

FISCAL NOTE

STATE OF ALASKA
2016 LEGISLATIVE SESSION
 Senior and Disabilities Services

Bill Version CSSB074(FIN)am
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) SB074CS(FIN)am-DHSS-SDSA-3-17-16 Dept. Affected Health and Social Services
 Title Medicaid Reform Appropriation Senior and Disabilities Services
 Allocation Senior and Disabilities Services
 Sponsor Sen Kelly Administration Administration
 Requester House Finance OMB Component Number 2663

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					
			FY17	FY18	FY19	FY20	FY21	FY22
OPERATING EXPENDITURES								
Personal Services	390.9		611.9	611.9	318.3	318.3	318.3	
Travel	2.3		6.9	6.9	6.9	6.9	6.9	
Services	2,761.8		408.6	325.9	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	3,157.5	0.0	1,034.9	952.2	343.2	343.2	343.2	

FUND SOURCE		(Thousands of Dollars)					
		FY17	FY18	FY19	FY20	FY21	FY22
1002	Federal Receipts	1,652.1	590.8	549.4	171.6	171.6	171.6
1003	GF Match	71.1	297.3	256.0	171.6	171.6	171.6
1004	GF						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1092	MHTAAR (Other)	1,434.3	146.8	146.8			
TOTAL		3,157.5	0.0	1,034.9	952.2	343.2	343.2

POSITIONS							
	FY17	FY18	FY19	FY20	FY21	FY22	
Full-time	1	3	3	3	3	3	
Part-time							
Temporary	4	4	4				

CHANGE IN REVENUES							

Estimated **SUPPLEMENTAL (FY16) operating costs** 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated **CAPITAL (FY17) costs** 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 If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2017 Discuss details in analysis section.

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

Added Alaska Mental Health Trust-supported development of an assessment tool and long-term non-permanent positions to support implementation of the 1915(i) and (k) programs.

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 Division Senior and Disabilities Services
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 Agency Health and Social Services

Phone 907-269-2083
 Date/Time 3/17/2016 noon
 Date 3/17/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)am

Analysis

CSSB74(FIN)am 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 28, p. 25 lines 27-29 charge the Department with "reducing the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community-based services waiver."

Section 30, p. 29, lines 10-16, subsections (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 FY2018 and 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). Assessments for 953 recipients transitioning from Community Developmental Disabilities Grant total \$214.8 in FY2018, at 50% fed / 50% GF match. Assessments for 586 recipients transitioning from Senior Community Based Grants and General Relief / Temporary Assistance total \$132.1 in FY2019, at 50% fed / 50% GF match. Total estimated cost (FY2018 and FY2019) to manage the 1,539 initial eligibility assessments = \$346.9.

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-FY2019.

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.

The Division of Senior and Disabilities Services (SDS) will need to implement a new assessment tool for persons served by home and community based services through 1915(c), 1915(i) and 1915(k). This tool will provide a comprehensive clinical assessment of recipient needs by acuity, which will feed into the development of identified services within the recipient's Plan of Care. Of importance is that this new assessment tool will allow SDS to improve our efficiencies and reform our payment system. The \$2,575.0 one-time cost to implement this new assessment tool in FY2017 will cover software development, development of algorithms within the assessment tool, internal systems change, and training. **The Alaska Mental Health Trust is providing \$1,287.5 MHTAAR for the State's 50% portion.**

FISCAL NOTE ANALYSIS

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Analysis Continued

To plan, develop, and manage the new program, beginning in FY2017 Senior and Disabilities Services will require three additional permanent full-time positions and, due to accelerated time frame for the roll-out of reform initiatives, four additional long-term non-permanent positions.

Full-time positions:

One staff full-time position 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.

Non-permanent positions:

Four long-term non-perm positions are requested for FY2017 - FY2019 so that SDS is staffed to accomplish the work required to implement 1915(i) and (k) and amend 1915 (c) on a short timeline while maintaining its current workload. These will be Health Program Manager II positions, Range 19, located in Anchorage, in the GG unit, each = \$73.4., for a \$293.6 annual total. **The Alaska Mental Health Trust is providing \$146.8 MHTAAR for the State's 50% portion in FY2017 - FY2019.**

The additional HPM II position in the *Research and Analysis Unit* will be responsible for ensuring continued data integrity as changes to the new automated service plan are implemented for 1915(i) and (k), building management reports necessary for Division operations and federal and state reporting requirements, and building subject matter expertise in a variety of data systems.

The additional HPM II position in the *Provider Certification and Compliance Unit* will be responsible for certifying providers as qualified to provide services to vulnerable Alaskans, and monitoring each provider's compliance with current and upcoming Federal regulatory requirements.

The additional HPM II position in the *Quality Assurance Unit* will be responsible for the quality assurance work, including fraud investigations, related to the system-wide change required to implement new 1915 (c), (i) and (k) mandates for conflict free care coordination and settings compliance.

The additional HPM II position in the *Policy and Program Development Unit* will be responsible for regular communication with CMS on Alaska's Medicaid reform goals, maintaining the Division's desire for transparency through provider and recipient education, outreach, and the formal public comment process, and the research for and development of State Plan Amendments and related amendments to Alaska's four 1915 c waivers as home and community based services transition from general fund programs to Medicaid.

Regulation changes are required to implement the new options and would involve extensive public comment. The estimated effective date of this regulation change is July 2017.