

### Governor's Medicaid Overhaul Bill – Fiscal Note Overview, March 16, 2015

- This bill enables participation in the federal expansion of Medicaid while also providing realistic reforms with achievable deadlines for Alaska's Medicaid program.
- In FY2016 (the implementation year), the state will see a reduction in the general fund budget of \$6.5 million. The federal government, not the state, is going to pay \$146 million in health costs for Alaskans that year.
- Savings will pick up considerably in the years following FY2017 as reform efforts take effect and Alaskans see an increasing proportion of health care services paid for by the federal government.
- Ultimately, Alaskans will receive \$1.44 billion in federal funds and a savings of \$330 million in the general fund budget over the years FY2016 –FY2021.

Where, specifically, do these savings and revenues come from? They are described in detail in the fiscal notes accompanying the bill. Here is a summary of those fiscal notes:

OMB Number	Informal Title of Fiscal Note	What Fiscal Note does	Effect on Alaskans	Effect on the Budget
2077	Medicaid Services Expansion and Reform	Allows Medicaid expansion to provide coverage for a wide range of health care services for adults and establishes Medicaid reforms that improve partnerships with tribal providers and prevent waste, fraud, and abuse among all providers.	Provides coverage for a wide range of health services, encourage better health for Alaskans and reduce uncompensated care; and encourages development of a strong network of health care providers in Alaska, especially among tribal providers.	Expansion that results in \$132 million in federal funding to Alaskans in FY2016 and more in future years.

OMB Number	Informal Title of Fiscal Note	What Fiscal Note does	Effect on Alaskans	Effect on the Budget
2839	Adult Dental Care Medicaid Services	Allows Medicaid expansion coverage for non-emergency adult dental services in the newly eligible population	Provides coverage for preventive and primary dental care to help avoid emergency and uncompensated dental care	100% of the costs for these services are paid by federal Medicaid in 2016—bringing Alaska \$5.38 million for adult dental services
2660	Behavioral Health Medicaid Services	Allows Medicaid expansion and reform coverage for services to those with behavioral health issues – which are currently funded through state grants	More Alaskans with behavioral health needs (mental health, substance abuse disorders) gain coverage for their treatment needs.	Federal funding for behavioral health needs is increased thanks to expansion, bringing \$4.7 million in federal funds to Alaska in FY2016 and more in future years. The general fund increases are offset by reductions in behavioral grants (FN 3099).
2662	Senior and Disabilities Medicaid Services	Expands and reforms Medicaid coverage for those in need of personal care or other assistance due to disabilities and other conditions that don't yet meet current eligibility levels for disability under existing Medicaid.	Alaskans with disabling conditions gain coverage for personal care assistance and other services, encouraging independent living.	Medicaid expansion will bring \$2.9 million in federal funds to Alaska in FY2016 and more in future years. Thanks to reforms, services currently paid entirely or partly by general fund dollars will have a greater portion paid for by federal funds.

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236	Public Assistance Field Services	Allows hire of 23 technicians to manage the increased number of Medicaid applications.	Applications from new eligible Alaskans processed in a timely manner.	The \$2.7 million cost for these additional employees in FY2016 will be 50% funded through federal Medicaid and 50 % funded by the AK Mental Health Trust in FY2016.
3099	Behavioral Health Treatment and Recovery Grants	Reduces grant funding for behavioral health services as Medicaid covers pays more of these services.	More Alaskans gain coverage for mental health and substance abuse disorders.	The amount of general funds needed for behavioral health grants is reduced by \$1.6 million in FY2016 and significantly more in future years as Medicaid covers these services.
2330	Chronic and Acute Medical Assistance (CAMA)	Reduces amount of general fund dollars needed for this program.	Most Alaskans receiving coverage through CAMA will become eligible for Medicaid under expansion.	The amount of general fund dollars needed for this program is reduced by \$1 million in FY2016 and more in future years.

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2665	DHSS/Division of Behavioral Health Administration	Allows hire of an administrator to develop the "1915(i) option" – a Medicaid reform.	Successful development of the 1915(i) option saves Alaskans money for services to those with Alzheimer's disease, traumatic brain injury, severe mental illness, and other conditions.	Successful development of this reform will allow Alaska to have 50% of services for these individuals to be paid by federal funds instead of 100% from the general fund. Half the funding for this position would be paid through the state general fund, half through federal funds.
309	Community Development Disabilities Grants	Allows the state to participate in the 1915(i) Medicaid reform option and reduce general funds for this program.	This program provides homes and community-based services to help Alaskans live independently. Successful development of the 1915(i) option saves Alaskans money for services to those with Alzheimer's disease, traumatic brain injury, severe mental illness, and other conditions	Successful development of this reform will allow Alaska to get 50% of services for these individuals to be paid by federal funds instead of 100% general fund dollars. Savings to begin in FY2018.
2875	General Relief/Temporary Assisted Living Grants	Allows the state to participate in the 1915(i) Medicaid reform option and reduce general funds for this program.	This program serves Alaskans in need of assistance but ineligible for other grant programs. Successful development of the 1915(i) option saves Alaskans money for services to those with Alzheimer's disease, traumatic brain injury, severe mental illness, and other conditions.	Successful development of this reform will allow Alaska to have 50% of services for these individuals to be paid by federal funds instead of 100% general funds. Savings to begin in FY2018.

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242	Medical Assistance Administration	Allows hire of three administrators in FY2016 and an additional two by FY2020 to manage the increased number of claims brought by Medicaid expansion and reform.	Successful processing of Medicaid claims and development of the tribal "1115" waiver program ensures maximum use of federal Medicaid dollars.	Successful development of expansion and the "1115" reform will enable services either completely or only partially paid by Medicaid to have a greater portion funded by Medicaid in FY2016 and beyond. 50% of the funding for these positions will be paid for by federal Medicaid and 50% will be paid by the MH Trust in FY2016.
2696	Office of Rate Review Provider Tax Development	Provides funding for the Office of Rate Review to develop and propose a provider tax to help offset costs for Medicaid expansion.	Successful development of a provider tax will require significant stakeholder involvement and public input. This funding ensures all points of view are considered in development of this tax.	A provider tax will help offset the costs of Medicaid expansion to the state. This one-time cost of \$4,500 will be used for development.
2787	Senior and Community Based Grants	Reduces the amount of general grant funding needed for Adult Day and Senior In-Home Services, from 100% state general funds to 50% fed/50% state funds.	Successful development of this reform saves Alaskans money for services to those with significant disabilities, who do not meet a nursing level of care.	Successful development of this reform will allow Alaska to have 50% of services for these individuals to be paid by federal funds instead of 100% general funds. Savings to begin in FY2018.

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2663	Senior and Disabilities Services Administration	Allows the hire of administrators to develop two Medicaid reform options, "1915(i)" and "1915(k)"	Services under these reforms reduce general fund expenditures by replacing 100% general fund services with 50% federal funds -- or to capture a higher federal match rate.	Successful development of these reforms will allow Alaskans to capture more or higher federal match rates. At least 50% of the costs for these positions will be paid by federal funds.
2952	Department of Corrections Health Care	Reduces the amount of general fund the state must pay for health care of inmates	Many inmates in Alaska prisons will be eligible for Medicaid under expansion. The state will be able to access Medicaid dollars to pay for their services instead of funding their services 100% through general fund dollars.	The Department of Corrections expects to realize \$4.1 million in general fund savings in FY2016 and more in successive years.
2771	Department of Administration Office of Administrative Hearings	Increases the ability of the OAH to manage referred Medicaid claims	With increased Medicaid eligibility comes the likelihood that more claims for Medicaid coverage will be denied and, in turn, that more of these decisions will be appealed. This request helps the AOH deal with that workload.	This cost is expected to be \$16.8 million in FY2016, then increase and stabilize to \$22.3 million by FY20121.