

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: SB 74
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB074-DHSS-SDMS-03-19-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Senior and Disabilities Medicaid Services
OMB Component Number: 2662

Expenditures/Revenues

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

| | FY2016 Appropriation Requested | Included in Governor's FY2016 Request | Out-Year Cost Estimates | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | FY 2016 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| OPERATING EXPENDITURES | | | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | 16,846.4 | 16,846.4 | 16,846.4 | 16,846.4 |
| Miscellaneous | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 16,846.4 | 16,846.4 | 16,846.4 | 16,846.4 |

Fund Source (Operating Only)

| | | | | | | | |
|----------------|------------|------------|------------|-----------------|-----------------|-----------------|-----------------|
| 1002 Fed Rcpts | | | | 15,073.0 | 15,073.0 | 15,073.0 | 15,073.0 |
| 1003 G/F Match | | | | 1,773.4 | 1,773.4 | 1,773.4 | 1,773.4 |
| Total | 0.0 | 0.0 | 0.0 | 16,846.4 | 16,846.4 | 16,846.4 | 16,846.4 |

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? **yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/17**

Why this fiscal note differs from previous version:

Not applicable, initial version.

| | |
|--|----------------------------------|
| Prepared By: <u>Duane Mayes, Director</u> | Phone: <u>(907)269-2083</u> |
| Division: <u>Senior and Disabilities Services</u> | Date: <u>03/19/2015 05:45 PM</u> |
| Approved By: <u>Sarah Woods, Deputy Director Finance & Management Services</u> | Date: <u>03/19/15</u> |
| Agency: <u>Health & Social Services</u> | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. SB074

Analysis

1915(k) option

Section 2(a)(6) of the bill requires the State to reform the Medicaid program in a manner that reduces the cost of providing services to seniors and individuals with disabilities. The department will apply to the Centers for Medicare and Medicaid Services (CMS) to develop a new Medicaid funding authority, the 1915(k) "Community First Choice Option" (CFC), which serves people who meet an institutional level of care (LOC). The state will realize savings because the 1915(k) authority includes a 56% federal match, an increase of 6% over the current 50% match, decreasing the State's general fund match to 44%.

The 1915(k) option will replace the current 1915(c) waivers, as all 1915(c) waiver service recipients do meet an institutional LOC.

The 1915(c) waivers are:

- Children with Complex Medical Conditions (CCMC)
- Adults with Physical and Developmental Disabilities (APDD)
- Alaskans Living Independently (ALI)
- People with Intellectual and Developmental Disabilities (IDD)

All four of the waivers would transition to the 1915(k) option authority.

Estimated 1915(c) recipients transitioning to the 1915(k) option = 5,200

Federal funding under current 1915(c) waiver at FMAP (50%) = \$ 110,827.7

Federal funding under proposed 1915(k) option at FMAP (56%) = \$ 117,477.4

The program transition results in an increase of \$6,649.7 in federal receipts, and a corresponding GF decrease.

Implementation of the new funding option will require substantial changes to the current Home and Community Based Services (HCBS) operational infrastructure. The estimated effective date for this refinancing proposal from (c) to (k) is FY2018.

1915(i) State Plan option

The department will apply to CMS for the 1915(i) option under Medicaid. The 1915(i) option includes a federal match of 50%, reducing to 50% what is currently a 100% general fund contribution for certain services.

The Department will use this option to refinance the following 100% GF-funded grant programs: General Relief/Temporary Assistance (GR), certain Senior Community Based Grant components, and Community Developmental Disabilities Grant (CDDG).

General Relief/Temporary Assistance (GR) provides temporary residential care for vulnerable adults who are ineligible for assistance from other programs.

Current funding for GR program: \$8,113.0

Total number served: 630

Average cost per individual: \$12,878.00

Estimated eligible for 1915(i): 349

General fund to be reduced: \$ 4,494.3

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

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Analysis Continued

Adult Day Grant:

Total general fund expenditures: \$1,757.0

Total number served: 416

Average cost per individual: \$4,223.58.

Estimated eligible for 1915(i): 114

General fund to be reduced for the Adult Day Grant: \$481.5.

Senior In-Home Grant:

Total general fund expenditures: \$2,917.3

Total number served: 1,528

Average cost per individual: \$1,909.20.

Estimated eligible for 1915(i): 123

Estimated general fund to be reduced for the Senior In-Home Grant: \$234.8.

The combined estimated general fund to be reduced through the use of the 1915(i) option = \$716.3

Community Developmental Disabilities Grant (CDDG) program provides home and community-based services to support individuals to live as independently as they are able.

Total general fund expenditures: \$11,635.8

Total number served: 953

Average cost per recipient: \$12.2

Estimated eligible for 1915(i): 953

Estimated general fund to be reduced: \$11,635.8

State Plan and regulation changes are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2018.