

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-BHTRG-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance Committee

Department: Department of Health and Social Services
Appropriation: Behavioral Health
Allocation: Behavioral Health Treatment and Recovery
Grants
OMB Component Number: 3099

Expenditures/Revenues

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

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	(1,558.7)		(5,000.0)	(12,501.0)	(16,528.7)	(19,556.6)	(19,584.7)
Miscellaneous							
Total Operating	(1,558.7)	0.0	(5,000.0)	(12,501.0)	(16,528.7)	(19,556.6)	(19,584.7)

Fund Source (Operating Only)

1037 GF/MH	(1,558.7)		(5,000.0)	(12,501.0)	(16,528.7)	(19,556.6)	(19,584.7)
Total	(1,558.7)	0.0	(5,000.0)	(12,501.0)	(16,528.7)	(19,556.6)	(19,584.7)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148.

Prepared By:	Albert Wall, Director	Phone:	(907)465-4841
Division:	Behavioral Health	Date:	04/04/2015 12:40 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	04/04/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 7 of this bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska.

As Medicaid financing becomes available for behavioral health services, reductions in general fund grant funding will become feasible. Behavioral health grant reductions will be accomplished through a phased, strategic process in order to stabilize services and avoid service reductions in communities. While this is a reduction in State expenditures, DBH expects no loss of services available to Alaskans in need. Primarily federal Medicaid funds, rather than GF/MH grant funds, will cover the cost of services provided to the expansion population. The Department anticipates that behavioral health grants will be reduced through Medicaid expansion by the following amounts: \$1,558.7 in FY2016, \$5,000.0 in FY2017, \$9,000.0 in FY2018, \$13,000.0 in FY2019, \$16,000.0 in FY2020, and \$16,000.0 in FY2021.

Section 13 directs the Department to apply for the section 1915(i) option. This option will serve Medicaid-eligible adults with behavioral health needs that result in multiple admissions to inpatient or residential care. The population includes homeless, those re-entering from incarceration, and others who intermittently use services. These services are currently provided through behavioral health grants with 100% general funds. The Department anticipates that behavioral health grants will be reduced through the 1915(i) option beginning in FY2018 by the following amounts: \$3,501.0 in FY2018, \$3,528.7 in FY2019, \$3,556.6 in FY2020, and \$3,584.7 in FY2021.

Specific services that are currently offered through grant (GF) dollars that will be transitioned to Medicaid reimbursement include services for those adults with Serious Mental Illness (SMI grants) and those adults with Substance Use Disorders (SUD grants). Grants will not be completely eliminated as some services provided through grants are not reimbursable through Medicaid.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-BHA-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	100.9		100.9	100.9	100.9	100.9	100.9
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	120.4	0.0	112.8	112.8	112.8	112.8	112.8

Fund Source (Operating Only)

1002 Fed Rcpts	60.2		56.4	56.4	56.4	56.4	56.4
1003 G/F Match	60.2		56.4	56.4	56.4	56.4	56.4
Total	120.4	0.0	112.8	112.8	112.8	112.8	112.8

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 (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148.

Prepared By: Albert Wall, Director
Division: Behavioral Health
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)465-4841
Date: 04/04/2015 12:30 PM
Date: 04/04/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 13 of this bill directs the department to apply for the 1915(i) option under Medicaid. The 1915(i) option provides a federal match of 50%, reducing general fund needed by 50%.

Staffing:

One position, Health Program Manager II (GP, Range 19, in Anchorage at \$100.9 annually) will be required for program development, coordination and oversight beginning in FY2016. Funding for this position will be 50% federal and 50% GF match. Though the effective date of the bill is August 1, 2015, the Division of Behavioral Health requests funding for all 12 months of FY2016. The incumbent will be expected to come up to speed and work quickly to complete the intensive application and program development process in a short period of time. The Division of Behavioral Health anticipates having this position filled by July 1, 2015.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-CCIA-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance Committee

Department: Department of Health and Social Services
Appropriation: Health Care Services
Allocation: Catastrophic and Chronic Illness Assistance (AS 47.08)
OMB Component Number: 2330

Expenditures/Revenues

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

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	(916.7)		(1,300.0)	(1,400.0)	(1,471.0)	(1,471.0)	(1,471.0)
Miscellaneous							
Total Operating	(916.7)	0.0	(1,300.0)	(1,400.0)	(1,471.0)	(1,471.0)	(1,471.0)

Fund Source (Operating Only)

1004 Gen Fund	(916.7)		(1,300.0)	(1,400.0)	(1,471.0)	(1,471.0)	(1,471.0)
Total	(916.7)	0.0	(1,300.0)	(1,400.0)	(1,471.0)	(1,471.0)	(1,471.0)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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? 07/01/15

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the note assumes a start date of August 1, 2015 instead of July 1, 2015 for Medicaid expansion in FY2016. Savings have been adjusted to reflect the change of start date.

Prepared By: Margaret Brodie, Director Phone: (907)334-2520
Division: Health Care Services Date: 04/04/2015 01:00 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 7 of this bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska. We estimate 20,066 enrollees in FY2016; 23,273 enrollees in FY2017; 26,492 in FY2018; 26,535 in FY2019; 26,580 in FY2020; and 26,623 in FY2021.

Chronic and Acute Medical Assistance (CAMA) is a state-funded program serving just under 500 low-income Alaskans each month who have inadequate or no health insurance, but who do not qualify for Medicaid. CAMA provides limited services to eligible individuals only if diagnosed with one of the following conditions:

- Terminal illness
- Cancer requiring chemotherapy
- Chronic diabetes or diabetes insipidus
- Chronic seizure disorder
- Chronic mental illness
- Chronic hypertension

Covered services for those who qualify for CAMA are limited and specific to the medical condition.

The services provided under this program will begin being absorbed by Medicaid expansion on July 1, 2015.

FY2016 will see a cost savings to the general fund by shifting expenses to federal funds for the newly eligible adult group, at 100% federal participation.

The Department will continue to see an escalating cost savings in the Catastrophic and Chronic Illness Assistance component of \$1,300.0 in FY2017 and a savings of \$1,400.0 in FY2018. The Department anticipates a savings of \$1,471.0 from FY2019 and beyond.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-MAA-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance Committee

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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	425.0		463.6	576.2	576.2	688.8	688.8
Travel	1.8		2.0	2.0	2.0	2.0	2.0
Services	34.5		37.6	47.0	47.0	56.4	56.4
Commodities	37.8		8.0	17.6	10.0	19.6	12.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	499.1	0.0	511.2	642.8	635.2	766.8	759.2

Fund Source (Operating Only)

1002 Fed Rcpts	249.6		255.6	321.4	317.6	383.4	379.6
1003 G/F Match	61.6		255.6	321.4	317.6	383.4	379.6
1092 MHTAAR	187.9						
Total	499.1	0.0	511.2	642.8	635.2	766.8	759.2

Positions

Full-time	4.0		4.0	5.0	5.0	6.0	6.0
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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? 07/01/16

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the note assumes a start date of August 1, 2015 instead of July 1, 2015 for Medicaid expansion in FY2016. Costs have been adjusted to reflect the change of start date.

Prepared By: Margaret C. Brodie, Director
Division: Health Care Services
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services
Phone: (907)334-2520
Date: 04/04/2015 01:30 PM
Date: 04/04/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 7 of this bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska. We estimate 20,066 enrollees in FY2016; 23,273 enrollees in FY2017; 26,492 in FY2018; 26,535 in FY2019; 26,580 in FY2020; and 26,623 in FY2021.

Health Care Services projects that it will need a total of five positions to fully implement Medicaid expansion. Beginning with FY2016, the division projects that it will need one full-time, range 20, Anchorage, Medical Assistance Administrator III (06-#103); and two full-time, range 21, Anchorage, Medical Assistance Administrator IV positions (06-#104 and 06-#105). These costs have been projected out to include the hiring of a second Medical Assistant Administrator III position in FY2018, and a third Medical Assistant Administrator III in FY2020.

Under Section 13(d)(1) and 13(e), the Department anticipates that the Division of Health Care Services will need to add one Medicaid Assistance Administrator III to develop, design and begin implementation of the 1115 waiver program and perform extensive data analytics to measure outcomes. The Department anticipates hiring the Medical Assistance Administrator III in FY2016.

Administrative costs assume \$9.4 per full time equivalent (FTE) annually for office space, phones, and other contractual costs; \$2.6 *one-time* costs per FTE for computers and software; \$5.0 *one-time* costs per FTE for office equipment; \$2.0 per full time equivalent FTE annually for supplies; \$2.0 per year for total travel costs for all positions.

FY2016 costs assume an August 1, 2015 start date.

2 Medical Asst Administrator III - range 20, $\$112.6 \times 2 = \$225.2/12 = \$18.8 \times 11 = \206.4

2 Medical Asst Administrator IV - range 21, $\$119.2 \times 2 = \$238.4/12 = \$19.9 \times 11 = \218.6

FY2016 Personal services total \$425.0

Travel total $\$2.0/12 = \$0.166 \times 11 = \$1.8$

Lease costs, phone, etc - $\$9.4 \times 4 = \$37.6/12 = \$3.1 \times 11 = \34.5

FY2016 Services total \$34.5

Office supplies - $\$2.0 \times 4 = \$8.0/12 = \$0.7 \times 11 = \7.4

FY2016 Commodities, ongoing total \$7.4

Computer, software - $\$2.6 \times 4 = \10.4

One-time office set-up - $\$5.0 \times 4 = \20.0

FY2016 Commodities, one-time total \$30.4

Section 11 requires the Department to prepare an annual report describing costs for both mandatory and optional services. The Division of Health Care Services already produces reports that include this information, so there will be no additional cost to the Department.

Section 18(a) requires the Department to prepare for the Legislature a report on results from the contracted FY2015 - 2016 Medicaid Redesign and Expansion Technical Assistance study and a program for reforming Medicaid. The report represents no additional cost to the Department, as it is included in the contract deliverables.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis Continued

Section 18(b) requires the Department to prepare a report on cost sharing implementation before October 1, 2015. The report should result in a nominal expense to the Department. However, with anticipated future impacts from federal cost sharing regulations, reporting requirements may require MMIS and ARIES system changes in order to capture the income contingent cost sharing rules set in new federal regulations.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-RR-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services	200.0		100.0	100.0	100.0	100.0	100.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	200.0	0.0	100.0	100.0	100.0	100.0	100.0

Fund Source (Operating Only)

1002 Fed Rcpts	100.0		50.0	50.0	50.0	50.0	50.0
1003 G/F Match	100.0		50.0	50.0	50.0	50.0	50.0
Total	200.0	0.0	100.0	100.0	100.0	100.0	100.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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? 07/01/16

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. The CS calls for a contractor, rather than Department staff, to develop a provider tax proposal. This note also addresses new Section 13, requiring a demonstration project for innovative payment models.

Prepared By: Margaret Brodie, Director Phone: (907)334-2520
Division: Health Care Services Date: 04/04/2015 01:50 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 1(3) requires the Department to contract with an independent third party for advice on developing a provider tax proposal that must be submitted to the legislature by January 25, 2016. The Department intends to issue an RFP and award a contract prior to July 1, 2015. The estimated cost of the contract is \$175.0. Since the contract will be covered entirely with FY2015 funds, there is no fiscal impact for future fiscal years.

Section 13(e)-(f) require 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.

One demonstration project must focus on coordinated care that includes a global payment fee structure (i.e. a "managed care system"). One goal of the managed care system is to reduce the per capita growth rate for medical assistance expenditures by at least two percentage points. The managed care system will be measured based on quality and performance outcomes.

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 unknown at this time. It is estimated that the State currently spends approximately \$100,000 annually on actuarial services for two of its health plans. The Department will continue to consult with other states and experts concerning the cost of actuarial services for Medicaid managed care systems. At this time the department estimates: a one-time \$200.0 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.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-PAFS-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance Committee

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Public Assistance Field Services
OMB Component Number: 236

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	1,715.0		1,715.0	543.7	543.7	543.7	543.7
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	1,715.0	0.0	1,715.0	543.7	543.7	543.7	543.7

Fund Source (Operating Only)

1002 Fed Rcpts	857.5		857.5	271.9	271.9	271.9	271.9
1003 G/F Match			857.5	271.9	271.9	271.9	271.9
1092 MHTAAR	857.5						
Total	1,715.0	0.0	1,715.0	543.8	543.8	543.8	543.8

Positions

Full-time	6.0		6.0	6.0	6.0	6.0	6.0
Part-time							
Temporary	17.0		17.0				

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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? 07/01/15

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the Department modified its assumptions and now plans to retain and utilize existing long-term non-permanent staff. No funds for one-time startup or ongoing position support are requested.

Prepared By: Ron Kreher, Interim Director Phone: (907)465-5847
Division: Public Assistance Date: 04/04/2015 12:53 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 7 of the bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska.

In order for the division to absorb additional applications submitted for eligibility determinations and to maintain the additional caseload of renewal and report of change information submitted by the new clients on an ongoing basis, additional permanent positions will be necessary. While the additional caseload resulting from this bill is projected to increase each year, the division will be able to find administrative efficiencies as the new staff become proficient at eligibility determinations.

Costs identified with this request are for 17 long-term nonpermanent positions and 6 full-time permanent positions. The benefit to the state in utilizing long-term nonpermanent positions will be realized by attrition. As efficiencies are identified and demonstrated, the division will eliminate the nonpermanent positions. The division anticipates utilizing existing long-term nonpermanent staff to the extent possible to reduce the amount of time spent recruiting, hiring and training staff for the implementation timeframes. The following list outlines the staffing levels being requested with this fiscal note:

Full time permanent positions

- 2 Eligibility Technician III - $\$85.3 \times 2 = \170.6
- 2 Eligibility Technician IV - $\$92.3 \times 2 = \184.6
- 1 Research Analyst II - $\$88.8$
- 1 Public Assistance Analyst II - $\$99.7$

17 Long-term Nonpermanent Eligibility Technician II - $\$68.9 \times 17 = \$1,171.3$

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-SDSA-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	99.0		324.0	324.0	324.0	324.0	324.0
Travel	2.1		6.8	6.8	6.8	6.8	6.8
Services	186.5		193.9	540.8	10.6	10.6	10.6
Commodities	2.3		7.6	7.6	7.6	7.6	7.6
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	289.9	0.0	532.3	879.2	349.0	349.0	349.0

Fund Source (Operating Only)

1002 Fed Rcpts	185.1		306.2	479.7	174.5	174.5	174.5
1003 G/F Match	104.8		226.1	399.5	174.5	174.5	174.5
Total	289.9	0.0	532.3	879.2	349.0	349.0	349.0

Positions

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

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the note assumes a start date of August 1, 2015 instead of July 1, 2015 for Medicaid expansion in FY2016. Costs have been adjusted to reflect the change of start date. The note also provides a technical correction; the position count for FY2017 has been corrected from the original version.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 04/01/2015 12:00 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 13 of the bill requires 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 (1915(i) option) or capturing a higher federal match rate (1915(k)).

In FY2018 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 FY2018.

In FY2016, FY2017, and FY2018 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.

Estimated costs for system changes and development = \$550.0, of which \$300.0 is eligible for enhanced federal funding at a 90% federal match, and the remaining \$250.0 is eligible for the standard 50% federal match. Much of these costs will be realized in the development years (one-third each in FY2016-FY2018), while the savings will continue and grow as overall expenditures grow.

To plan, develop, and manage the new program, beginning in FY2016 Senior and Disabilities Services will require 3 additional full-time staff: one staff person beginning in August of FY2016 and two more staff beginning in FY2017. These will be Health Program Manager II positions, each = \$108.0; Travel = \$2.3; Services = \$3.5; Commodities = \$2.5. FY2016 costs are prorated to reflect the August 1, 2015 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 2017.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-GRTAL-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits				(4,494.3)	(4,494.3)	(4,494.3)	(4,494.3)
Miscellaneous							
Total Operating	0.0	0.0	0.0	(4,494.3)	(4,494.3)	(4,494.3)	(4,494.3)

Fund Source (Operating Only)

1004 Gen Fund				(4,494.3)	(4,494.3)	(4,494.3)	(4,494.3)
Total	0.0	0.0	0.0	(4,494.3)	(4,494.3)	(4,494.3)	(4,494.3)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 04/02/2015 12:00 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 13 of the bill directs the Department to apply for the 1915(i) option under Medicaid.

General Relief/Temporary Assistance (GR) provides temporary residential care for vulnerable adults who are ineligible for assistance from other programs. The Department will use the 1915(i) funding option to refinance this 100% general fund program for Medicaid-eligible individuals.

Current funding for GR program: \$8,113.0

Total number served: 630

Average cost per individual: \$12,878.00

Estimated eligible for 1915(i): 349

General fund to be refinanced w/Medicaid: \$ 4,494.3

State Plan and regulation changes are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2018.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-SCBG-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits				(716.3)	(716.3)	(716.3)	(716.3)
Miscellaneous							
Total Operating	0.0	0.0	0.0	(716.3)	(716.3)	(716.3)	(716.3)

Fund Source (Operating Only)

1004 Gen Fund				(716.3)	(716.3)	(716.3)	(716.3)
Total	0.0	0.0	0.0	(716.3)	(716.3)	(716.3)	(716.3)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 04/04/2015 02:00 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 13 of the bill directs the department to apply for the 1915(i) option under Medicaid.

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 416 recipients. SDS anticipates serving 114 under the 1915(i) option with an average cost per individual of \$4,223.58. Estimated general fund to be reduced for the Adult Day Grant = \$481.5.

Senior In-Home Grant: Total general fund expenditures = \$2,917.3, serving 1,528 individuals. SDS anticipates serving 123 under the 1915(i) option with an average cost per individual of \$1,909.20. Estimated general fund to be reduced for the Senior In-Home Grant = \$234.8.

The combined estimated general fund to be reduced through the use of the 1915(i) option = \$716.3

State Plan and regulation changes are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2018.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-CDDG-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
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)

1004 Gen Fund				(5,000.0)	(5,000.0)	(5,000.0)	(5,000.0)
1037 GF/MH				(6,635.8)	(6,635.8)	(6,635.8)	(6,635.8)
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 (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, this note provides a technical correction; the fund sources above have been corrected from the original version.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 04/01/2015 12:00 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 13 of the bill directs the Department to apply for the 1915(i) option under Medicaid.

Individuals receiving home and community-based services through the Community Developmental Disabilities Grant (CDDG) program must meet the eligibility requirements 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 the Community Developmental Disabilities Grant program using the following assumptions:

953 individuals accessed CDDG services in FY2014 with an average cost per recipient of \$12.2 per individual per year.

Current program and funding (general fund) = \$11,635.8; Average cost per individual = \$12.2

Estimated general fund to be refinanced with Federal Funds = \$11,635.8

State Plan and regulation changes are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2018.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148 CS(HSS)-DHSS-BHMS-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	4,399.5		5,323.5	16,728.5	21,227.5	26,534.9	26,605.2
Miscellaneous							
Total Operating	4,399.5	0.0	5,323.5	16,728.5	21,227.5	26,534.9	26,605.2

Fund Source (Operating Only)

1002 Fed Rcpts	4,399.5		5,206.4	12,846.0	16,984.6	21,354.2	21,162.9
1003 G/F Match			117.1	3,882.5	4,242.9	5,180.7	5,442.3
Total	4,399.5	0.0	5,323.5	16,728.5	21,227.5	26,534.9	26,605.2

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the note assumes a start date of August 1, 2015 instead of July 1, 2015 for Medicaid expansion in FY2016. Costs have been adjusted to reflect the change of start date.

Prepared By: Albert Wall, Director Phone: (907)465-4841
Division: Behavioral Health Date: 04/04/2015 12:48 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 7 of this bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska. We estimate 20,066 enrollees in FY2016; 23,273 enrollees in FY2017; 26,492 in FY2018; 26,535 in FY2019; 26,580 in FY2020; and 26,623 in FY2021.

As Medicaid financing for the expansion group becomes available for behavioral health services, the Department will be able to reduce general fund grants. This will be accomplished through a phased process in order to stabilize services and avoid service reductions in communities.

Section 13 directs the Department to apply for the section 1915(i) option. This option will serve Medicaid-eligible adults with behavioral health needs that result in multiple admissions to inpatient or residential care. The population includes homeless, those re-entering from incarceration, and others who intermittently use services.

Note: The effective federal match rate for the expansion population is based on calendar year. To estimate savings based on state fiscal year we averaged the calendar rates to approximate the fiscal year federal medical assistance percentage (FMAP) rates; we also adjusted the rates to reflect enhanced federal match for tribal services provided to Indian Health Service beneficiaries. These rates are: 100% in FY2016, 97.8% in FY2017, 95.2% in FY2018, 94.3% in FY2019, 92.6% in FY2020, and 91.3% in FY2021.

Plan and regulation changes are required to implement these changes. The estimated effective date of regulation changes is July 2017.

The federal match rate for the 1915(i) option is the regular match rate, usually 50% but 65% for the Children's Health Insurance Program (CHIP) and 100% for tribal services provided to Indian Health Service beneficiaries. Behavioral Health Medicaid Services average 56% federal match.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-APDMS-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House Finance Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Adult Preventative Dental Medicaid Services
OMB Component Number: 2839

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	4,932.8		6,454.2	7,598.6	7,871.6	8,156.0	8,307.0
Miscellaneous							
Total Operating	4,932.8	0.0	6,454.2	7,598.6	7,871.6	8,156.0	8,307.0

Fund Source (Operating Only)

1002 Fed Rcpts	4,932.8		6,312.2	7,233.9	7,422.9	7,552.5	7,584.3
1003 G/F Match			142.0	364.7	448.7	603.5	722.7
Total	4,932.8	0.0	6,454.2	7,598.6	7,871.6	8,156.0	8,307.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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? 07/01/15

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the note assumes a start date of August 1, 2015 instead of July 1, 2015 for Medicaid expansion in FY2016. Costs have been adjusted to reflect the change of start date.

Prepared By: Margaret Brodie, Director Phone: (907)334-2520
Division: Health Care Services Date: 04/04/2015 01:00 PM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 7 of the bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska. We estimate 20,066 enrollees in FY2016; 23,273 enrollees in FY2017; 26,492 in FY2018; 26,535 in FY2019; 26,580 in FY2020; and 26,623 in FY2021.

Alaska Medicaid will cover the newly eligible population for non-emergent adult dental services up to a limit of \$1,150 annually. These services include preventive and restorative care such as cleanings, exams, crowns, root canals, and dentures.

Note: The effective federal match rate for the expansion population is based on calendar year. To estimate savings based on state fiscal year we averaged the calendar rates to approximate the fiscal year federal medical assistance percentage (FMAP) rates; we also adjusted the rates to reflect enhanced federal match for tribal services provided to Indian Health Service beneficiaries. These rates are: 100% in FY2016, 97.8% in FY2017, 95.2% in FY2018, 94.3% in FY2019, 92.6% in FY2020, and 91.3% in FY2021.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148CS(HSS)-DHSS-HCMS-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services	330.4		360.4	360.4	360.4	360.4	360.4
Commodities							
Capital Outlay							
Grants & Benefits	114,679.4		151,859.9	177,435.4	179,915.2	182,726.8	186,575.2
Miscellaneous							
Total Operating	115,009.8	0.0	152,220.3	177,795.8	180,275.6	183,087.2	186,935.6

Fund Source (Operating Only)

1002 Fed Rcpts	118,195.8		158,761.5	198,511.4	229,726.7	229,146.0	260,688.0
1003 G/F Match	(3,124.1)		(6,406.3)	(20,538.2)	(49,231.3)	(45,839.0)	(73,532.6)
1108 Stat Desig	(61.9)		(134.9)	(177.4)	(219.8)	(219.8)	(219.8)
Total	115,009.8	0.0	152,220.3	177,795.8	180,275.6	183,087.2	186,935.6

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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? 07/01/16

Why this fiscal note differs from previous version:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the note assumes a start date of August 1, 2015 instead of July 1, 2015. It also contains projected cost savings from case management for Medicaid super utilizers. Sections 10 and 17 require the Department to establish a primary care case management system for super utilizers, and to produce a report to the legislature on the program.

Prepared By:	Margaret Brodie, Director	Phone:	(907)334-2520
Division:	Health Care Services	Date:	04/04/2015 01:00 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	04/04/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 148

Analysis

Section 1 (4) amends the intent language to establish prevention of disease as a primary model of health care.

Section 3 (18) adds a new paragraph to the duties of the department to "establish guidelines for medical assistance providers to develop health care delivery models that encourage adequate nutrition and disease prevention." Guidelines for preventive services covered under the Affordable Care Act are based on recommendations from the U.S. Preventive Services Task Force (<http://www.hhs.gov/healthcare/facts/factsheets/2010/07/preventive-services-list.html>). The Department currently provides guidelines aligned with the U.S. Preventive Services Task Force to health care providers regarding disease prevention, such as guidelines around preventive screenings for a number of cancers (including colorectal, cervical, and breast), hypertension, high cholesterol, diabetes, and tobacco use. Although these resources are not currently being provided in a targeted manner to medical assistance providers per se, they are being disseminated to health care providers in Alaska.

Section 4 of the bill 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 5 of the bill 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 four 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 four years, as shown below.

Amount of Interest Penalty Recoveries FY2016	\$ 42,455
Amount of Interest Penalty Recoveries FY2017	\$ 84,910
Amount of Interest Penalty Recoveries FY2018	\$127,365
FY2019 and beyond	\$169,821

Section 6 of this legislation grants the Department of Health and Social Services the authority to assess civil fines against Medicaid providers, in the event they are found to have violated AS 47.05, AS 47.07, or regulations adopted under these chapters. 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. In addition there would be a phase-in for the first year. The estimated amount of the recoveries would be \$25.0 in FY2016 and \$50.0 in subsequent years.

Section 7 of the bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska. We

FISCAL NOTE ANALYSIS

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Analysis Continued

and 26,623 in FY2021. The effective federal match rate for the expansion population is based on calendar year. To estimate savings based on state fiscal year we averaged the calendar rates to approximate the fiscal year federal medical assistance percentage (FMAP) rates; we also adjusted the rates to reflect enhanced federal match for tribal services provided to Indian Health Service beneficiaries. These rates are: 100% in FY2016, 97.8% in FY2017, 95.2% in FY2018, 94.3% in FY2019, 92.6% in FY2020, and 91.3% in FY2021.

The Health Care Medicaid Services component covers a range of both direct and indirect health care services for eligible Alaskans.

Regulations will be required to implement several provisions of the bill, both for expansion and for reform, beginning with regulations effective July 1, 2015.

Sections 10 and 17 require the Department to establish a primary care case management system for super-utilizers, and produce a report to the legislature on the program. This will require an assigned case manager to who will enroll and approve certain services for super-utilizers.

Costs to implement include:

- Increase Alaska Medicaid Coordinated Care Initiative contract (current contract cost is \$3.85 per client per month) to manage this population: $\$3.85 \times 7,800 \times 12 = \360.4 .

For FY2016, assumes a start date of August 1, 2015: $\$360.4/12 = \$30.03 \times 11 = \$330.4$

Savings from implementation include:

The estimated cost savings is based upon a Medicaid emergency room overutilizer population of 7,800. The Department believes that it can reduce the number of emergency room visits by this overutilizer group by 30% with case management.

Number of paid ER visits in FY2014 - 114,570

Average price per ER visit FY2014 (only for physician services) - \$613.39

Assumes overutilizer made at least five trips to ER in FY2014 - $7,800 \times \$613.39 \times 5 = \$23,922.2 \times 30\% = \$7,176.7$

For FY2016, assumes a start date of August 1, 2015: $\$7,176.7/12 = \$598.1 \times 11 = \$6,578.6$

Under Section 13 of the bill, the Department is directed to apply for an 1115 Demonstration Waiver to use innovative service delivery models to improve Medicaid use of tribal health providers. The Department anticipates that it will apply and be approved for a waiver, beginning in FY2017. Initially, the waiver would consolidate medical transportation management of travel of Medicaid eligible, Indian Health Service (IHS) beneficiaries through tribal facilities. A second phase of the waiver, estimated to begin in FY2019, would seek to transition the provision of most, if not all, tribal services to Medicaid eligible, IHS beneficiaries through the demonstration waiver, consolidating the management and delivery of medically necessary services provided directly through tribal facilities and those contracted or referred to non-tribal facilities.

Under federal rules, Medicaid services provided at or through tribal health facilities to Medicaid eligible, IHS beneficiaries are funded at a 100% federal match rate. The Department anticipates that this waiver will substantially increase the percentage of Medicaid services provided to Medicaid eligible, IHS beneficiaries at the 100% federal match rate. The Department recognizes that the degree of savings is directly contingent on the provisions of the waiver that CMS approves.

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We assume that in FY2017, 25% of all travel for Medicaid eligible, IHS beneficiaries will be covered under the waiver, with a general fund savings of \$6,500.0. In FY2018, we assume 100% of all travel will be covered, with a general fund savings of \$26,000.0. In FY2019 and 2020, we anticipate an additional \$30,500.0 annually in general fund savings for increased coverage of other services through tribal facilities, for a combined general fund savings of \$56,500.0. For FY2021, we assume savings of \$26,000.0 in travel and \$61,000.0 for other services through tribal facilities, for a combined general fund savings of \$87,000.0.

Section 16 amends the uncodified law by adding a new section requiring the department to investigate before Jan. 1, 2018 the design of a demonstration project to reduce pre-term births. The project would voluntarily enroll 500 Medicaid recipients and offer pregnancy and nutritional counseling, and Vitamin D supplementation as necessary to maintain 40 mg/ml levels. The department will work with the Department of Health and Human Services' Centers for Disease Control and Prevention, Health Services Resource Administration/Maternal Child Health Bureau, the National Institute of Health, and the Centers for Medicaid and Medicare to investigate the feasibility and design of a demonstration project to analyze the administration of Vitamin D supplementation above the current recommended levels to pregnant women and its effects on the preterm birth rate in Alaska.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 148
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB148 CS(HSS)-DHSS-SDMS-04-04-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: House 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)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	2,666.4		3,488.8	20,953.8	21,101.4	21,255.1	21,336.7
Miscellaneous							
Total Operating	2,666.4	0.0	3,488.8	20,953.8	21,101.4	21,255.1	21,336.7

Fund Source (Operating Only)

1002 Fed Rcpts	2,666.4		3,412.0	18,983.2	19,085.5	19,155.5	19,172.6
1003 G/F Match			76.8	1,970.6	2,015.9	2,099.6	2,164.1
Total	2,666.4	0.0	3,488.8	20,953.8	21,101.4	21,255.1	21,336.7

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

This fiscal note has been updated to reflect the bill sectional identifiers corresponding to the Committee Substitute for HB 148. Additionally, the note assumes a start date of August 1, 2015 instead of July 1, 2015 for Medicaid expansion in FY2016. Costs have been adjusted to reflect the change of start date.

Prepared By: Duane Mayes, Director Phone: (907)269-2083
Division: Senior and Disabilities Services Date: 04/02/2015 12:00 AM
Approved By: Sarah Woods, Deputy Director Finance & Management Services Date: 04/04/15
Agency: Health & Social Services

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Analysis

Section 7 of the bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (PPL) for Alaska. We estimate 20,066 enrollees in FY2016; 23,273 enrollees in FY2017; 26,492 in FY 2018; 26,535 in FY2019; 26,580 in FY2020; and 26,623 in FY2021.

Note: The effective federal match rate for the expansion population is based on calendar year. To estimate savings based on state fiscal year we averaged the calendar rates to approximate the fiscal year federal medical assistance percentage (FMAP) rates; we also adjusted the rates to reflect enhanced federal match for tribal services provided to Indian Health Service beneficiaries. These rates are: 100% in FY2016, 97.8% in FY2017, 95.2% in FY2018, 94.3% in FY2019, 92.6% in FY2020, and 91.3% in FY2021.

Senior and Disabilities Medicaid Services covers Personal Care Assistance (PCA) services, which provide support related to an individual's activities of daily living (i.e. bathing, dressing, eating) as well as instrumental activities of daily living (i.e. shopping, laundry, light housework). This new group of eligible individuals could potentially access PCA services. Three percent of the currently eligible Medicaid enrollees receive Personal Care Assistance (PCA) services. The expansion group is thought to be healthier than current Medicaid population groups. The Department assumes that less than 1% would require and be found eligible for PCA services with an estimated annual cost increase as enrollment among the newly expanded eligible group increases.

FY2016 new enrollees: 20,066
0.7% of new enrollees: 139 recipients
PCA expenditures: per person: \$21.0

Section 13 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 LOC. The 1915(k) option offers a 56% federal match, an increase of 6%, thus lowering the general fund match to 44%.

The 1915(c) waivers are:

- Children with Complex Medical Conditions (CCMC)
- Adults with Physical and Developmental Disabilities (APDD)
- Alaskans Living Independently (ALI)
- Intellectual and Developmental Disabilities (IDD)

All four of the waivers would transition to the 1915(k) option authority.

Estimated 1915(c) recipients transitioning to the 1915(k) option = 5,200
Federal funding under current 1915(c) waiver at FMAP (50%) = \$ 110,827.7
Federal funding under proposed 1915(k) option at FMAP (56%) = \$ 117,477.4
The program transition results in an increase of \$6,649.7 in federal receipts, and a corresponding GF decrease.

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 FY2018.

This section also 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.

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The Department will use this option to refinance the following 100% GF-funded grant programs: General Relief/Temporary Assistance (GR), certain Senior Community Based Grant components, and Community Developmental Disabilities Grant (CDDG).

General Relief/Temporary Assistance (GR) provides temporary residential care for vulnerable adults who are ineligible for assistance from other programs.

Current funding for GR program: \$8,113.0
Total number served: 630
Average cost per individual: \$12,878.00
Estimated eligible for 1915(i): 349
General fund to be reduced: \$ 4,494.3

Senior Community Based Grant component's Adult Day and Senior In-Home Services serve some individuals who are Medicaid eligible.

Adult Day Grant:
Total general fund expenditures: \$1,757.0
Total number served: 416
Average cost per individual: \$4,223.58.
Estimated eligible for 1915(i): 114
General fund to be reduced for the Adult Day Grant: \$481.5.

Senior In-Home Grant:
Total general fund expenditures: \$2,917.3
Total number served: 1,528
Average cost per individual: \$1,909.20.
Estimated eligible for 1915(i): 123
Estimated general fund to be reduced for the Senior In-Home Grant: \$234.8.

The combined estimated general fund to be reduced through the use of the 1915(i) option = \$716.3

Community Developmental Disabilities Grant (CDDG) program provides home and community-based services to support individuals to live as independently as they are able.

Total general fund expenditures: \$11,635.8
Total number served: 953
Average cost per recipient: \$12.2
Estimated eligible for 1915(i): 953
Estimated general fund to be reduced: \$11,635.8

State Plan and regulation changes are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2018.