

# Fiscal Note

State of Alaska  
2015 Legislative Session

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

Identifier: SB074-DHSS-SDSA-03-19-15  
Title: MEDICAID REFORM/PFD/HSAS/ER  
USE/STUDIES  
Sponsor: KELLY  
Requester: Senate HSS Committee

Department: Department of Health and Social Services  
Appropriation: Senior and Disabilities Services  
Allocation: Senior and Disabilities Services Administration  
OMB Component Number: 2663

## 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 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>								
Personal Services	108.0		324.0	324.0	324.0	324.0	324.0	324.0
Travel	2.3		6.8	6.8	6.8	6.8	6.8	6.8
Services	186.8		193.9	540.8	10.6	10.6	10.6	10.6
Commodities	2.5		7.6	7.6	7.6	7.6	7.6	7.6
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>299.6</b>	<b>0.0</b>	<b>532.3</b>	<b>879.2</b>	<b>349.0</b>	<b>349.0</b>	<b>349.0</b>	<b>349.0</b>

## Fund Source (Operating Only)

1002 Fed Rcpts	189.9		306.2	479.7	174.5	174.5	174.5
1003 G/F Match	109.7		226.1	399.5	174.5	174.5	174.5
<b>Total</b>	<b>299.6</b>	<b>0.0</b>	<b>532.3</b>	<b>879.2</b>	<b>349.0</b>	<b>349.0</b>	<b>349.0</b>

## Positions

Full-time	1.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

## Change in Revenues

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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17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

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Division:	Senior and Disabilities Services	Date:	03/19/2015 04:45 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	03/19/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. SB074

**Analysis**

Section 2(a)(6) of this 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 two new Medicaid funding authorities, the 1915(i) and 1915(k) State Plan options. Under these new authorities the state will realize savings in the provision of home and community-based services (HCBS).

Services under these new funding authorities will reduce general fund expenditures by replacing 100% general fund services (1915(i) option) or capturing a higher federal match rate (1915(k)).

In FY2018 the Department anticipates new costs associated with initial eligibility assessments of individuals previously served through the general fund grant programs or services. The estimated number of new assessments = 1,539. Cost per assessment = \$225.41 (not including travel). Estimated cost to manage the 1,539 initial eligibility assessments = \$346.9 in FY2018.

In FY2016, FY2017, and FY2018 the Department anticipates additional expenditures related to the "Automated Services Plan" management information system. State staff, providers, and consumers will have access to the system and a public web resource center. The Department will plan and configure substantial, necessary software changes to this system for new assessments, additional programmatic elements, and interfaces with other department data management systems. Additional user accounts and licenses, and training and support for all users, will need to be developed and supported.

Estimated costs for system changes and development = \$550.0, of which \$300.0 is eligible for enhanced federal funding at a 90% federal match, and the remaining \$250.0 is eligible for the standard 50% federal match. Much of these costs will be realized in the development years (one-third each in FY2016-FY2018), while the savings will continue and grow as overall expenditures grow.

To plan, develop, and manage the new program, beginning in FY2016 Senior and Disabilities Services will require 3 additional full-time staff: one staff person beginning in FY2016 and two more staff beginning in FY2017. These will be Health Program Manager II positions (step C) each = \$108.0; Travel = \$2.3; Services = \$3.5; Commodities = \$2.5. Regulation changes are required to implement the new options and would involve extensive public comment. The estimated effective date of regulation changes is July 2017.