (25% of 10.5%) that would result from work requirements would not result in enough regained staff time to offset the additional staff commitment needed to evaluate and monitor eligibility for those in compliance. Compliance will be evaluated at application, recertification and change reporting.

Projected Costs

Personal Services:

\$4,326.0 (50% GF Match, 50% Fed)

Position Count	Position Title	Range/Step		Location	Annually Cost
11	Employment Services Technician II	15	C	Anchorage	\$85,641.00
5	Employment Services Technician II	15	C	Wasilla	\$85,641.00
2	Employment Services Technician II	15	C	Bethel	\$119,813.00
2	Employment Services Technician II	15	C	Fairbanks	\$87,683.00
2	Employment Services Technician II	15	C	Gambell	\$85,641.00
2	Employment Services Technician II	15	C	Homer	\$85,641.00
2	Employment Services Technician II	15	C	Juneau	\$89,055.00
2	Employment Services Technician II	15	C	Kenai	\$85,641.00
2	Employment Services Technician II	15	C	Ketchikan	\$85,641.00
2	Employment Services Technician II	15	C	Kodiak	\$93,155.00
2	Employment Services Technician II	15	C	Muldoon	\$85,641.00
2	Employment Services Technician II	15	C	Nome	\$110,927.00
2	Employment Services Technician II	15	C	Sitka	\$89,055.00
2	Employment Services Technician III	16	C	Wasilla	\$94,589.00
1	Employment Services Technician III	16	C	Gambell	\$94,589.00
2	Office Assistant II	10	C	Wasilla	\$66,334.00
1	Office Assistant II	10	C	Gambell	\$66,334.00
2	Eligibility Technician II	14	C	Wasilla	\$80,365.00
1	Project Assistant	16	C	Wasilla	\$90,525.00
1	Project Assistant	16	C	Juneau	\$94,184.00
1	Project Assistant	16	C	Fairbanks	\$92,714.00

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Additional Employment Services Technician staff will be required to work with the work participants to help them apply for jobs, place them in volunteer activities, or training needed to help them become self-sufficient. They will also report when the individual is not cooperating so that the division can end their Medicaid participation. An estimated 2-3 hours of staff time per case would be required annually for each client. The projected staff need for the Employment Services Technicians assumes supervisory staff would be required along with support staff.

In addition, three new Project Assistant positions will be required to identify volunteer opportunities for clients, and also two new Eligibility Technician positions will be required to close cases for those individuals who do not comply with the work requirements.

This would equate to an additional 49 FTEs during the initial year of implementation, which would drop by two in FY2021 and again two more in FY2022 as the case-load stabilizes.

Travel:

\$62.0 (50% GF Match, 50% Fed)

Travel funds are required for new staff to travel for Employment Services Technician training. Travel for each employee outside of the Anchorage area is \$3.1. All 49 new employees would require training in FY2020. In subsequent years an estimated five new employees would require training each year due to staff turnover.

Services:

\$48.0 (50% GF Match, 50% Fed)

A professional services contract with a consulting firm with expertise in writing Medicaid 1115 waiver applications will be required. This will be a one-time cost in FY2019.

\$125.0 (50% GF Match, 50% Fed)

A professional services contract with an actuarial consulting firm to assist with the Medicaid 1115 waiver application financial analysis and certification of federal budget cost neutrality will be required. The cost will be \$125.0 in FY2019, and \$25.0 annually in subsequent years.

\$778.8 50% GF Match, 50% Fed)

Costs of services required to support each new FTE, such as lease costs and Information Technology and other shared services, is 18 percent per position. This will be an on-going annual cost beginning in FY2020.

\$750.0 (50% GF Match, 50% Fed)

Medicaid 1115 waivers are technically considered demonstration projects by the federal government and require an evaluation and reporting component. A professional services contract will be required for data collection, analysis and reporting at an annual cost of \$750.0 beginning in FY2020.

Commodities:

\$588.0 (50% GF Match, 50% Fed)

Computers and office furniture/cubicles will be required for each of the new positions, at a one-time FY2020 start-up cost of \$12.0 per position as follows:

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49 positions x \$10.0 (Office Furniture/Cubicle) = \$490.0

49 positions x \$2.0 (Computer) = \$98.0

Computer refresh required in FY2023 for 45 positions x \$2.0 = \$90.0

\$12.2 (50% GF Match, 50% Fed)

Office supplies will be required for each of the new positions, at an annual on-going cost of \$250.00 per position as follows:

49 positions x \$250.00 (supplies) = \$12,250.00 in FY2020

47 positions x \$250.00 (supplies) = \$11,750.00 in FY2021

45 positions x \$250.00 (supplies) = \$11,250.00 in FY2022 and beyond

Capital Budget:

\$6,120.0 (10% GF Match, 90% Fed)

Changes to the eligibility computer system, Alaska's Resource for Integrated Eligibility Services, will be required to include information on compliance with work requirements and to support denial or closure of cases due to non-compliance.

In order to implement work requirements for Medicaid, ARIES must be reprogrammed to add fields to indicate if a recipient is exempt from the work requirement, how they're participating (along with how participation was verified), allow for the actual disqualification, and new notices must be added. The division will also be required to create a new interface with the Case Management System. This system is used to track work activities and issue supportive service payments for ATAP recipients.