

FISCAL NOTE

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Bill Version CSSB 74(FIN)AM

Fiscal Note Number _____

() Publish Date _____

Identifier (file name) SB074CS(FIN)AM-DCCED-CBPL-03-03-16

Dept. Affected DCCED

Title Medicaid Reform/PFD/HSAS/ER Use/Studies

Appropriation CBPL

Allocation Corporations, Business and

Sponsor Senator Kelly

Requester (S) Finance

OMB Component Number 2360

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY17 Appropriation Requested	Included in Governor's FY17 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY17	FY17	FY18	FY19	FY20	FY21	FY22
Personal Services	443.6		443.6	443.6	443.6	443.6	443.6
Travel	3.0		3.0	3.0	3.0	3.0	3.0
Services	89.2		160.8	160.8	160.8	160.8	160.8
Commodities	25.0						
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	560.8	0.0	607.4	607.4	607.4	607.4	607.4

FUND SOURCE

(Thousands of Dollars)

1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1156	Rcpt Svcs (DGF)	560.8	607.4	607.4	607.4	607.4	607.4
TOTAL		560.8	0.0	607.4	607.4	607.4	607.4

POSITIONS

Full-time	5		5	5	5	5	5
Part-time							
Temporary							

CHANGE IN REVENUES	560.8		607.4	607.4	607.4	607.4	607.4
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Estimated SUPPLEMENTAL (FY16) operating costs
(discuss reasons and fund source(s) in analysis section)

0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY17) costs
(discuss reasons and fund source(s) in analysis section)

0.0 (separate capital appropriation required)

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If yes, by what date are the regulations to be adopted, amended, or repealed?

7/1/2017

Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

CSSB074(FIN)AM added the expansion of telemedicine; updated personal services, travel, services, commodities, and analysis.

Prepared by Janey Hovenden, Director
Division Corporations, Business and Professional Licensing

Approved by _____
Agency _____

Phone (907)465-2536
Date/Time 3/3/16 6:00 PM

Date _____

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB 74(FIN)AM

Analysis

CSSB74 requires the pharmacist or practitioner who dispenses controlled substances, other than those administered to a patient at a health care facility, to submit to the board for inclusion in the Controlled Substance Prescription Database (PDMP) on a weekly basis. The bill allows licensed practitioners and licensed pharmacists to delegate access to the PDMP on their behalf to an agent or employee of the practitioner. It requires a pharmacist or practitioner who prescribes or dispenses controlled substances to register with the PDMP in a format established by the Board of Pharmacy, and requires the Board of Pharmacy to promptly notify the pertinent licensing board when a practitioner registers with the PDMP.

This legislation allows access to the PDMP by: the licensed pharmacist of the Department of Health and Social Services (DHSS) responsible for administering prescription drugs coverage; the licensed pharmacist, licensed practitioner, or authorized employee of DHSS responsible for the utilization review of prescription drugs for the medical assistance program; the Medical Examiner to the extent that the information relates specifically to investigating the cause and manner of a person's death; and authorized personnel of DHSS who may receive data for the purpose of identifying and monitoring public health issues in the state.

CSSB74 allows for disciplinary action for failure to register by either the Board of Pharmacy or by another licensing board. It creates a procedure and time frame for registration with the PDMP and requires a pharmacist or practitioner to access the database to check a patient's prescription records before dispensing, prescribing, or administering a controlled substance. This legislation requires the Board to update the database on a weekly basis and authorizes the Board to provide unsolicited notification to a pharmacist or practitioner if a patient has received one or more prescriptions for controlled substances in quantities or with a frequency inconsistent with generally recognized standards of safe practice.

Expansion of the scope and functionality of the PDMP will require a Program Coordinator I, range 18, in Juneau to manage all aspects of the PDMP, including registration, reporting, collaboration and engagement with the state's opioid control program, grant writing and reporting, vendor solicitation, and other facets of the PDMP.

CSSB74 expands the practice of telemedicine from prescribing, dispensing, or administering a prescription drug without conducting a physical examination (as authorized under HB 281 during the 2014 Legislative session) to also include diagnosing and treating patients without conducting a physical examination, allowing these practices by a physician who is not located in the state of Alaska, changing the patient consent requirements, and allowing prescription of controlled substances under certain circumstances.

The significant expansion of the practice of telemedicine authorized under this bill will require substantial administrative and investigative resources to pursue complaints pertaining to a rapidly expanding body of licensees who are practicing "in Alaska" but operating in locations across the nation.

The division has seen a 400% increase in medical license applications since telemedicine was expanded through legislation effective November 2014. This bill would exponentially increase the number of applicants, the geographic reach of applicant licensure, and the volume of supporting documentation required to examine fitness to practice. It will also multiply the potential for pre-application investigations. These changes will result in more costly investigative and legal support to respond to complaints, to discipline licensees for violations occurring across the nation, and to comply with increased licensee appeals of board actions.

This legislation expands telehealth outside Alaska's borders in the practices of social workers, professional counselors, psychologists, psychological associates, and marital and family therapists. Because these professions don't have prescriptive authority, the investigative concerns are not as high. The licensing workload, however, is anticipated to increase dramatically.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB 74(FIN)AM

Analysis Continued

The division shall adopt regulations for establishing and maintaining a registry of businesses performing telemedicine services in the state.

This fiscal note provides for two Occupational Licensing Examiners, range 14, to examine license applications and issue licenses. In addition, this fiscal note includes two Investigator III's, range 18, to investigate violations and enforce Alaska laws on this new population of licensees. Investigative personnel would also be tasked to regulate a new type of violation, "practice location." The additional staff would be necessary to determine violations of specific geographic scope.

If the bill passes the following expenses will be incurred:

Personal Services: \$443.6 (one full time permanent Program Coordinator I, range 18, two full time permanent Occupational Licensing Examiners, range 14, two full time permanent Investigator III's, range 18)

Travel: \$3.0 (Program Coordinator to attend two board meetings and engage with committees and stakeholders in the state's opioid control program)

Services: \$25.0 (legal costs to amend regulations, printing, and postage in first year)

\$12.0 (printing and postage to notify prescribers who would be required to register)

\$2.2 (contract to expand PDMP database from monthly to weekly based on current vendor quote)

\$108.6 (legal cost of investigations and appeals beginning in year two)

\$50.0 (department-wide services support for five new positions)

Commodities: \$5.0 in first year (computer, office panels, office furniture and other one-time needs for five new positions)

The PDMP as it is currently operating is funded by a federal grant through a reimbursable service agreement (RSA) with the Department of Health and Social Services (DHSS). The department is seeking additional federal grant funding in collaboration with DHSS. If awarded, costs of this program enhancement could be covered by federal grant funds instead of program receipts. In absence of the grant it would be paid for by Board of Pharmacy licensees.

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DCCED-CBPL-03-02-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: (S) Finance

Department: Department of Commerce, Community and
Economic Development
Appropriation: Corporations, Business and Professional
Licensing
Allocation: Corporations, Business and Professional
Licensing
OMB Component Number: 2360

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	100.6		100.6	100.6	100.6	100.6	100.6
Travel	3.0		3.0	3.0	3.0	3.0	3.0
Services	63.1		36.1	36.1	36.1	36.1	36.1
Commodities	5.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	171.7	0.0	139.7	139.7	139.7	139.7	139.7

Fund Source (Operating Only)

1156 Rcpt Svcs	171.7		139.7	139.7	139.7	139.7	139.7
Total	171.7	0.0	139.7	139.7	139.7	139.7	139.7

Positions

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

Change in Revenues	171.7		139.7	139.7	139.7	139.7	139.7
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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:

Updated estimated contractual expenses based on updated quote from current vendor and correct error in the services cost in the analysis.

Prepared By: Janey Hovenden, Director Phone: (907)465-2536
Division: Corporations, Business and Professional Licensing Date: 03/01/2016 11:50 AM
Approved By: Catherine Reardon, Director Date: 03/02/16
Agency: Division of Administrative Services, DCCED

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB 74(FIN)

Analysis

CSSB74 requires the pharmacist or practitioner who dispenses controlled substances, other than those administered to a patient at a health care facility, to submit to the board for inclusion in the Controlled Substance Prescription Database (PDMP) on a weekly basis. The bill allows licensed practitioners and licensed pharmacists to delegate access to the PDMP on their behalf to an agent or employee of the practitioner. It requires a pharmacist or practitioner who prescribes or dispenses controlled substances to register with the PDMP in a format established by the Board of Pharmacy, and requires the Board of Pharmacy to promptly notify the pertinent licensing board when a practitioner registers with the PDMP.

This legislation allows access to the PDMP by: the licensed pharmacist of the Department of Health and Social Services (DHSS) responsible for administering prescription drugs coverage; the license pharmacist, licensed practitioner, or authorized employee of DHSS responsible for the utilization review of prescription drugs for the medical assistance program; the Medical Examiner to the extent that the information relates specifically to investigating the cause and manner of a person's death; and authorized personnel of DHSS who may receive undisclosed information for the purpose of identifying and monitoring public health issues in the state.

CSSB74 allows for disciplinary action for failure to register by either the Board of Pharmacy or by another licensing board. It creates a procedure and time frame for registration with the PDMP and requires a pharmacist or practitioner to access the database to check a patient's prescription records before dispensing, prescribing, or administering a controlled substance. This legislation requires the Board to update the database on a weekly basis and authorizes the Board to provide unsolicited notification to a pharmacist or practitioner if a patient has received one or more prescriptions for controlled substances in quantities or with a frequency inconsistent with generally recognized standards of safe practice.

Expansion of the scope and functionality of the PDMP will require a Program Coordinator in Juneau to manage all aspects of the PDMP, including registration, reporting, collaboration and engagement with the state's opioid control program, grant writing and reporting, vendor solicitation, and other facets of the PDMP.

If the bill passes the following expenses will be incurred:

Personal Services: \$100.6 (one full time permanent Program Coordinator I, range 18)

Travel: \$3.0 (program coordinator to attend two board meetings and engage with committees and stakeholders in the state's opioid control program)

Services: \$63.1

\$15.0 (legal costs to amend regulations, printing, and postage in first year)

\$12.0 (printing and postage to notify prescribers who would be required to register)

\$26.1 (contract to expand PDMP database from monthly to weekly based on current vendor)

\$10.0 (department-wide services support for one new position)

Commodities: \$5.0 in first year (computer, office panels, office furniture and other one-time needs for one new position)

The PDMP as it is currently operating is funded by a federal grant through a reimbursable service agreement (RSA) with the Department of Health and Social Services (DHSS). The department is seeking additional federal grant funding in collaboration with DHSS. If awarded, costs of this program enhancement could be covered by federal grant funds instead of program receipts. In absence of the grant it would be paid for by Board of Pharmacy licensees.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(STA)-LAW-CRIM-02-26-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance

Department: Department of Law
Appropriation: Criminal Division
Allocation: Criminal Appeals/Special Litigation
OMB Component Number: 2203

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES							
Personal Services	316.6		316.6	316.6	316.6	316.6	316.6
Travel	1.5		1.5	1.5	1.5	1.5	1.5
Services	39.8		39.8	39.8	39.8	39.8	39.8
Commodities	6.1		6.1	6.1	6.1	6.1	6.1
Capital Outlay	1.0		1.0	1.0	1.0	1.0	1.0
Grants & Benefits							
Miscellaneous							
Total Operating	365.0	0.0	365.0	365.0	365.0	365.0	365.0

Fund Source (Operating Only)

1002 Fed Rcpts	273.7		273.7	273.7	273.7	273.7	273.7
1005 GF/Prgm	91.3		91.3	91.3	91.3	91.3	91.3
Total	365.0	0.0	365.0	365.0	365.0	365.0	365.0

Positions

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

Change in Revenues	500.0		500.0	500.0	500.0	500.0	500.0
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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:

Initial version, not applicable.

Prepared By: Valerie Rose, Budget Analyst IV
Division: Administrative Services Division
Approved By: Craig W. Richards, Attorney General
Agency: Department of Law

Phone: (907)465-3674
Date: 02/26/2016 09:47 AM
Date: 02/26/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB74

Analysis

In addition to other provisions amending AS 47.05, the committee substitute for SB 74 (STA) would add a provision to Title 9, code of civil procedure, to establish an "Alaska Medical Assistance False Claim and Reporting Act." Under AS 09.58.010, sec. 4 of the bill, a medical assistance provider or medical assistance recipient may not knowingly submit, authorize, or cause to be submitted, a false or fraudulent claim under the medical assistance program. A beneficiary of a false or fraudulent claim, whether intentional or inadvertent, would be required to disclose the false or fraudulent claim to the state not later than 60 days after discovering the false claim.

Under proposed AS 09.58.010, a medical assistance provider or recipient who engages in the prohibited acts would be liable to the state in a civil action for a penalty of not less than \$5,500 and not more than \$11,000, three times the amount of damages sustained by the state and costs and attorney fees. Damages could be reduced if the person liable furnishes the attorney general or the Department of Health and Social Services all information known to the person about the violation not later than 30 days after the information was obtained and the person cooperates with the attorney general, and no action is pending with respect to the violation.

Under proposed AS 09.58.015 and 09.58.020, an action for damages due to a false or fraudulent claim for medical assistance may be brought by the attorney general, or by a private plaintiff. If a private person files a complaint, the complaint is under seal for at least 60 days to allow the attorney general time to investigate the action and decide whether to recommend dismissal due to lack of substantial evidence that a violation occurred, intervene and pursue the case on behalf of the state, or allow the private person to proceed with the action on behalf of the state. The attorney general may request an extension of time to conduct the investigation.

If the attorney general elects not to proceed with the action, and does not move to dismiss it, the person who brought the action has the right to proceed and conduct the action. The attorney general may request to be served with all documents related to an action pursued by a private plaintiff. To protect pending state investigations, under proposed AS 9.58.030(d), the attorney general may request a court to stay discovery for not more than 90 days.

For an action brought by a private plaintiff, if the claim is successful, a private plaintiff would be entitled to a percentage of damages. If the attorney general pursues the action, damages to the private plaintiff would be at least 15 percent but not more than 25 percent of the proceeds. If the attorney general does not proceed with the action, the available damages amount shall be at least 25 percent but not more than 30 percent of the proceeds.

Certain actions would be barred: actions based on evidence known to the state, actions based on allegation or transactions subject to an action in which the state is a party, actions based on public disclosure, and actions against the state or current or former state employees. The bill would also establish as part of AS 47.05, a provision authorizing seizure and forfeiture of property of a medical assistance provider if the attorney general finds probable cause that the provider has or is committing medical assistance fraud; seizure is subject to court review.

Both the proposed Medical Assistance False Claim and Reporting Act and provision on seizure and forfeiture of real property require involvement of the Department of Law. The Department of Law would require attorneys, investigators, and support staff in order to review the complaints and make recommendations as to which action to take under the Medical Assistance False Claim and Reporting Act. The department anticipates that the work could be done by attorneys in the Medicaid Fraud Control Unit (MFCU) of the Office of Special Prosecutions and Appeals. The bill would allow for recovery of attorney fees incurred in prosecuting civil action for Medicaid fraud, but under federal law fifty percent of attorney fees recovered must be paid to the federal government to reimburse the federal government its proportionate share of funding the Medicaid program.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB74

Analysis Continued

The State of Alaska recovered approximately \$1.9 million in civil settlements in 2012 through the MFCU in the form of global class action cases as a result of the State's membership in the National Association of Medicaid Fraud Units. A portion of recovered monies could be used to pay MFCU attorney fees. While conservative estimates may not provide for full funding of the MFCU through attorney fee recoveries, it is likely that a significant portion will be recovered to pay for the twenty-five percent of matching state funds that are required. This fact combined with a positive fiscal note from the Department of Health and Social Services regarding this legislation (for savings in the amount of \$800,000 for the first year and approximately \$900,000 each year thereafter), along with the deterrent effect of the proposed legislation should result in significant savings for the State of Alaska.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-BHA-2-28-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Behavioral Health
Allocation: Behavioral Health Administration
OMB Component Number: 2665

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	115.9		115.9	115.9	115.9	115.9	115.9
Travel	2.0		2.0	2.0	2.0	2.0	2.0
Services	9.4		9.4	9.4	9.4	9.4	9.4
Commodities	8.1		0.5	0.5	0.5	0.5	0.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	135.4	0.0	127.8	127.8	127.8	127.8	127.8

Fund Source (Operating Only)

1002 Fed Rcpts	67.7		63.9	63.9	63.9	63.9	63.9
1003 G/F Match	67.7		63.9	63.9	63.9	63.9	63.9
Total	135.4	0.0	127.8	127.8	127.8	127.8	127.8

Positions

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

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? n/a

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the newly adopted version of CSSB74(FIN).

Prepared By: Randall P. Burns, Acting Director Phone: (907)269-5948
Division: Behavioral Health Date: 02/26/2016 02:53 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/28/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 17 of CSSB74(FIN) instructs DHSS, in coordination with the Alaska Mental Health Trust Authority to "manage a comprehensive and integrated behavioral health program," including a plan for providing a continuum of community-based services from a wide array of providers and disciplines that addresses housing, employment, criminal justice and reduces barriers that fragment services and reduce effectiveness and efficiency.

Section 19 authorizes the Department to develop demonstration projects for innovative service delivery and payment models, incentives for telemedicine, and requires the Department of Health and Social Services (DHSS) to seek an 1115 waiver from the Centers for Medicare and Medicaid Services (CMS).

Under these sections, the Department plans to develop significant behavioral health system reforms that improve access, quality of care, and manage costs. Reform will include contracting with an Administrative Services Organization (ASO) to develop and manage a network of providers; establishing utilization management; providing strict outcomes reporting; and providing fraud, waste, and abuse auditing. The ASO contract is an important service as the Division of Behavioral Health transitions to a managed system of behavioral health care.

One position, a Social Services Program Officer (Range 21, step A, SU, located in Anchorage at \$115.9 annually, not including ancillary travel, services and commodities cost) will be required to assist in the development of the 1115 waiver application, beginning in FY2017.

Funding for the position will be 50% federal and 50% GF match and is requested for all 12 months of FY2017. The Division of Behavioral Health anticipates having this position filled by July 1, 2016 as the incumbent is expected to come up to speed, work quickly and assist in completion of the intensive waiver application in a short period of time.

This position will also supplement and support the Medicaid redesign consulting contracts that the Division and the Alaska Mental Health Trust have established to advise both the Trust and the Department and Division staff, as the Trust and the Department work together to successfully implement the significant reforms to the State's current behavioral health system required by SB74.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-MAA-3-3-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate FIN

Department: Department of Health and Social Services
Appropriation: Health Care Services
Allocation: Medical Assistance Administration
OMB Component Number: 242

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	355.9		408.9	355.9	302.9	302.9	302.9
Travel							
Services	107.9		112.6	107.9	103.2	103.2	103.2
Commodities	37.4		8.0	7.0	6.0	6.0	6.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	501.2	0.0	529.5	470.8	412.1	412.1	412.1

Fund Source (Operating Only)

1002 Fed Rcpts	250.7		264.8	235.5	206.1	206.1	206.1
1003 G/F Match	250.5		264.7	235.3	206.0	206.0	206.0
Total	501.2	0.0	529.5	470.8	412.1	412.1	412.1

Positions

Full-time	4.0		4.0	4.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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:

Provided more accurate language in narrative regarding demonstration projects.

Prepared By: Margaret Brodie, Director
Division: Health Care Services
Approved By: Sana Efird, Assistant Commissioner, Finance and Management Services
Agency: Health and Social Services
Phone: (907)334-2520
Date: 02/27/2016 03:00 PM
Date: 03/03/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Sections 1 through 3; 10 through 11; 14 through 16; 17 (47.05.250-260); 24 establish a series of new provisions intended to strengthen fraud and abuse prevention and remediation, and include the addition of a new Alaska Medicaid False Claim and Reporting Act. These provisions would authorize the department to assess interest and penalties on overpayments, impose civil fines, and seize property of medical assistance providers who have or are committing medical assistance fraud.

Promulgation of associated regulations will take approximately six months, with implementation effective January 1, 2017. There will be a significant increase in appeals from these new policies. One full-time Medical Assistance Administrator III position will be required for the first two years following implementation to manage provider education and the initial increased appeals-related workload.

Personal Services: One full-time Medical Assistance Administrator III; Range 20, Anchorage; \$106.0 annual cost (FY2017: \$53.0; FY2018: \$106.0; FY2019: \$53.0)

Services: Office space, phones, reimbursable service agreements (RSA) for position support costs: \$9.4 annually (FY2017: \$4.7; FY2018: \$9.4; FY2019: \$4.7)

Commodities: Office supplies: \$2.0 annually (FY2017: \$1.0; FY2018: \$2.0; FY2019: \$1.0)

One-Time Commodities Cost: Computer, software, and office equipment: \$7.6 (FY2017)

Due to the increase in appeals with the Office of Administrative Hearings for fraud and abuse handle under these sections, the reimbursable services agreement with that office is increase by \$75.0 per year to accomodate the increased workload.

Section 18 directs the department to implement the Primary Care Case Management system or managed care organization (MCO) contract authorized under AS 47.07.030(d). This system would require certain Medicaid recipients to obtain approval from a case manager or MCO before receiving certain services in order to increase the use of primary and preventive care, and decrease the use of specialty care and hospital services.

Additional staff will be required to develop this program, including establishing and overseeing the contract with the Administrative Services Organization, and data development and analysis. Two positions will be established to support this and all other health delivery and payment reform initiatives in this bill (Section 19(d)(3), Health Homes; Section 19(d)(5) telemedicine; Section 20 (47.07.038) hospital emergency use reduction).

Personal Services:

One permanent full-time Medical Assistance Administrator IV for program development and management; Range 21, Anchorage; \$112.4 annually

One permanent full-time Medical Assistance Administrator III for data systems and analysis; Range 20 Anchorage; \$106.0 annually

Services: Office space, phones, reimbursable service agreements (RSAs) for position support costs: \$18.8 annually

Commodities: Office supplies: \$4.0 annually

One-Time Commodities Cost: Computer, software, and office equipment: \$15.2

Section 19 (d)(3) directs the department to implement the Health Homes option under section 1945 of the Social Security Act. Health Homes provide integrated and coordinated care for people with chronic health conditions. The department would need approximately two years for planning and development prior to implementation in order to determine eligibility criteria for recipients and for providers, design the new payment methodology and required reporting systems, develop and receive approval on the State Plan Amendment and associated regulations, and make required modifications to the Medicaid Management Information System.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

The planning phase for this initiative would begin in FY2018, with implementation in FY2020. The positions established to develop the Primary Care Case Management system (Section 18 of this bill) will staff this initiative.

Section 20 (47.07.038) directs the department to establish, in collaboration with the Alaska State Hospital and Nursing Home Association, a hospital-based project designed to reduce the use of hospital emergency departments by Medicaid enrollees.

The department proposes the existing Health Information Exchange (HIE) be utilized as the foundational technology for electronic exchange of patient information among hospital emergency departments. This technology is already in place, but education and outreach to emergency department staff to help them learn how to use the HIE is required.

Program staff support would be required for negotiation and contracting with hospitals for the shared-savings payment reform associated with this initiative, and also for data systems and analysis. The positions established to develop the Primary Care Case Management system (Section 18 of this bill) will staff this initiative.

Section 20 (47.07.039) directs the department to contract with one or more third parties to implement one or more coordinated care demonstration projects for Medicaid recipients, with proposals requested on or before 12/31/2016. Demonstration projects must include one or more of the following: comprehensive primary-care-based management for medical and behavioral health service; care coordination including assignment of recipients to local primary care providers, where possible; health promotion; comprehensive transitional care and post-discharge follow-up care; referrals to community and social support services; sustainability and the ability to implement in other areas of the state; integration and coordination of benefits and services; and local accountability for health and resource allocation.

The demonstration projects will be implemented in three regions of the state. Planning and development would begin in FY2017, with implementation starting in FY2019. An estimated 30,000 Medicaid recipients would be enrolled to receive services through entities yet to be determined. The entities would be reimbursed on a fee-for-service basis plus shared-savings, with the entities receiving 40% of any savings accrued to the state Medicaid program, for the first two years. The entities would begin accepting financial risk in the third year, with a shared savings/shared losses payment plan implemented in FY2021.

Program staff support would be required for negotiation and contracting with the entities, and also for data systems and analysis. The positions established to develop the Primary Care Case Management system (Section 18 of this bill) will staff this initiative.

Section 25 directs the department to implement the new federal policy regarding federal match for transportation and referral services provided through a Tribal facility. Starting in FY2017, one new position is required to process, track, and oversee the contracting process associated with the new policy.

Personal Services: One permanent full-time Medical Assistance Administrator I; Range 16, Anchorage; \$84.5 annually

Services: Office space, phones, RSAs for position support costs: \$9.4 annually

Commodities: Office supplies: \$2.0 annually

One-Time Commodities Cost: Computer, software, and office equipment: \$7.6

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-RR-2-27-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance 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)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	112.3		112.3	112.3	112.3	112.3	112.3
Travel							
Services	509.4		209.4	209.4	209.4	209.4	209.4
Commodities	9.6		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	631.3	0.0	323.7	323.7	323.7	323.7	323.7

Fund Source (Operating Only)

1002 Fed Rcpts	315.7		161.9	161.9	161.9	161.9	161.9
1003 G/F Match	315.6		161.8	161.8	161.8	161.8	161.8
Total	631.3	0.0	323.7	323.7	323.7	323.7	323.7

Positions

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

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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:

Updated to reflect the provisions of the current CSSB074(FIN), version V.

Prepared By: Margaret Brodie Phone: (907)334-2520
Division: Health Care Services Date: 02/25/2016 03:00 PM
Approved By: Sana Efird, Assistant Commissioner, Finance and Management Services Date: 02/27/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 17 (47.05.270(a)(8)) requires the Department to adopt regulations to design and implement a program for reforming the state medical assistance program under AS 47.07. The reform program must include redesigning the payment process by implementing fee agreements that include certain premium payments, penalties, bundled payments, and global payments. This work will specifically be accomplished through the demonstration projects required under Section 19 of the bill because the projects will focus on innovative payment models. Therefore, fiscal impact for this section is fully accounted for in the analysis of Section 19 of the bill (see below).

Section 19 (47.07.036(d)-(e)) requires the Department to apply for a §1115 demonstration waiver to establish one or more demonstration projects focused on innovative payment models. The projects may include managed care organizations, community care organizations, patient-centered medical homes, or innovative payment models.

Redesigning payment processes and/or service delivery models would require changes in regulation, and possibly State Plan Amendments (in addition to the demonstration waiver). Changes in regulation would vary for each provider type and would require stakeholder input before implementation.

Demonstration projects that focus on innovative payment models, including a managed care system with care coordination and global payments, will involve complex data analysis and calculations that require actuarial expertise. Once an innovative payment model is established, administration of the system would still require actuarial expertise that is available by contract.

The initial and ongoing costs associated with hiring a contractor to perform this work are not fully known at this time. Based on consultation with other states and experts concerning the cost of actuarial services for Medicaid managed care systems, the Department estimates a one-time \$500.0 contract for a firm to analyze and implement one or more innovative payment models, and an annual \$100.0 contract for actuarial work and assistance with administration.

While the Department will contract for actuarial services and support, the Office of Rate Review will be responsible for the rate calculations and financial analysis. This will require a full-time equivalent (FTE) so that an Audit and Review Analyst II can be exclusively dedicated to major payment reform projects. The support costs for this new position are as follows:

- Personal Services: Audit and Review Analyst II, range 21, Anchorage, \$112.3
- Services: Office space, phones, reimbursable service agreements for position support costs: \$9.4 annually
- Commodities: Office supplies: \$2.0 annually
- One-Time Commodities Cost: Computer, software, and office equipment: \$7.6

Section 20 (47.07.039(c),(e)) requires that any contract with a managed care organization, primary care case manager, accountable care organization, prepaid ambulatory health plan, or provider-led entity to implement a demonstration project must provide a fee based on a per capita expense that is fair and economical. The fee structure may include global payments, bundled payments, shared savings and risk, or other payment structures. Since this pertains to implementing a demonstration project and concerns innovative payment models, the fiscal impact for this section is fully accounted for in the analysis of Section 19 of the bill (see above).

Subsection (e) requires the Department to contract with a third-party actuary to review demonstration projects after one year of implementation and make recommendations for the implementation of a similar project on a statewide basis. Starting in 2018, on or before December 31 of each year, the actuary must submit a final report to the department regarding any demonstration project that has been in operation for at least one year. Since this will likely result in actuarial review of multiple projects or project components each year in the immediate future, this work would be incorporated in the actuary contract described in the analysis of Section 19 of the bill (see above). To account for this increased workload, the Department estimates that the annual contract for actuarial work and assistance with administration would be increased by an additional \$100.0.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-PAA-3-1-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Public Assistance Administration
OMB Component Number: 233

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services	854.5		349.0				
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	854.5	0.0	349.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1002 Fed Rcpts	84.3		26.2				
1004 Gen Fund	770.2		322.8				
Total	854.5	0.0	349.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? n/a

Why this fiscal note differs from previous version:

Corrected a rounding error in fund sources.

Prepared By: Sean O'Brien, Director Phone: (907)465-5847
Division: Public Assistance Date: 02/27/2016 11:45 AM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 03/01/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 13 of the proposed legislation directs the department to establish an enhanced computerized income, asset, and identity verification system in order to deter fraud and eliminate duplication of public assistance benefits. The department is directed to procure the system through a competitive contract with a third party vendor. The annual savings to the state resulting from the system must exceed the cost of the system.

Assumptions:

The system will be web-enabled and interface electronically with the department's eligibility and enrollment system. Following a competitive process, the selected system will be implemented on January 1, 2017 to allow the interface to begin along with full implementation of the division's new eligibility and enrollment system, ARIES.

One-time FY2017 costs:

- ARIES related changes (interface design, security setup to allow single sign on, potential page display within ARIES): \$250,000.
- State implementation costs (process define, documentation updates, user acceptance testing, training, heightened support during implementation, potential IV&V support) \$400,000.

The contractual system operational costs will be based on number of inquiries (encounters) submitted to the system. The estimated cost per encounter is 60 cents. The contract will allow two years to show annual savings resulting from the system and will be terminated if the cost exceeds the savings.

The department received federal financial participation to fund the existing 12 interfaces (two state and ten federal) that provide an array of information to verify residency, citizenship, incarceration, felons, date of death, child support, intentional program violations in another state, identity and income. The interface we do not have is asset verification. We do not anticipate the availability of federal funding for most this new system because it duplicates many of these functions. However, we will claim federal funding at 75% federal and 25% general fund for the asset verification interface which we estimate to be 10% of the cost.

Verification will occur for all persons in the household at initial intake. Adults in the household will be matched at recertification or renewal of eligibility and at least once between certification for each recipient.

- The Division of Public Assistance (DPA) receives approximately 150,000 applications per year. Assuming an average household of 2.7 per application = 405,000 annual encounters.
- Approximately 88,300 unduplicated adults receive public assistance benefits that would be checked two more times during the year. $88,300 \times 2 = 176,600$ encounters.
- Total encounters = $581,600 \times \$0.60 = \$348,960$ annual cost.
- FY2017 with 1/1/2017 start date = \$174,480.
- Costs are only assumed for an 18 month start-up period, at which point if the contractor has not demonstrated savings, we will cancel the contract.

Section 17 of the proposed legislation directs the department to refer Medicaid recipients to community resources, Department of Labor and the University for education and career opportunities.

Assumptions:

- Notice will be sent from ARIES to refer adults approved for Medicaid to Department of Labor, universities or community resources.
- The Division will program ARIES to send the new notice to adult Medicaid recipients who are not elderly or disabled.

One-time FY2017 costs for programming ARIES estimated to be \$30.0, 75% of which will be federal funds and 25 percent will be state general funds.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-SDSA-2-26-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance 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)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	97.3		318.3	318.3	318.3	318.3	318.3
Travel	2.3		6.9	6.9	6.9	6.9	6.9
Services	186.8		193.8	540.7	10.5	10.5	10.5
Commodities	2.5		7.5	7.5	7.5	7.5	7.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	288.9	0.0	526.5	873.4	343.2	343.2	343.2

Fund Source (Operating Only)

1002 Fed Rcpts	217.8		336.6	510.1	171.6	171.6	171.6
1003 G/F Match	71.1		189.9	363.3	171.6	171.6	171.6
Total	288.9	0.0	526.5	873.4	343.2	343.2	343.2

Positions

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

Change in Revenues

Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? 07/01/18

Why this fiscal note differs from previous version:

Updates the first year of anticipated UGF savings under 1915(i) and (k) options, updates personal services costs and corrects fund source.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 02/26/2016 06:00 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/26/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

In part, **CSSB74(FIN)** authorizes DHSS to apply for federal waivers and options to reform the Medicaid program and to assess the most cost-effective method for revising expansion coverage.

Section 17, p.19 lns 30-31 and p.20 ln 1 require the department to "reduce the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community based waiver."

Section 19 (d) (1) and (2) of the bill more specifically directs the State to 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 with 50% fed / 50% GF match (1915(i) option) or capturing a higher federal match rate (1915(k)).

In FY2019, 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 FY2019, at 50% fed / 50% GF match.

In FY2017, FY2018 and FY2019 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. The estimated costs for case management system development = \$ 550.0, eligible for enhanced federal funding at a 90 percent federal match, and spread in equal thirds over FY2017-2019.

Both the increased assessments at \$346.9, and case management system development at \$550.0, will be services line item expenditures. These costs will be realized in the development years, while the savings will continue and grow as overall expenditures grow.

To plan, develop, and manage the new program, beginning in FY2017 Senior and Disabilities Services will require three additional full-time staff: one staff person beginning in August 2016 (FY2017), and two more staff beginning in FY2018. These will be Health Program Manager II positions, located in Anchorage, in the GG unit, each = \$106.1; Travel = \$2.3; Services = \$3.5; Commodities = \$2.5. FY2017 personal services costs are prorated to reflect the August 1, 2016 start date.

Regulation changes are required to implement the new options and would involve extensive public comment. The estimated effective date of regulation changes is July 2018.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-GRTAL-2-26-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Senior and Disabilities Services
Allocation: General Relief/Temporary Assisted Living
OMB Component Number: 2875

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits				(4,689.9)	(4,689.9)	(4,689.9)	(4,689.9)
Miscellaneous							
Total Operating	0.0	0.0	0.0	(4,689.9)	(4,689.9)	(4,689.9)	(4,689.9)

Fund Source (Operating Only)

1004 Gen Fund				(4,689.9)	(4,689.9)	(4,689.9)	(4,689.9)
Total	0.0	0.0	0.0	(4,689.9)	(4,689.9)	(4,689.9)	(4,689.9)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? 07/01/18

Why this fiscal note differs from previous version:

Corrects the year of first anticipated UGF savings under 1915(i) option.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 02/26/2016 03:00 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/26/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

In part, **CSSB74(FIN)** authorizes the DHSS to apply for federal waivers and options to reform the Medicaid program and to assess the most cost-effective method for revising expansion coverage.

Section 17, p.19 lns 30-31 and p.20 ln 1 require the department to "reduce the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community based waiver."

Section 19 (d) (1) of the bill directs the Department to apply for the 1915(i) option under Medicaid.

Making use of the 1915(i) option offers the Department the opportunity to shift eligible recipients from 100% general funded grant programs to the 50% federal/50% general fund funded 1915(i) Medicaid option.

General Relief/Temporary Assistance (GR) provides temporary residential care for vulnerable adults who are ineligible for assistance from other programs. The Department assumes that all general relief recipients will be assessed for eligibility under the 1915(i) or behavioral health 1115 demonstration project. Of those assessed, the Department anticipates 349 being eligible for the 1915(i) option.

Current funding for GR program: \$7,323.9

Total number served: 545

Average cost per individual: \$13,438.35

Estimated eligible for 1915(i): 349

General fund services to be refinanced through the 1915(i) Medicaid option = \$ 4,689.9

Changes to the State Plan and regulations are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2019.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-SCBG-2-26-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Senior and Disabilities Services
Allocation: Senior Community Based Grants
OMB Component Number: 2787

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits				(735.2)	(735.2)	(735.2)	(735.2)
Miscellaneous							
Total Operating	0.0	0.0	0.0	(735.2)	(735.2)	(735.2)	(735.2)

Fund Source (Operating Only)

1004 Gen Fund				(735.2)	(735.2)	(735.2)	(735.2)
Total	0.0	0.0	0.0	(735.2)	(735.2)	(735.2)	(735.2)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? 07/01/18

Why this fiscal note differs from previous version:

Corrects the year of first anticipated UGF savings under 1915(i) option.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 02/26/2016 03:00 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/26/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

In part, **CSSB74(FIN)** authorizes the DHSS to apply for federal waivers and options to reform the Medicaid program and to assess the most cost-effective method for revising expansion coverage.

Section 17, p.19 lns 30-31 and p.20 ln 1 require the department to "reduce the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community based waiver."

Section 19 (d) (1) of the bill directs the Department to apply for the 1915(i) option under Medicaid.

Making use of the 1915(i) option offers the Department the opportunity to shift eligible recipients from 100% general funded grant programs to the 50% federal/50% general fund funded 1915(i) Medicaid option.

The Department will use this option to refinance the Senior Community Based Grant component's Adult Day and Senior In-Home Services for those who are receiving the service and are also Medicaid eligible.

Adult Day Grant: Total general fund expenditures = \$1,757.0, serving 423 recipients. Of those, the Division of Senior and Disabilities Services (SDS) anticipates serving 114 under the 1915(i) option with an average cost per individual of \$4,153.69. Estimated general fund Adult Day grant services to be refinanced with the 1915(i) Medicaid option = \$473.5.

Senior In-Home Grant: Total general fund expenditures = \$2,917.3, serving 1,371 individuals. Of those, SDS anticipates serving 123 under the 1915(i) option with an average cost per individual of \$2,127.84. Estimated general Senior In-Home grant services to be refinanced with the 1915(i) Medicaid option = \$261.7.

The combined estimated general fund to be refinanced through the use of the 1915(i) option = \$735.2.

Changes to the State Plan and regulations are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2019.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-CDDG-2-26-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Senior and Disabilities Services
Allocation: Community Developmental Disabilities Grants
OMB Component Number: 309

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits				(11,635.8)	(11,635.8)	(11,635.8)	(11,635.8)
Miscellaneous							
Total Operating	0.0	0.0	0.0	(11,635.8)	(11,635.8)	(11,635.8)	(11,635.8)

Fund Source (Operating Only)

1037 GF/MH				(11,635.8)	(11,635.8)	(11,635.8)	(11,635.8)
Total	0.0	0.0	0.0	(11,635.8)	(11,635.8)	(11,635.8)	(11,635.8)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? 07/01/18

Why this fiscal note differs from previous version:

Corrects the year of first anticipated UGF savings under 1915(i) option.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 02/26/2016 03:00 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/26/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

In part, **CSSB74(FIN)** authorizes DHSS to apply for federal waivers and options to reform the Medicaid program and to assess the most cost-effective method for revising expansion coverage.

Section 17, p.19 lns 30-31 and p.20 ln 1 require the department to "reduce the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community based waiver."

Section 19 (d) (1) of the bill directs the Department to apply for the 1915(i) option under Medicaid.

Making use of the 1915(i) option offers the Department the opportunity to shift eligible recipients from 100% general funded grant programs to the 50% federal/50% general fund funded 1915(i) Medicaid option.

Individuals receiving home and community-based services through the Community Developmental Disabilities Grant (CDDG) program must meet the definition of a person with a developmental disability presented in AS 47.80.900. The CDDG program provides home and community-based services to support individuals' desire to live as independently as they are able.

The Department will use the 1915(i) funding option to refinance services provided through the Community Developmental Disabilities Grant program. 969 individuals accessed CDDG services in FY2015 with an average cost per recipient of \$12,008.04 per individual per year, for a total budget of \$11,635.8 general funds. All recipients could be transitioned from the CDDG program to the 1915(i) Medicaid option.

Changes to the State Plan and regulations are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2019.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-CO-2-28-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Departmental Support Services
Allocation: Commissioner's Office
OMB Component Number: 317

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services	575.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	575.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund	575.0						
Total	575.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? n/a

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the changes in provisions under CSSB74(FIN) version V.

Prepared By: Melissa Ordner, Budget Manager
Division: Departmental Support Services
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services
Agency: Health and Social Services
Phone: (907)465-1629
Date: 02/28/2016 05:45 PM
Date: 02/28/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 27(a) of this bill directs the Department to conduct a study analyzing the feasibility of privatizing services delivered at some of the Department's 24/7 residential facilities - Alaska Pioneer Homes and select facilities in the Division of Juvenile Justice (DJJ). A summary of the findings is due to the legislature by the 10th day of the first regular session of the thirtieth legislature.

The Division of Alaska Pioneer Homes (AKPH) has a central office, a pharmacy, and six 24-hour facilities which provide assisted living care and memory care to residents. In total, the central office, pharmacy, and six facilities account for 600 permanent positions and 501 licensed assisted living home beds.

The Division of Juvenile Justice operates eight 24-hour Alaska youth facilities that account for 342 permanent positions and 258 beds.

The Department will contract out for this study, which will assess the most common types of privatization and rank them by applicability for DHSS residential services.

The contractor will need to provide:

- (1) a final written feasibility analysis report
- (2) a comprehensive assessment of the ranked privatization options
- (3) an analysis of the impact to DHSS DJJ and AKPH services and clientele thereof that privatization will cause
- (4) employer costs resulting from any labor relations and/or union contract stipulations regarding privatizing state employee duties
- (5) recommendations for cost saving measures that would help the Department if privatization is not feasible

The contractor must consider:

- the complex nature of the population served by each facility
- the variety of Alaskan communities
- stakeholders' needs

The contractor must bring to bear considerable expertise in the services and systems, legal authorities, frameworks and funding mechanisms specific to the two Divisions. Additionally, the contractor must have knowledge of the process and outcomes of privatization of similar services in other states, and specific application to services provided in Alaska.

To arrive at the estimated contract cost (\$575.0), the Department assumed that the options outlined by the National League of Cities guidance regarding privatizing municipal services are followed and contractors would charge similar rates to those previously paid by DHSS. In addition, a well-planned feasibility study would require on-site visits.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-ASS-2-29-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Departmental Support Services
Allocation: Administrative Support Services
OMB Component Number: 320

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	110.5		110.5	110.5	110.5	110.5	110.5
Travel	2.5						
Services	0.5		0.5	0.5	0.5	0.5	0.5
Commodities	8.0		0.5	0.5	0.5	0.5	0.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	121.5	0.0	111.5	111.5	111.5	111.5	111.5

Fund Source (Operating Only)

1002 Fed Rcpts	48.6		55.8	55.8	55.8	55.8	55.8
1003 G/F Match	72.9		55.7	55.7	55.7	55.7	55.7
Total	121.5	0.0	111.5	111.5	111.5	111.5	111.5

Positions

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

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? n/a

Why this fiscal note differs from previous version:

Corrects a fund source.

Prepared By: Melissa Ordner, Budget Manager Phone: (907)465-1629
Division: Finance and Management Services Date: 02/28/2016 12:00 AM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/29/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 17 of this bill (AS 47.05.270(d)) directs the Department to prepare a report, by October 15 of each year, on a number of complex metrics that span a number of programs and data systems related to the State's Medicaid program. To plan, develop, and manage this new reporting requirement, the Department will require one additional full-time staff beginning in FY2017. This position will be a Budget Analyst III, Range 19, located in Juneau, in the GG unit, with an annual personal services cost of \$110.5. There will be one-time start up costs for travel (\$2.5) and commodities (\$7.5), with a modest ongoing \$0.5 cost for services and supplies.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-BHMS-2-29-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Behavioral Health Medicaid Services
OMB Component Number: 2660

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services	315.0		3,815.0	5,365.0	5,565.0	5,865.0	5,865.0
Commodities							
Capital Outlay							
Grants & Benefits			1,100.0	4,600.0	8,700.0	13,200.0	13,200.0
Miscellaneous							
Total Operating	315.0	0.0	4,915.0	9,965.0	14,265.0	19,065.0	19,065.0

Fund Source (Operating Only)

1002 Fed Rcpts	157.5	2,750.0	6,219.5	10,164.5	13,836.5	17,826.5	17,826.5
1037 GF/MH	157.5	(2,750.0)	(1,304.5)	(199.5)	428.5	1,238.5	1,238.5
Total	315.0	0.0	4,915.0	9,965.0	14,265.0	19,065.0	19,065.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 3,000.0 (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? 07/01/18

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the provisions of CSSB74(FIN) version V.

Prepared By: Randall P. Burns, Acting Director Phone: (907)269-5948
Division: Behavioral Health Date: 02/26/2016 06:00 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/27/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 17 of CSSB74(FIN) adds a new section, AS 47.05.270, entitled "Medical assistance reform program." New subsection AS 47.05.270(b) instructs Department of Health and Social Services (DHSS), in coordination with the Alaska Mental Health Trust Authority to "manage a comprehensive and integrated behavioral health program," including a plan for providing a continuum of community-based services from a wide array of providers and disciplines that addresses housing, employment, and criminal justice, and reduces barriers that fragment services and reduce effectiveness and efficiency.

Section 19, adds new subsections AS 47.07.036(d)(4) and (5) that authorize the Department to develop demonstration projects for innovative service delivery and payment models, and provide incentives for telemedicine. New subsection AS 47.07.036(e) requires the Department to seek an 1115 waiver from the Centers for Medicare and Medicaid Services (CMS).

A behavioral health 1115 waiver will allow the Department to establish a managed behavioral health system of care, improving access to quality care while managing costs. These benefits will also accrue to persons served by other divisions within the Department, such as the adults and children served by Public Assistance, Office of Children's Services, and the Division of Juvenile Justice, as well as to Alaskans served by various entities within the criminal justice system (Court, Public Safety, Department of Corrections). However, we are unable to quantify those benefits at this time, as they depend on development and implementation of the 1115 waiver programs and the implementation of related system redesign elements.

After CMS has approved the 1115 behavioral health Medicaid demonstration waiver, DHSS will then apply to amend that waiver to expand access to substance use disorder services. The amendment will seek an Institution for Mental Diseases exclusion for those services currently not reimbursed by Medicaid that are provided in an inpatient or residential substance use disorder setting having more than 16 beds.

Starting in FY2018, the division will contract with an Administrative Services Organization (ASO) to develop and manage a network of providers; establish utilization management; provide strict outcomes reporting; and provide fraud, waste, and abuse auditing. Costs for this contract are anticipated to increase over the first four years, and then plateau.

This fiscal note also includes \$250.0, in both FY2017 and FY2018, for a consulting contract to assist the Department in the design and implementation of a managed behavioral health system of care, and to assist with development of the 1115 demonstration waiver application. This will be a Medicaid eligible expense.

Design and implementation of a managed system of behavioral health care will require resources to support necessary changes to Enterprise, or the Medicaid Management Information System (MMIS). In addition to one-time capital budget system change costs, the annual MMIS maintenance contract would need to be increased to support the new workload associated with the behavioral health reforms.

Capital Budget: One-time MMIS system changes: \$3,000.0

Services: MMIS operations contractual costs: \$65.0 annually

The table below summarizes the Behavioral Health Medicaid Services operating costs of this legislation. Costs are subject to a blended FMAP rate of between 50% and 100%, depending on the population served.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

Behavioral Health Medicaid Services Summary of Operating Expenditures						
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Grants: Change in Medical Costs due to Medicaid Redesign Initiatives		\$ 1,100.0	\$ 4,600.0	\$ 8,700.0	\$ 13,200.0	\$ 13,200.0
Services: Administrative Service Organization Contract		\$ 3,500.0	\$ 5,300.0	\$ 5,500.0	\$ 5,800.0	\$ 5,800.0
Services: 1115 Consulting Contract	\$ 250.0	\$ 250.0				
Services: Increase to MMIS Maintenance Contract	\$ 65.0	\$ 65.0	\$ 65.0	\$ 65.0	\$ 65.0	\$ 65.0
Total Expenditures	\$ 315.0	\$ 4,915.0	\$ 9,965.0	\$ 14,265.0	\$ 19,065.0	\$ 19,065.0

Section 25 directs the Department to collaborate with Alaska tribal health organizations to implement federal policy on tribal Medicaid reimbursement. The Department will utilize the Center for Medicare and Medicaid (CMS) recent proposed clarification of national policy to allow states to broaden the range of services eligible for 100% Federal Medical Assistance. CMS has yet to publish the new policy in full detail, so the Department is cautious in projecting the impacts in the initial years of implementation. This fiscal note addresses a percentage of the total expenditures for Alaska Native/American Indian (AN/AI) recipients served at the largest in-state, *non-tribal* RPTC's facilities, then working into the out-of-state medium and smaller sized facilities as the contracting process is refined.

Percentage of total payments to non-tribal Residential Psychiatric Treatment Centers (RPTC) FY2015

Total of 193 unduplicated AN/AI recipients at non-tribal sites in SFY2015 at \$12,100,000/50% = \$6,050,000

Add In-State providers in 2017 at \$2,750,000

Add Out-of-State providers at \$825,000 across each subsequent year from 2018-2021

RPTC svcs	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 2,750.0	\$ 3,575.0	\$ 4,400.0	\$ 5,225.0	\$ 6,050.0	\$ 6,050.0
GF/MH	\$ (2,750.0)	\$ (3,575.0)	\$ (4,400.0)	\$ (5,225.0)	\$ (6,050.0)	\$ (6,050.0)

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-HCMS-3-3-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Health Care Medicaid Services
OMB Component Number: 2077

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services	2,082.5		731.5	631.5	631.5	631.5	631.5
Commodities							
Capital Outlay							
Grants & Benefits	(675.1)		(632.6)	(6,235.2)	(6,238.4)	(5,241.6)	(5,245.9)
Miscellaneous							
Total Operating	1,407.4	0.0	98.9	(5,603.7)	(5,606.9)	(4,610.1)	(4,614.4)

Fund Source (Operating Only)

1002 Fed Rcpts	942.2	6,700.0	13,360.7	14,088.2	17,686.6	24,285.0	24,282.9
1003 G/F Match	330.3	(6,700.0)	(13,439.2)	(19,911.7)	(23,513.3)	(29,114.9)	(29,117.1)
1108 Stat Desig	134.9		177.4	219.8	219.8	219.8	219.8
Total	1,407.4	0.0	98.9	(5,603.7)	(5,606.9)	(4,610.1)	(4,614.4)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 7,660.0 (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:

Provided more accurate language in narrative regarding demonstration projects.

Prepared By: Margaret Brodie, Director Phone: (907)334-2520
Division: Health Care Services Date: 02/28/2016 07:00 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 03/03/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 3 (Chapter 58) (Sec. 09.58.010) establishes the Alaska Medicaid False Claim and Reporting Act (AMFCA) and includes several subsections related to liability for certain acts and omissions, civil actions, rights of participants in such actions, seizures of property related to Medicaid fraud cases, awards allowed, actions that are not allowed, limits on state liability, and protections for whistleblowers. Based on the Department's experience with whistleblower recoveries during the past two years, the Department expects to recover approximately \$250.0, in FY2015 and \$250.0 in FY2016. The new law is estimated to double the recoveries to \$500.0 *each fiscal year*. Whistleblowers will receive approximately 25% of the ultimate recovery, leaving 75% for the State, or \$375.0. Compared to current annual recoveries, this represents an increase of \$125.0 annually. A conservative estimate of \$50.0 of recoverable overpayments subject to the treble damages provision equates to an additional \$152.5 in recoveries annually. **Combined with above equates to \$277.5 annually for FY2017-2022.** Receipt of these recoveries will be categorized as *abatements of expenditures*.

Section 14 (a) decreases the number of required audits of Medicaid providers, conducted by an independent contractor, from at least 75 annually to at least 50 annually. Audits are conducted on a representative sample of all Medicaid providers in order to identify both overpayments and violations of criminal statutes. The department is directed to attempt to minimize concurrent state or federal audits of specific providers. This section of the bill will have no fiscal impact on the department. Any change in the cost of audits is estimated to be offset by a change in recoveries.

Section 15 (b) allows the Department to assess interest on recoveries for audits performed under AS 47.05.200 as well as other audits and reviews conducted by the state and federal government. There is no additional cost to the department to implement interest penalties on identified overpayments, but recoveries will increase. The Department estimates it will take three years to reach the current volume of outstanding appeals subject to interest penalties. Interest penalty recoveries are calculated by taking the current amount of outstanding appeals and applying an estimated recovery percentage. The result is multiplied by the statutory rate for post-judgment interest of 3.75% and phased in over a period of three years, as shown below. (50% fed/50% GF match)

Amount of Interest Penalty Recoveries FY2017 \$ 84,910

Amount of Interest Penalty Recoveries FY2018 \$127,365

Amount for FY2019-FY2022 \$169,821

Section 16 requires enrolled Medicaid providers to conduct one annual review, identify overpayment and report findings to the department within ten business days, and create a repayment agreement with the state. The DHSS currently receives an average of approximately \$500,000 in self disclosures annually. Although it is currently required by federal law, the DHSS estimates an increase in self-reporting of approximately 50% would result by having additional awareness of the requirement when it is codified in Alaska Law. Based on the Department's prior experience with self-disclosure recoveries, the State can expect to receive an estimated \$250,000 in additional recoveries for the first two years, and then gradually decrease at 25,000 increments for the remainder of the period.

Regulations required to implement the provisions of the bill. Receipt of repayments will be categorized as abatements.

Amount of Self-Identified Recoveries FY2017 \$ 250,000

Amount of Self-Identified Recoveries FY2018 \$ 250,000

Amount of Self-Identified Recoveries FY2019 \$ 225,000

FY 2020 \$ 200,000

FY 2021 \$ 175,000

FY 2022 \$ 150,000

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

Section 17 (a-e) grants the Department of Health and Social Services the authority to assess civil fines against Medicaid providers. Fines are to be assessed within a range of from \$100 to \$25,000 per occurrence or offense. There is no additional cost to the department to implement fines under this section. Recoveries based on implementing fines in this section are calculated by taking the estimated number of civil fines and applying an average fine amount. It is estimated the amount of fines imposed per recovery will increase over time, but the number of fines assessed will decrease over time. The estimated amount of the recoveries would be \$50.0 per year. (50% fed/50% GF match). These recoveries are categorized as revenue receipts. This Section 11 also addresses overpayments and restitution from providers who are subject to Civil Forfeiture laws. During the past two years, overpayments and restitution amounts of \$5,650.0 were due from providers who may be subject to Civil Forfeiture laws. Annualized, this amounts to \$2,825.0. The DHSS estimates that 10% of this amount is recoverable through civil forfeiture or \$282.5 annually. Regulations will be required to implement these provisions of the bill. Receipt of these overpayments will be categorized as *abatements of expenditures*.

Annual recoveries from fines	\$ 50,000
Annual Recovery from Civil forfeiture	\$ 282,500
Annual recoveries for FY2017-FY2022	\$ 332,500

Section 17 47.05.70 Medical assistance reform program (a) (2) of this bill requires the department to provide an electronic distribution of an explanation of medical assistance benefits to recipients for health care services received under the program. It is the intent of the department to fully implement this section of the bill through the My Alaska Portal . It estimates that it will cost \$707,500 (50% federal\50% GF) to fully implement the electronic distribution of an explanation of medical assistance benefits in FY2017. After the initial set-up, estimated on-going costs are the concurrent user license, \$76,500, and the yearly maintenance fee, \$17,000, for a total of \$93,500 (50% federal\50% GF) annual costs.

Section 17 47.05.270(a)(9) directs the department to provide for stakeholder involvement in setting annual targets for quality and cost effectiveness. Existing department employees will staff this effort, and meetings of the workgroup will occur telephonically with no travel costs incurred. A consultant will be hired to facilitate the meetings and compile a report on the workgroup's findings and recommendations. **Services: \$5.0 annually for consultant contract**

Section 18 directs the department to implement the Primary Care Case Management system authorized under AS 47.07.030(d). *This is a foundational component to other initiatives and projected savings. It requires an increment upfront to move toward future reductions reflected in the Health Homes.* This system would assign Medicaid enrollees to a case manager in order to increase use of primary and preventive care, and decrease the use of specialty care and hospital services. The department proposes expansion of an existing case management contract to act as the Administrative Services Organization (ASO). The contractor will case manage at \$3.85 per member per month to approximately 30,000 recipients. This approach would reduce implementation timelines.

This initiative will require planning and development in SFY2017 with implementation in the 2nd quarter SFY2018 (on Oct 1, 2017). Activities will include determining regions/communities for which PCCM is practicable and determining populations/beneficiary groups to include in PCCM. It also includes drafting a SPA, regulations, revising beneficiary

and provider manuals, provider education, evaluation and reporting plan, to compare before and after costs and patient outcomes, MMIS system changes to add per member per month payments.

Funding is also required to implement associated changes to MMIS, including one-time capital funds for systems changes, and additional contractual costs for on-going operations.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

Services: MMIS operations contractual costs: \$65.0 annually (50% federal\50% GF)

Capital Budget: One-time MMIS system changes: \$1,000.0 (50% federal\50% GF)

The projected net cost is calculated by taking a reduction in a percentage of services calculated from the FY2016 budget at \$2,390,000 and offset by an increase in physician services plus the per member per month fee for approximately 30,000 recipients at a total of \$2,790,000 for a net cost of \$400,000 in initial planning years and then move toward savings in health homes in Section 19 (d)(3).

Section 19 (d)(3) directs the department to implement the Health Homes option under section 1945 of the Social Security Act. Health Homes provide integrated and coordinated care for people with chronic health conditions. The federal government would provide a 90% enhanced Federal Medical Assistance Percentage (FMAP) reimbursement for the new Health Home services for the first eight quarters following their approval of the state's Medicaid State Plan Amendment.

The department would need approximately two years (SFY2017-2018) for planning and development prior to implementation in SFY2019, in order to determine eligibility criteria for recipients and providers, design the new payment methodology and required reporting systems, develop and receive approval on the State Plan Amendment and process associated regulations, and make required IT modifications to the Medicaid payment system.

Additional resources would also be required to support systems changes required in MMIS. A portion of these would be a one-time capital budget request, but the MMIS contract would also need to be increased on an on-going basis to support the new workload associated with payment reform.

Services: MMIS operations contractual costs: \$65.0 annually (50% federal\50% GF)

Capital Budget: One-time MMIS system changes: \$1,000.0 (50% federal\50% GF)

The above planning and development work would move the department to an enhanced reimbursement/provider payment model and would follow 2 years after the Primary Care Improvement Initiative. This would lead to potentially paying enrolled Health Home providers per month for enrolled recipients (on top of regular fee-for-service reimbursement). Projected Savings would be assumed through utilization reduction factors specific to Health Homes and based on the above with a reduction in .25% of inpatient costs at \$5,230,000 (based on the FY 2016 budget line items) for the projected population of 10,000 recipients and offset by the projected 10,000 recipients X \$15.00 per member per month = \$150,000 X 12 months = \$1,800,000 for a **total projected future savings of \$3,430,000**

Section 19 (d)(5) directs the department to provide incentives for telemedicine, including increasing the capability for and reimbursement of telemedicine for recipients. The department's first step in implementing this new provision will be to convene a workgroup, including stakeholders from the health care community, for one year to identify legal, technical and financial barriers to increasing use of telemedicine in Alaska. Future costs and savings from telemedicine cannot be projected at this time until these barriers are identified and addressed.

Existing department employees will staff this effort, and meetings of the workgroup will occur telephonically with no travel costs incurred. A consultant will be hired to facilitate the meetings and compile a report on the workgroup's findings and recommendations. **Services: \$5.0 one-time cost in FY2017 for consultant contract**

Section 20 (47.07.038) authorizes the department to support private initiatives designed to reduce non-urgent use of hospital emergency departments by Medicaid enrollees. The department's supporting role would include data

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Analysis Continued

sharing, support for the Prescription Drug Monitoring Program database, support for electronic health record sharing between participating hospitals' emergency departments, and development of a shared savings payment model reflected below.

The planning phase for this initiative would begin during FY2017, and the required data, reporting and information system infrastructure would be built in FY2018. The department would implement the shared-savings payment model in FY2019.

Resources would also be required to support Health Information Exchange interface and other changes related to payment reform for MMIS. A portion of these would be a one-time capital budget request, but the MMIS contract would need to be increased on an on-going basis to support new workload associated with payment reform.

Services: MMIS operations contractual costs: \$65.0 annually (50% federal\50% GF)

Capital Budget: One-time MMIS system changes: \$1,000.0 (50% federal\50% GF)

The Prescription Drug Monitoring Program (PDMP) is an integral part of this initiative, as it is required to help prevent the misuse and abuse of opioids prescribed or administered through emergency departments. Access to the PDMP database by physicians and pharmacists could be improved if the current stand-alone system was integrated into the Health Information Exchange (HIE). The following costs are one -time in addition to \$20.0 annual operating costs:

FY2017 PDMP system and interface to the HIE is \$285 (90%federal/10%GF), and

FY2017 costs to connect pharmacies is \$480.0 (90%federal/10% GF)

The projected DHSS savings from this would be calculated from reduced utilization in 2% of hospital outpatient services.

Total savings are estimated at \$3,200,000, including \$960,000 of shared savings paid to providers, for a savings to the department of \$2,240,000, with an increase of 0.5% to the savings in each subsequent year along with the 30% shared savings to providers.

Section 20 (47.07.039) (C) authorizes the department to contract with one or more entities to demonstrate the use of local, provider-led coordinated care entities that agree to monitor care across multiple care settings and that will be accountable to the department for the overall cost and quality of care. This demonstration project will be implemented in three regions of the state. Planning and development would begin in FY 17, with implementation starting in FY 19. An estimated 30,000 Medicaid recipients would be enrolled to receive services through this demonstration project. The entities would be reimbursed on a fee-for-service basis plus shared-savings, with the entities receiving 40% of any savings accrued to the state Medicaid program, for the first two years. The entities would begin accepting financial risk in the third year, with a shared savings/shared losses payment plan implemented in FY2021. The department's best estimate at this time is approximately \$2,500,000 in GF savings. The entities would receive 40% of those potential savings, or approximately \$1,000,000. The state's fiscal agent will require an additional 3 staff members for the additional work in provider enrollment, claims processing, and telephone inquiries as a result of the change.

The estimated start up costs for FY2017 is \$3,885,000 for technical development and consulting services. These costs are placed in the capital budget. On-going annual maintenance costs is expected to be approximately \$318,000 for provider outreach and are placed in the operating budget. All costs are reimbursed at 50% federal, 50% GF.

Program staff support would be required for negotiation and contracting with such entities, and also for data systems and analysis. The positions established to develop (Sec. 12(d)(3) Health Homes; Sec 19 Emergency Care the Primary Care Case Management system (Section 17 of this bill) will staff this initiative as well.

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Analysis Continued

Section 25 directs the Department to implement federal policy on tribal Medicaid reimbursement to collaborate with Alaska tribal health organizations. The Department will utilize the Center for Medicare and Medicaid (CMS) recent proposed clarification of national policy to allow states to broaden the range of services eligible for 100% Federal Medical Assistance. CMS has yet to publish the new policy in full detail, so the Department is cautious in projecting the impacts in the initial years of implementation.

Total Transportation to US TRAVEL for 2015 Payments

Total Monthly average reimbursement for AI/AN transportation claims = \$3,000,000

Monthly average X 12 months = \$3,000,000 x 12 = \$36,000,000 total costs. The refinancing from 50% federal/50% GF match to 100% federal results in **\$18,000,000 in GF match savings**, with a reciprocal increase to federal costs. This fund source change is to be equally spread at 20% per year for five years, or \$3,600,000 in annual, cumulatively building GF match savings across each subsequent year from FY2017-2021. The multi-year spread is because the cost shift to 100% federal is assumed to take several years. Full savings achieved in FY2021, year five of the effort.

Total Ground and Air Ambulance for 2015

Total quarterly average reimbursement for AI/AN claims = \$3,100,000

Total quarterly at \$3,100,000 X 4 quarters = \$12,400,000 total costs. Results in **\$6,200,000 GF match savings** and a reciprocal increase in federal costs. Assume a two-year spread to shift costs to 100% federal. \$3,100,000 in annual, cumulatively building GF match savings across the two-year span, FY2017-2018. Full savings achieved in FY2018, year two.

US Travel	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 3,600.0	\$ 7,200.0	\$ 10,800.0	\$ 14,400.0	\$ 18,000.0	\$ 18,000.0
GF match	\$ (3,600.0)	\$ (7,200.0)	\$ (10,800.0)	\$ (14,400.0)	\$ (18,000.0)	\$ (18,000.0)

ambulance	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 3,100.0	\$ 6,200.0	\$ 6,200.0	\$ 6,200.0	\$ 6,200.0	\$ 6,200.0
GF match	\$ (3,100.0)	\$ (6,200.0)	\$ (6,200.0)	\$ (6,200.0)	\$ (6,200.0)	\$ (6,200.0)

HCMS Total	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 6,700.0	\$ 13,400.0	\$ 17,000.0	\$ 20,600.0	\$ 24,200.0	\$ 24,200.0
GF match	\$ (6,700.0)	\$ (13,400.0)	\$ (17,000.0)	\$ (20,600.0)	\$ (24,200.0)	\$ (24,200.0)

Section 26 directs the department to develop a health information infrastructure plan to support transformation of the healthcare system in the state by providing data health care providers require for care coordination and quality improvement, and the information support required by the department and providers to enable development and implementation of other provisions of this act.

The department's existing Health Information Technology program will staff this effort, and meetings of the workgroup will occur telephonically at minimal cost with no travel costs incurred. A consultant will be hired to facilitate the meetings and compile a report on the workgroup's findings and recommendations. **Services: \$5.0 one-time cost in FY 17 for consultant contract.**

FISCAL NOTE ANALYSIS

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BILL NO. CSSB074(FIN)

Analysis Continued

Capital Costs:

Health Information Infrastructure Plan development to improve health care outcomes through:

OUTCOMES:

- Outcome I - Provide Personal Health View
- Outcome II - Provide Population Data Analytical view
- Outcome III - Provide Health Care Provider View

ASSUMPTIONS:

Assumption I - The Plan will include the use of the existing Health Information Exchange (HIE)

Assumption II - The Plan will provide a communication infrastructure plan that will utilize new and existing systems that include Electronic Medical Record Systems, Electronic Health Record Systems, Personal Health Record Systems, Registries and Data interchange capabilities.

Assumption III - The plan will provide:

- "As-Is" view of the existing systems.
- Gap analysis of what is missing.
- "To-Be/Desired" view of the future state.
- Design roadmap with milestone investment targets to incrementally achieve "To-Be" state.
- Implementation plan to achieve To-Be state.

PHASES:

Phase I - Requirements Gathering/Define As-Is environment.

Phase II - Development To-Be/Desired state roadmap with Gap analysis of what is missing.

Phase III - Design/Engineering Implementation Plan with phases and achievement goals to implement the Health Information Infrastructure Plan.

The estimated costs to implement these changes is \$775.0, 50% federal, 50% GF.

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)-DHSS-SDMS-2-26-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Finance 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)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits				17,061.0	17,061.0	17,061.0	17,061.0
Miscellaneous							
Total Operating	0.0	0.0	0.0	17,061.0	17,061.0	17,061.0	17,061.0

Fund Source (Operating Only)

1002 Fed Rcpts		2,900.0	6,453.6	34,237.7	43,737.7	48,687.7	53,637.7
1003 G/F Match		(2,900.0)	(6,453.6)	(17,176.7)	(26,676.7)	(31,626.7)	(36,576.7)
Total	0.0	0.0	0.0	17,061.0	17,061.0	17,061.0	17,061.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? 07/01/18

Why this fiscal note differs from previous version:

Corrects the year of first anticipated UGF savings under 1915(i) and (k) option, aligning with related fiscal notes for the three Senior and Disabilities Services (SDS) grants program components, General Relief/Temporary Assisted Living, Senior Community-Based Grants, and Community Developmental Disabilities Grants. Also added Federal Tribal Federal Medical Assistance Percentages (FMAP) policy.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 02/26/2016 03:00 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services Date: 02/26/16
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

In part, **CSSB74(FIN)** authorizes DHSS to apply for federal waivers and options to reform the Medicaid program and to assess the most cost-effective method for revising expansion coverage.

Section 17, p.19 lns 30-31 and p.20 ln 1 require the department to "reduce the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community based waiver."

Section 19 (d) (1) directs the Department to apply 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 portions of the following 100% GF-funded grant programs: General Relief/Temporary Assistance (GR), certain Senior Community Based Grant components, and Community Developmental Disabilities Grant (CDDG).

1915(i) Refinancing (\$8,530.5 estimated net general fund savings across SDS grant programs and SD Medicaid):

General Relief/Temporary Assistance Grants: Services for 349 of 545 current recipients at an average cost of \$13,438.35 = \$4,689.9, or \$2,345.0 in net GF savings.

Adult Day Grants: Services for 114 of 423 recipients at an average cost of \$4,153.69 = \$473.5, or \$236.8 in net GF savings.

Senior In-Home Grants: Services for 123 of 1,371 recipients at an average cost of \$2,127.84 = \$267.1, or \$130.8 in net GF savings.

Community Developmental Disabilities Grants: Services for all recipients, total grant budget of \$11,635.8, or \$5,817.9 in net GF savings.

Changes to the State Plan and regulations are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2019.

Section 19 (d) (2) of the bill directs the Department to apply for the **1915(k)** option under Medicaid. The "Community First Choice Option" (CFC), also known as 1915(k), will be used for people who meet an institutional level of care (LOC). The 1915(k) option authorities will replace all current 1915(c) waivers, as all 1915(c) recipients do meet the level of care. The 1915(k) option offers a 56% federal match, an increase of 6%, thus lowering the general fund match to 44%.

The service of Personal Care Assistance (PCA), for persons on the 1915(c) waivers, would transition to the 1915(k) state plan option authority.

Number of recipients on the 1915(c) waiver also receiving PCA Services = 1,603

General fund Spend (current) at FMAP (50%) = \$20,893.4

General fund Spend for PCA under proposed 1915(k) option at FMAP (56%) = \$18,386.2

The program transition results in an general fund savings of \$2,507.2

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 1/1/2018 (FY2018).

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2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

Under **Section 25** of the bill, the Department of Health and Social Services shall collaborate with Alaska tribal health organizations and the United States Department of Health and Human Services to fully implement changes in federal policy that authorize 100 percent federal funding for services provided to American Indian and Alaska Native individuals eligible for Medicaid.

Based on this information from Centers for Medicare and Medicaid Services (CMS), the Department has examined the number of Alaska Native/American Indian (AN/AI) Medicaid beneficiaries who received services in FY2015 at non-tribal facilities in order to estimate the additional federal Medicaid funds Alaska could claim under the new rule.

For the Division of Seniors and Disabilities Services (SDS), tribal members who receive services at nontribal nursing facilities are impacted by these changes. This fiscal note addresses a percentage (spanning across FY2017 to FY2022) of the total expenditures for AN/AI recipients, starting with larger communities and then phasing in the rest of the state. The SDS will implement these provisions for home and community and based services in FY2019 to accommodate the implementation of the CMS-mandated Conflict Case Management in FY2017 and FY2018.

Total Nursing Facility for 2015

Includes 139 unduplicated AI/AN recipients at 14 non-tribal sites in SFY2015 (excluding existing tribal facilities).

50 percent of the 12 month total of \$25,650.0 = **\$12,800.0 to be realized incrementally over the six year, FY2017 - FY2022 period.**

In 2017, \$2,900.0

In 2018, \$5,200.0

In 2019, \$8,300.0

In 2020, \$9,800.0

In 2021, \$11,300.0

In 2022, \$12,800.0

Total Home and Community Based (HCB) for 2015

Total of 1,486 unduplicated AI/AN recipients at non-tribal HCB agencies in SFY2015 (excluding existing tribal facilities).

50 percent of the 12 month total of \$59,600,000 = **\$29,800.0 to be realized incrementally over the four year, FY2019 - FY2022 period.**

In 2019, \$14,900.0

In 2020, \$22,900.0

In 2021, \$26,350.0

In 2022, \$29,800.0

nursing facilities	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 2,900.0	\$ 5,200.0	\$ 8,300.0	\$ 9,800.0	\$ 11,300.0	\$ 12,800.0
GF match	\$ (2,900.0)	\$ (5,200.0)	\$ (8,300.0)	\$ (9,800.0)	\$ (11,300.0)	\$ (12,800.0)
HCB svcs						
fed			\$ 14,900.0	\$ 22,900.0	\$ 26,350.0	\$ 29,800.0
GF match			\$ (14,900.0)	\$ (22,900.0)	\$ (26,350.0)	\$ (29,800.0)
SDMS Total						
fed	\$ 2,900.0	\$ 5,200.0	\$ 23,200.0	\$ 32,700.0	\$ 37,650.0	\$ 42,600.0
GF match	\$ (2,900.0)	\$ (5,200.0)	\$ (23,200.0)	\$ (32,700.0)	\$ (37,650.0)	\$ (42,600.0)