

Fiscal Note

State of Alaska
2015 Legislative Session

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

Identifier: SB074-DHSS-RR-03-21-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services Committee

Department: Department of Health and Social Services
Appropriation: Health Care Services
Allocation: Rate Review
OMB Component Number: 2696

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
OPERATING EXPENDITURES								
Personal Services	177.8		297.0	297.0	177.8	177.8	177.8	177.8
Travel	2.0		2.0	2.0	2.0	2.0	2.0	2.0
Services	9.4		18.8	18.8	9.4	9.4	9.4	9.4
Commodities	9.6		11.6	4.0	2.0	2.0	2.0	2.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	198.8	0.0	329.4	321.8	191.2	191.2	191.2	191.2

Fund Source (Operating Only)

1002 Fed Rcpts	99.4		164.7	160.9	95.6	95.6	95.6
1003 G/F Match	99.4		164.7	160.9	95.6	95.6	95.6
Total	198.8	0.0	329.4	321.8	191.2	191.2	191.2

Positions

Full-time	1.0		2.0	2.0	1.0	1.0	1.0
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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17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: <u>Health Care Services</u>	Date: 03/21/2015 01:20 PM
Approved By: <u>Sarah Woods, Deputy Director Finance & Management Services</u>	Date: 03/21/15
Agency: <u>Health & Social Services</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. SB074

Analysis

Section 2(a)(9) of the bill requires a redesign of the Medicaid payment process. This section converts the process from a fee-for-service model that incentivizes volume, to an outcome-based model that incentivizes efficient care.

The Office of Rate Review (ORR) currently sets reimbursement rates for a range of Medicaid services. ORR would still be required to set a baseline rate for Medicaid services but would need to identify and establish metrics, track outcomes and ultimately tie reimbursement to those outcomes. One Medical Assistant Administrator IV would be needed for a period of two years to establish metrics and targets.

1 Medical Assistance Administrator IV, range 21 - \$119.2

Lease costs, phone, etc - \$9.4

Office supplies - \$2.0

Computer, software - \$2.6

One-time office set-up - \$5.0

FY2016 Commodities, one-time total \$7.6

Section 5 of the bill requires the Department to initiate a managed care demonstration. The purpose of the demonstration project is to ensure sustainability while reducing the cost of medical assistance payments and increasing access to and improving the quality of care available to all medical assistance recipients. Based on prior experience it is uncertain we will get an offer with a reasonable expectation that it will reduce costs. We will not enter into a contract if anticipated savings do not offset the cost of the contract.

Therefore, we have assumed administration fees are offset by reductions in service spending.

1 exempt Actuary – est. competitive salary w/ benefits - \$177.8

Lease costs, phone, etc - \$9.4

Office supplies - \$2.0

Computer, software - \$2.6

One-time office set-up - \$5.0

FY2016 Commodities, one-time total \$7.6