

Fiscal Note

State of Alaska
2018 Legislative Session

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

Identifier: SB193-DOA-OAH-03-09-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate Health and Social Services

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)

	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			229.1	305.4	458.1	458.1	458.1
Travel			6.0	1.0	3.0	3.0	3.0
Services			88.8	137.4	82.5	91.5	91.5
Commodities			15.0	8.0	21.0	12.0	12.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	338.9	451.8	564.6	564.6	564.6

Fund Source (Operating Only)

1007 I/A Rcpts (Other)			338.9	451.8	564.6	564.6	564.6
Total	0.0	0.0	338.9	451.8	564.6	564.6	564.6

Positions

Full-time			2.0	2.0	3.0	3.0	3.0
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: 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If yes, by what date are the regulations to be adopted, amended or repealed?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/comments:

Not applicable, initial version.

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Division: Office of Administrative Hearings
Approved By: Leslie Ridle, Commissioner
Agency: Department of Administration
Phone: (907)269-6741
Date: 03/10/2018 05:00 PM
Date: 03/10/18

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB 193

Analysis

SB 193 amends AS 47.07.036 to direct the Department of Health and Social Services (DHSS) to apply for a waiver under 42 U.S.C. 1315 to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults to be eligible for Medicaid, unless an exemption applies. Exemptions would apply to persons under 18 or over 64, individuals unable to work for medical reasons, parent caretakers of children up to age 1, parent caretakers of disabled children, caretakers of relatives so disabled as to require 24-hour care, and parent caretakers of children up to age 6 if the caretaker can show that child care is unavailable.

The Office of Administrative Hearings (OAH) provides hearings in accordance with federal and state law to individuals who appeal a denial or termination of Medicaid eligibility. These appeal services are funded through a reimbursable services agreement from DHSS. OAH employs a federally-approved uniform billing rate, whereby agencies whose decisions are appealed pay the cost of judge time, including an allocated portion of overhead. The projected I/A receipts are calculated using this formula.

DHSS projects that denials and terminations of Medicaid eligibility pursuant to the new requirements would generate 188 appeals to OAH in FY 2020, 251 appeals in FY 2021, and 314 appeals in subsequent years. We defer to DHSS expertise in making these estimates, but we note that the appeal rates DHSS used to calculate these estimates are consistent with those OAH has observed in connection with Temporary Assistance, a program that has a work requirement. Work requirement appeals are moderately expensive to process, in that they often require fairly extensive factual development about the nature of a particular job termination, the extent of a person's disability, or similar issues. Our experience in calendar 2017 shows a cost per case of approximately \$1,800 for appeals of this type.

OAH does not currently have the capacity to handle this caseload. OAH would expect to staff the new caseload with a total of three full-time, range 24 administrative law judges, one to be added at the beginning of FY 2020, one approximately halfway through that year, and the third to be hired at the beginning of FY 2022. At all times, the workload projected by DHSS would somewhat exceed the capacity of these new hires, and excess work would be handled by judges working on contract. The shortfall to be handled by contract peaks in FY 2021 and declines to a lower level thereafter as the third full-time hire begins work. Each newly-hired full-time administrative law judge would be sent to the National Judicial College to attend its training on conducting hearings related to federal benefit programs. Travel expenses related to the training, as well as commodities purchases to equip the new judges with office and hearing technology, fall primarily in FY 2020 and FY 2022.