

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: SB074CS(FIN)am-DHSS-FI-3-17-16
Title: MEDICAID REFORM;TELEMEDICINE;DRUG
 DATABAS
Sponsor: KELLY
Requester: House Finance

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Fraud Investigation
OMB Component Number: 237

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 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | (46.0) | (46.0) | (46.0) | (46.0) | (46.0) | (46.0) |
| Travel | | | | | | | | |
| Services | 680.0 | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 680.0 | 0.0 | (46.0) | (46.0) | (46.0) | (46.0) | (46.0) | (46.0) |

Fund Source (Operating Only)

| | | | | | | | | |
|----------------|--------------|------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1002 Fed Rcpts | 61.2 | | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) |
| 1004 Gen Fund | 618.8 | | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) |
| Total | 680.0 | 0.0 | (46.0) | (46.0) | (46.0) | (46.0) | (46.0) | (46.0) |

Positions

| | | | | | | | | |
|-----------|--|--|--|--|--|--|--|--|
| Full-time | | | | | | | | |
| 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? 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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Bill references are updated.

| | |
|--|---------------------------|
| Prepared By: Sean O'Brien, Director | Phone: (907)465-5847 |
| Division: Public Assistance | Date: 03/17/2016 06:00 PM |
| Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services | Date: 03/17/16 |
| Agency: Health and Social Services | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 24 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 January 1, 2017, to allow the interface to begin along with full implementation of the division’s new eligibility and enrollment system, ARIES.

The contractual system costs will be based on number of inquiries (encounters) submitted to the system. The estimated cost per encounter is 60 cents. The anticipated savings for cost avoidance will be used to offset the costs of the system starting in FY2018.

The Division of Public Assistance Fraud Unit may see a net savings of up to \$46.0 in personal services by FY2018 as a result of the overall decreased volume of cases the division will need to investigate as a result of this new system being able to screen out individuals who might have otherwise been found eligible.

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. We anticipate very little federal financial participation for this new system because it duplicates many of these functions.

One-time 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

Section 31 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 cost:

- \$30.0, 75% of which will be federal funds and 25 percent will be state general funds.