

FISCAL NOTE

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Bill Version CSSB074(FIN)am
Fiscal Note Number _____
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Identifier (file name) SB074CS(FIN)am-DHSS-BHMS-3-17-16 Dept. Affected Health and Social Services
Title Medicaid Reform Appropriation Medicaid Services
Allocation Behavioral Health Medicaid Services
Sponsor Sen Kelly
Requester House Finance OMB Component Number 2660

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							
Travel							
Services	850.0		3,825.0	5,300.0	5,500.0	5,800.0	5,800.0
Commodities							
Capital Outlay							
Grants, Benefits			1,100.0	4,600.0	8,700.0	13,200.0	13,200.0
Miscellaneous							
TOTAL OPERATING	850.0	0.0	4,925.0	9,900.0	14,200.0	19,000.0	19,000.0

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts	425.0	2,750.0	6,224.5	10,132.0	13,804.0	17,794.0	17,794.0
1003	GF Match							
1004	GF							
1092	MHTAAR (Other)	425.0		1,912.5	2,650.0			
1007	I/A Rcpts (Other)							
1037	GF/MH (UGF)		(2,750.0)	(3,212.0)	(2,882.0)	396.0	1,206.0	1,206.0
TOTAL		850.0	0.0	4,925.0	9,900.0	14,200.0	19,000.0	19,000.0

POSITIONS								
Full-time								
Part-time								
Temporary								

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

Estimated CAPITAL (FY17) costs \$ 2,348.0 (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If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2018 Discuss details in analysis section.

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

Fund source switch from UGF to MHTAAR for the 1115 development consulting contract and the State's share of the Administrative Services Organization contract. Added Alaska Mental Health Trust-supported development of the 1115 waiver application, a prospective payment pilot project with a substance abuse provider, and capital budget Health Information Exchange connectivity for providers and for AKAIMS.

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Phone (907) 269-5948
Date/Time 3/17/2016 6pm
Date 3/17/2016

FISCAL NOTE ANALYSIS

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Analysis

Section 28 of CSSB74(FIN) adds a new section, AS 47.05.270, entitled "Medical assistance reform program." New subsection AS 47.05.270(b) instructs the 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. It is expected that Alaskans served by the criminal justice system will benefit from the reformed system of behavioral health care, and savings will be realized in the Department of Corrections, Public Safety and the Court system as well as within the Office of Children's Services.

Capital Budget: \$1,348.0 (90% federal\10% MHTAAR)

One-time costs to connect behavioral health providers to the Alaska Statewide Health Information Exchange (HIE) to improve care coordination and management in the comprehensive and integrated behavioral health system; and to connect AKAIMS, the behavioral health electronic health record and data system, to the HIE to increase efficiency and streamline provider documentation requirements.

Section 30 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 telehealth. New subsection AS 47.07.036(e) requires the Department to seek 1115 demonstration waivers from the Centers for Medicare and Medicaid Services (CMS), and subsection (f) requires that one of these 1115 waivers focus on behavioral health system improvements for Medicaid recipients. These system improvements must be consistent with the improvements expected under Section 28, p. 26 of the bill [47.05.270(b)] that are intended to improve access to quality care while managing costs.

Following CMS approval of the 1115 behavioral health Medicaid demonstration waiver, DHSS will apply to amend that waiver to expand access to substance use disorder services. The amendment will seek an Institution for Mental Diseases (IMD) 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 of Behavioral Health will contract with an Administrative Services Organization (ASO) to develop and manage a network of providers; establish utilization management; provide quality and outcomes reporting; provide fraud, waste, and abuse auditing; and demonstrate benchmarks on healthcare outcomes and quality. **The state match required for the ASO contract for FY2018 and FY2019 is being provided by the Alaska Mental Health Trust Authority.**

This fiscal note includes \$700.0 in FY2017 and \$250.0 in FY2018 for consulting contracts to assist the Department in the design and implementation of a managed behavioral health system of care and development of the 1115 demonstration waiver application, to provide the required actuarial analysis for the waiver application, and to support the required public review process. Also included is \$150.0 in FY2017 and \$75.0 in FY2018 for contractual services to adapt a new prospective payment model designed for Certified Community Behavioral Health Centers for pilot testing with substance abuse providers. **The state match required for all of these contracts is being provided by the Alaska Mental Health Trust Authority.**

The design and implementation of a managed system of behavioral health care will require necessary changes to the Medicaid Management Information System (MMIS).

Capital Budget: One-time MMIS system changes: \$1,000.0 (90% federal\10% GF match)

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Analysis Continued

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 populations served.

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	\$ 700.0	\$ 250.0				
Certified Community Behavioral Health Clinic Prospective Payment Pilot	\$ 150.0	\$ 75.0				
Total Expenditures	\$ 850.0	\$ 4,925.0	\$ 9,900.0	\$ 14,200.0	\$ 19,000.0	\$ 19,000.0

Section 38 directs the Department to collaborate with Alaska tribal health organizations to implement federal policy on tribal Medicaid reimbursement. The Department, anticipating benefits from the recently published CMS national policy allowing states to broaden the range of services eligible for 100% Federal Medical Assistance, has projected impacts in the initial years of policy 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* residential psychiatric treatment facilities, then working into the out-of-state medium and smaller sized facilities as the contracting process is refined and the policy fully understood.

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

Based on FY2015 data, which indicated that there were a total of 193 unduplicated AN/AI recipients receiving RPTC services at non-tribal sites, DHSS projected the maximum State benefit that could be realized from the new tribal policy between now and FY2021; that total is \$6,050.0 (estimated \$12,100.0 in expenditures by 2021, at the previous FMAP rate of 50%). Under the new policy, the chart below shows in-state provider savings beginning in FY2017 (\$2,750.0). From FY2018 forward, out-of-state providers are added for an additional savings of \$825.0 in each subsequent year.

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)