

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	1
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-TRG-03-21-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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				(3,456.6)	(3,484.3)	(3,867.6)	(3,898.5)
Miscellaneous							
Total Operating	0.0	0.0	0.0	(3,456.6)	(3,484.3)	(3,867.6)	(3,898.5)

Fund Source (Operating Only)

1003 G/F Match				(3,456.6)	(3,484.3)	(3,867.6)	(3,898.5)
Total	0.0	0.0	0.0	(3,456.6)	(3,484.3)	(3,867.6)	(3,898.5)

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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17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

Not applicable, initial version.

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

Phone: (907)465-4841
Date: 03/21/2015 12:00 PM
Date: 03/21/15

FISCAL NOTE ANALYSIS**STATE OF ALASKA
2015 LEGISLATIVE SESSION****Analysis**

Section 2(a)(6) of the bill directs the Department of Health and Social Services (DHSS) to reduce the cost of behavioral health services provided to recipients of medical assistance under the state's home and community based services waiver. Behavioral Health will accomplish this by working with the Centers for Medicare and Medicaid Services to elect the Section 1915(i) option. This option will provide funds to cover services provided to Medicaid-eligible adults with demonstrated 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: FY2018 -\$3,456.6, FY2019 -\$3,484.3, FY2020 -\$3,867.6, FY2021 -\$3,898.5.

Specific services that are currently funded through General Fund grant dollars , but are eligible for Medicaid reimbursement will be transitioned to Medicaid reimbursement as grant funds decrease. 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:	SB 74
Fiscal Note Number:	2
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-MAA-03-22-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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	500.6		500.6	500.6	500.6	500.6	500.6
Travel	4.0		4.0	4.0	4.0	4.0	4.0
Services	47.0		47.0	47.0	47.0	47.0	47.0
Commodities	48.0		10.0	10.0	10.0	10.0	10.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	599.6	0.0	561.6	561.6	561.6	561.6	561.6

Fund Source (Operating Only)

1002 Fed Rcpts	299.8		280.8	280.8	280.8	280.8	280.8
1003 G/F Match	299.8		280.8	280.8	280.8	280.8	280.8
Total	599.6	0.0	561.6	561.6	561.6	561.6	561.6

Positions

Full-time	5.0		5.0	5.0	5.0	5.0	5.0
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? 10/01/15

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: Margaret Brodie, Director
Division: Health Care Services
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)334-2520
Date: 03/21/2015 04:30 PM
Date: 03/22/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(5) of the bill directs the Department to enhance Medicaid fraud prevention, detection and enforcement.

Fraud prevention starts with the provider enrollment process. Enhancements to the provider enrollment process include requiring all ordering, rendering or referring providers to be enrolled with the Medicaid program, including all home and community-based waiver and behavioral health rehabilitation providers. In addition to the enrollment requirement, all categories of providers will be assigned a risk level that will be used to determine levels of pre-enrollment screening. Enhancements to the screening process includes pre- and post-enrollment site visits for medium and high risk categories of providers, and requiring background checks as a condition of enrollment.

1 Medical Asst Administrator III, range 20 - \$112.6

1 Medical Asst Administrator IV, range 21 - \$119.2

FY2016 Personal services total \$231.8

Travel total \$2.0

Lease costs, phone, etc - $\$9.4 \times 2 = \18.8

Office supplies - $\$2.0 \times 2 = \4.0

FY2016 Commodities, ongoing total \$4.0

Computer, software - $\$2.6 \times 2 = \5.2

One-time office set-up - $\$5.0 \times 2 = \10.0

FY2016 Commodities, one-time total \$15.2

STATE OF ALASKA
2015 LEGISLATIVE SESSIONBILL NO. SB074

Analysis Continued

Section 3 of the bill directs the Department to create an optional Health Savings Account for Medicaid recipients. This bill also includes the requirement that the Health Savings Account program must include recipient cost-sharing. Cost sharing would have to comply with federally mandated limits, based on household income. Recipient may elect to have 10 percent of their annual permanent fund dividend put into the Health Savings Account. The program is also required to include consumer education.

Health Care Services anticipates an impact due to intensive account management requirements. The Department estimates that approximately 7,400 health savings accounts will need to be established, verified and accounted for on a weekly basis.

3 Accounting Technician IIIs, range 16 = $\$89.6 \times 3 = \268.8
FY2016 Personal services total \$268.8

Travel \$2.0

Lease costs, phone, etc - $\$9.4 \times 3 = \28.2

Office supplies - $\$2.0 \times 3 = \6.0

Computer, software - $\$2.6 \times 3 = \7.8

One-time office set-up - $\$5.0 \times 3 = \15.0

One-time commodities total \$22.8

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	3
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-RR-03-21-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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	177.8		297.0	297.0	177.8	177.8	177.8
Travel	2.0		2.0	2.0	2.0	2.0	2.0
Services	9.4		18.8	18.8	9.4	9.4	9.4
Commodities	9.6		11.6	4.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	198.8	0.0	329.4	321.8	191.2	191.2	191.2

Fund Source (Operating Only)

1002 Fed Rcpts	99.4		164.7	160.9	95.6	95.6	95.6
1003 G/F Match	99.4		164.7	160.9	95.6	95.6	95.6
Total	198.8	0.0	329.4	321.8	191.2	191.2	191.2

Positions

Full-time	1.0		2.0	2.0	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:

Not applicable, initial version.

Prepared By: Margaret Brodie, Director
Division: Health Care Services
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)334-2520
Date: 03/21/2015 01:20 PM
Date: 03/21/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(9) of the bill requires a redesign of the Medicaid payment process. This section converts the process from a fee-for-service model that incentivizes volume, to an outcome-based model that incentivizes efficient care.

The Office of Rate Review (ORR) currently sets reimbursement rates for a range of Medicaid services. ORR would still be required to set a baseline rate for Medicaid services but would need to identify and establish metrics, track outcomes and ultimately tie reimbursement to those outcomes. One Medical Assistant Administrator IV would be needed for a period of two years to establish metrics and targets.

1 Medical Assistance Administrator IV, range 21 - \$119.2

Lease costs, phone, etc - \$9.4

Office supplies - \$2.0

Computer, software - \$2.6

One-time office set-up - \$5.0

FY2016 Commodities, one-time total \$7.6

Section 5 of the bill requires the Department to initiate a managed care demonstration. The purpose of the demonstration project is to ensure sustainability while reducing the cost of medical assistance payments and increasing access to and improving the quality of care available to all medical assistance recipients. Based on prior experience it is uncertain we will get an offer with a reasonable expectation that it will reduce costs. We will not enter into a contract if anticipated savings do not offset the cost of the contract.

Therefore, we have assumed administration fees are offset by reductions in service spending.

1 exempt Actuary – est. competitive salary w/ benefits - \$177.8

Lease costs, phone, etc - \$9.4

Office supplies - \$2.0

Computer, software - \$2.6

One-time office set-up - \$5.0

FY2016 Commodities, one-time total \$7.6

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	4
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-PAA-03-20-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services Committee

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

Expenditures/Revenues

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

(Thousands of Dollars)

	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	35.0						
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	35.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1002 Fed Rcpts	17.5						
1003 G/F Match	17.5						
Total	35.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (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? 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:

Not applicable, initial version.

Prepared By: Ron Kreher, Acting Director
Division: Public Assistance
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)465-5847
Date: 03/20/2015 03:50 PM
Date: 03/20/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 3 of the bill requires the Department to develop and implement a personal health savings account program for Medicaid recipients that includes recipient cost-sharing and copayment structures.

Background: The Division of Public Assistance is currently using two systems to make Medicaid eligibility determinations and manage case actions -- the older Eligibility Information System (EIS) and the new system, Alaska's Resource for Integrated Eligibility Services (ARIES) - until ARIES implementation is fully complete. Both systems have an interface which passes information about Medicaid recipients to the Enterprise System, also known as the Medicaid Management Information System (MMIS).

The data needed to determine potential cost-sharing and copayments is not included in the Division's current interfaces with the Enterprise System. In order to support cost-sharing and copayment structures, both eligibility systems will require technical changes to enable the transmission of the necessary information to the Medicaid Management Information System.

For ARIES, this will be a change request to current, planned contracted work entailing changes to the interface design specifications and system testing. The cost of these ARIES system changes is eligible for funding through an existing capital appropriation and will not require additional funding authority.

EIS system changes will require additional funding authority to research, design, develop, test and implement changes necessary to modify the existing interface with the Enterprise System.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	5
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-SDSA-03-19-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate HSS 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	108.0		324.0	324.0	324.0	324.0	324.0
Travel	2.3		6.8	6.8	6.8	6.8	6.8
Services	186.8		193.9	540.8	10.6	10.6	10.6
Commodities	2.5		7.6	7.6	7.6	7.6	7.6
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	299.6	0.0	532.3	879.2	349.0	349.0	349.0

Fund Source (Operating Only)

1002 Fed Rcpts	189.9		306.2	479.7	174.5	174.5	174.5
1003 G/F Match	109.7		226.1	399.5	174.5	174.5	174.5
Total	299.6	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:

Not applicable, initial version.

Prepared By:	Duane Mayes, Director	Phone:	(907)269-2083
Division:	Senior and Disabilities Services	Date:	03/19/2015 04:45 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	03/19/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(6) of this bill requires the State to reform the Medicaid program in a manner that reduces the cost of providing services to seniors and individuals with disabilities. The department will 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 FY2016 and two more staff beginning in FY2017. These will be Health Program Manager II positions (step C) each = \$108.0; Travel = \$2.3; Services = \$3.5; Commodities = \$2.5. 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:	SB 74
Fiscal Note Number:	6
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-GRTAL-03-19-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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:

Not applicable, initial version.

Prepared By: Duane Mayes, Director
Division: Senior and Disabilities Services
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)269-2083
Date: 03/19/2015 06:00 PM
Date: 03/19/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(6) of the bill requires the State to reform the Medicaid program in a manner that reduces the cost of providing services to seniors and individuals with disabilities. To achieve savings, the department will apply to the Centers for Medicare and Medicaid Services (CMS) to develop the 1915(i) funding authority, and provide Medicaid-funded home and community-based services that are currently 100% GF-funded.

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-funded 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 in FY2018.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	7
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-SCBG-03-19-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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:

Not applicable, initial version.

Prepared By:	Duane Mayes, Director	Phone:	(907)269-2083
Division:	Senior and Disabilities Services	Date:	03/19/2015 06:00 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	03/19/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(6) of the bill requires the State to reform the Medicaid program in a manner that reduces the cost of providing services to seniors and individuals with disabilities. To achieve savings, the department will apply to the Centers for Medicare and Medicaid Services (CMS) to develop the 1915(i) funding authority, and provide Medicaid-funded home and community-based services that are currently 100% GF-funded.

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:	SB 74
Fiscal Note Number:	8
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-CDDG-03-19-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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:

Not applicable, initial version.

Prepared By:	Duane Mayes, Director	Phone:	(907)269-2083
Division:	Senior and Disabilities Services	Date:	03/19/2015 06:00 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	03/19/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(6) of the bill requires the State to reform the Medicaid program in a manner that reduces the cost of providing services to seniors and individuals with disabilities. To achieve savings, the department will apply to the Centers for Medicare and Medicaid Services (CMS) to develop the 1915(i) funding authority, and provide Medicaid-funded home and community-based services that are currently 100% GF-funded.

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 CDDG program and funding (general fund) = \$11,635.8.

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:	SB 74
Fiscal Note Number:	9
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-QAA-03-21-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services Committee

Department: Department of Health and Social Services
Appropriation: Departmental Support Services
Allocation: Quality Assurance and Audit
OMB Component Number: 2880

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	231.8		231.8	231.8	231.8	231.8	231.8
Travel	2.0		2.0	2.0	2.0	2.0	2.0
Services	64.3		64.3	64.3	64.3	64.3	64.3
Commodities	19.2		4.0	4.0	4.0	4.0	4.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	317.3	0.0	302.1	302.1	302.1	302.1	302.1

Fund Source (Operating Only)

1002 Fed Rcpts	158.7		151.1	151.1	151.1	151.1	151.1
1003 G/F Match	158.6		151.0	151.0	151.0	151.0	151.0
Total	317.3	0.0	302.1	302.1	302.1	302.1	302.1

Positions

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
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:

Not applicable, initial version.

Prepared By: Sana Efird, Assistant Commissioner
Division: Finance and Management Services
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)465-1630
Date: 03/21/2015 04:30 PM
Date: 03/21/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(5) of the bill directs the Department to enhance Medicaid fraud prevention, detection and enforcement.

Enhanced fraud detection and enforcement will require the ability to track investigations and cases across all Medicaid divisions including Health Care Services, Behavioral Health and the Division of Senior and Disabilities Services. One Research Analyst IV and one Medical Assistance Administrator III is needed in Medicaid Program Integrity, also known as Quality Assurance and Audit. A case tracking system designed specifically for fraud cases will be required. Additional expertise in data analytics will be provided by the Research Analyst position, and the Medical Assistance Administrator will be required to conduct and coordinate investigations across all Medicaid Divisions.

In addition, enhanced fraud detection case tracking software and license fees are estimated at \$45.5 annually .

1 Medical Asst Administrator III - range 20, \$112.6

1 Research Analyst IV - range 21, \$119.2

FY2016 Personal services total \$231.8

Travel total \$2.0

Lease costs, phone, etc - $\$9.4 \times 2 = \18.8

Software and licensing fees - \$45.5

FY2016 Services total: \$64.3

Office supplies - $\$2.0 \times 2 = \4.0

FY2016 Commodities, ongoing total \$4.0

Computer, software - $\$2.6 \times 2 = \5.2

One-time office set-up - $\$5.0 \times 2 = \10.0

FY2016 Commodities, one-time total \$15.2

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	10
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-CO-03-20-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services Committee

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

Expenditures/Revenues

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

(Thousands of Dollars)

	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	6.0						
Services	759.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	765.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1002 Fed Rcpts	20.0						
1003 G/F Match	20.0						
1004 Gen Fund	725.0						
Total	765.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (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? 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:

Not applicable, initial version.

Prepared By: Sana Efird, Assistant Commissioner
Division: Finance and Management Services
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)465-1630
Date: 03/20/2015 01:37 PM
Date: 03/20/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Reform performance targets:

Section 2(a)(10) of the bill requires the Department to seek stakeholder input in establishing annual targets or performance metrics for the quality and cost effectiveness of activities the Department undertakes in the name of Medicaid reform. Section 2(b) requires the Department to report to the legislature annually on cost savings resulting from reform, and whether or not the Department has met the defined targets.

Performance indicators to measure quality and cost-effectiveness in the Medicaid program were established in recent years through the department's Results-based Budgeting and Accountability initiative. These metrics will be refreshed and updated to include measures associated with the new reform efforts and incorporate the required targets. The Department will use existing boards and commissions to facilitate stakeholder involvement in this process, which will reduce the need for additional funds associated with convening stakeholder meetings. The enhanced process for tracking and reporting on the Medicaid targets will be incorporated into existing budget and annual report systems to meet the annual report requirement.

One-time costs:72000 Travel: \$6.0 (\$3.0 GF/ \$3.0 Fed)

Travel to Wasilla, Barrow, Ketchikan and Kodiak for 1 staff and 1 contracted court reporter

73000 Contractual Services: \$34.0 (\$17.0 GF/\$17.0 Fed)

A professional services contract (\$30.0) is required for a consultant to compile existing measures, identify gaps related to measuring outcomes from new reform efforts, conduct literature reviews to identify grades of evidence for potential new measures, define specifications for each quality and cost measure, compile and analyze input from stakeholders and technical experts, and test the measures for validity and reliability. Line item also includes costs for renting public meeting space in Wasilla, Barrow, Ketchikan and Kodiak, and court reporter services for these four meetings.

Residential services privatization feasibility:

Section 8 of this bill directs the Department to conduct a study analyzing the feasibility of privatizing services delivered at the Department's 24/7 residential facilities - Alaska Pioneers' Homes, the Alaska Psychiatric Institute, and "select facilities" in the Division of Juvenile Justice. A summary of the findings is due to the legislature by late January 2016.

The Division of Alaska Pioneer Homes has six 24-hour facilities which provide assisted living care and memory care to residents, along with a central office and a pharmacy:

- (1) Central Office - 11 permanent employees,
- (2) Sitka Pioneer Home - 86 permanent employees, 65 licensed assisted living home beds
- (3) Fairbanks Pioneer Home - 103 permanent employees, 93 licensed assisted living home beds
- (4) Alaska Veterans and Pioneers Home - 103 permanent positions, 79 licensed assisted living home beds
- (5) Anchorage Pioneer Home - 177 permanent positions, 168 licensed assisted living home beds
- (6) Ketchikan Pioneer Home - 64 permanent positions, 48 licensed assisted living home beds
- (7) Juneau Pioneer Home - 50 permanent positions, 48 licensed assisted living home beds
- (8) Centralized Pharmacy - 6 permanent positions

The Alaska Psychiatric Institute is a 24-hour, 80 bed, nationally accredited inpatient psychiatric hospital employing 247 permanent staff and organizationally housed within the Division of Behavioral Health (DBH).

**STATE OF ALASKA
2015 LEGISLATIVE SESSION****BILL NO. SB074****Analysis Continued**

The Division of Juvenile Justice operates eight 24-hour Alaska youth facilities:

- (1) Bethel Youth Facility - 28 permanent employees, 6 beds
- (2) Fairbanks Youth Facility - 40 permanent employees, 36 beds
- (3) Johnson Youth Center (Juneau) - 36 permanent employees, 30 beds
- (4) Kenai Peninsula Youth Facility - 18 permanent positions, 10 beds
- (5) Ketchikan Regional Youth Facility - 18 permanent positions, 18 beds
- (6) Mat-Su Youth Facility (Palmer) - 20 permanent positions, 15 beds
- (7) McLaughlin Youth Center (Anchorage) - 166 permanent positions, 132 beds
- (8) Nome Youth Facility - 19 permanent positions, 14 beds

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

- (1) outsourcing
- (2) public-private partnership
- (3) asset sales or leasing
- (4) vouchers
- (5) government corporation
- (6) complete privatization

The contractor will need to provide:

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

The contractor must consider:

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

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

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	11
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-BHMS-03-20-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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				7,856.0	7,918.8	8,789.9	8,860.2
Miscellaneous							
Total Operating	0.0	0.0	0.0	7,856.0	7,918.8	8,789.9	8,860.2

Fund Source (Operating Only)

1002 Fed Rcpts				4,399.4	4,434.5	4,922.3	4,961.7
1003 G/F Match				3,456.6	3,484.3	3,867.6	3,898.5
Total	0.0	0.0	0.0	7,856.0	7,918.8	8,789.9	8,860.2

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:

Not applicable, initial version.

Prepared By:	Albert Wall, Director	Phone:	(907)465-4841
Division:	Behavioral Health	Date:	03/20/2015 01:00 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	03/20/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(6) of the bill requires the State to reform the Medicaid program in a manner that reduces the cost of providing behavioral health services. To achieve savings, the department will apply to the Centers for Medicare and Medicaid Services (CMS) to develop the 1915(i) funding authority, and provide Medicaid-funded behavioral health services that are currently GF-funded through the Behavioral Health Treatment and Recovery Grants program.

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.

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.

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

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	12
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-HCMS-03-22-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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	6,540.4		4,390.4	4,390.4	4,390.4	4,390.4	4,390.4
Commodities							
Capital Outlay							
Grants & Benefits	(9,393.7)		(9,393.7)	(9,393.7)	(9,393.7)	(9,393.7)	(9,393.7)
Miscellaneous							
Total Operating	(2,853.3)	0.0	(5,003.3)	(5,003.3)	(5,003.3)	(5,003.3)	(5,003.3)

Fund Source (Operating Only)

1002 Fed Rcpts	(318.2)		(1,393.2)	(1,393.2)	(1,393.2)	(1,393.2)	(1,393.2)
1003 G/F Match	(2,535.1)		(3,610.1)	(3,610.1)	(3,610.1)	(3,610.1)	(3,610.1)
Total	(2,853.3)	0.0	(5,003.3)	(5,003.3)	(5,003.3)	(5,003.3)	(5,003.3)

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:

Not applicable, initial version.

Prepared By: Margaret Brodie, Director
Division: Health Care Services
Approved By: Sarah Woods, Deputy Director Finance & Management Services
Agency: Health & Social Services

Phone: (907)334-2520
Date: 03/21/2015 03:30 PM
Date: 03/22/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 2(a)(3) of this bill requires that the Department provide an Explanation of Benefits to recipients who receive Medicaid services. There is currently no comprehensive mechanism to notify recipients when a claim is filed and paid on their behalf.

We conservatively estimate that about 50% of all Medicaid eligibles receive a service in any given month. It would require the distribution of an explanation of benefits (EOB) to approximately 70,000 recipients each month.

Providing an explanation of benefits would require a system modification to automatically produce a benefit statement attached to each claim per recipient. We estimate that it will cost \$375.0 to modify the Xerox payment processing system to accommodate this aspect of the bill. This will be a one-time cost to be incurred in FY2016.

Contractor to prepare and distribute 70,000 letters monthly - \$15.0/month
 Operations/overhead/staff costs to answer explanation of benefit questions - \$75.0/month
Postage - \$34.0/month
 Total - \$124.0 x 12 = \$1,488.0

Section 2(a)(4) of the bill expands use of telemedicine for primary and urgent care. **Section 5(d)(1)** requires the department to identify legal barriers that prevent the expanded use of telemedicine as part of a managed care demonstration project for Denali KidCare. These provisions intend to decrease costs associated with travel to hub locations by increasing access to various levels of care via real time and store-and-forward delivery in recipients' home community. In Medicaid, telemedicine services are considered the same as a face-to-face visit as long as it falls within the scope of the practitioner's license. Telemedicine services are available to a wide array of providers that fall within the scope of Medicaid's coverage provisions. The department already has a number of telemedicine initiatives underway to coordinate and expand these efforts across tribal and non-tribal providers. The Department anticipates no additional cost or savings as result of this section.

Section 2(a)(5) of the bill directs the Department to enhance Medicaid fraud prevention, detection and enforcement. Additional systems changes will be needed to accommodate a projected 3,000 additional Medicaid providers for an estimated cost of \$200.0. Ongoing maintenance costs of \$20.0 per month plus \$275.0 of initial start-up contractor staff costs will be needed.

Xerox contractual costs: \$200.0 + \$240.0 + \$275.0 = \$715.0

Section 2(a)(7) of the bill would require the department to design and adopt regulations to address Medicaid reform for pharmacy initiatives, establish a prescription drug monitoring program and develop strict guidelines for the prescribing of narcotics.

The department has implemented numerous pharmacy initiatives during the last 5 years. Previously implemented initiatives include program coverage reforms, claims pricing and payment reforms, increased usage of generic medications, prior authorizations, quantity limits, therapeutic duplication edits, independent expert reviewers of atypical requests for high doses of pain medications, and independent expert reviewers of psychotropic medication regimens for foster children.

Research and development of new claims processing edits, payment rates, and program coverage rules occur continuously and are already incorporated into the department's workflow.

To meet the prescription monitoring database HCS will need \$85.0 for an RSA with the Department of Commerce,

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. SB074

Analysis Continued

Section 2(a)(8) of the bill requires the Department to implement enhanced care management. In **Section 5**, this legislation proposes to design and initiate a managed care demonstration project on or before October 1, 2015.

Because of the potential overlap between enhanced care management and other provisions of the legislation, we are not able to determine savings at this time.

Section 2(a)(9) of the bill requires a redesign of the Medicaid payment process. This section converts the process from a fee-for-service model that incentivizes volume, to an outcome-based model that incentivizes efficient care. \$1,150.0 will be needed for one-time systems changes and consultation work to design and implement payment methodology changes, provider education, and policy documentation. The Department is not able to provide specific cost savings associated with this section at this time.

Section 2(a)(11) of the bill requires medical services to be provided in the home community of the recipient, potentially through use of telemedicine or other diagnosis and treatment in recipients' home communities unless unavailable. Currently, travel is only authorized when medically necessary and when the service required is not available in the recipient's home community. Travel is authorized to the closest, available, appropriate provider. We do not project any additional costs or savings as a result of this addition.

Section 5 of the bill requires the Department to initiate a managed care demonstration. The demonstration project is to ensure sustainability while reducing the cost of medical assistance payments and increasing access to and improving the quality of care available to all medical assistance recipients. Based on prior experience it is uncertain we will get an offer with a reasonable expectation that it will reduce costs. We will not enter into a contract if anticipated savings do not offset the cost of the contract. Therefore, we have assumed administration fees are offset by reductions in service spending. Increased Medicaid cost as a result of the administrative case management fee:

2013 Denali KidCare Recipients:	47,987	
Estimated Administrative Fee	\$3.85 PMPM	
<u>Months in a year</u>		<u>12</u>
Yearly Medicaid Increase in Costs	\$2,217.0	

Section 6 of the bill requires the Department to implement a demonstration project to reduce non-urgent use of emergency department services by Medicaid recipients by September 1, 2015.

- Development of an electronic exchange, \$150.0 one-time
- Alaska Prescription Drug Monitoring Program, \$85.0 annually
- 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 .

The estimated cost savings is based upon a Medicaid emergency room over-utilizer population of 7,800. The Department believes that it can reduce the number of emergency room visits by this over-utilizer 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 over-utilizer made at least five trip to ER in FY2014 - $7,800 \times \$613.39 \times 5 = \$23,922.2 \times 30\% = \$7,176.7$

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	13
(S) Publish Date:	4/11/2015

Identifier: SB074-DHSS-SDMS-03-19-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Health & Social Services 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				16,846.4	16,846.4	16,846.4	16,846.4
Miscellaneous							
Total Operating	0.0	0.0	0.0	16,846.4	16,846.4	16,846.4	16,846.4

Fund Source (Operating Only)

1002 Fed Rcpts				15,073.0	15,073.0	15,073.0	15,073.0
1003 G/F Match				1,773.4	1,773.4	1,773.4	1,773.4
Total	0.0	0.0	0.0	16,846.4	16,846.4	16,846.4	16,846.4

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:

Not applicable, initial version.

Prepared By:	Duane Mayes, Director	Phone:	(907)269-2083
Division:	Senior and Disabilities Services	Date:	03/19/2015 05:45 PM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	03/19/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

1915(k) option

Section 2(a)(6) of the bill requires the State to reform the Medicaid program in a manner that reduces the cost of providing services to seniors and individuals with disabilities. The department will apply to the Centers for Medicare and Medicaid Services (CMS) to develop a new Medicaid funding authority, the 1915(k) "Community First Choice Option" (CFC), which serves people who meet an institutional level of care (LOC). The state will realize savings because the 1915(k) authority includes a 56% federal match, an increase of 6% over the current 50% match, decreasing the State's general fund match to 44%.

The 1915(k) option will replace the current 1915(c) waivers, as all 1915(c) waiver service recipients do meet an institutional LOC.

The 1915(c) waivers are:

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

1915(i) State Plan option

The department will apply to CMS for the 1915(i) option under Medicaid. The 1915(i) option includes a federal match of 50%, reducing to 50% what is currently a 100% general fund contribution for certain services.

The Department will use this option to refinance 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

**STATE OF ALASKA
2015 LEGISLATIVE SESSION****BILL NO.** SB074**Analysis Continued****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.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	SB 74
Fiscal Note Number:	14
(S) Publish Date:	4/11/2015

Identifier: SB074-DCCED-DOI-03-20-15
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: (S) HEALTH AND SOCIAL SERVICES

Department: Department of Commerce, Community and
Economic Development
Appropriation: Insurance Operations
Allocation: Insurance Operations
OMB Component Number: 354

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							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (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? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: Lori Wing-Heier, Director
Division: Division of Insurance
Approved By: Catherine Reardon, Director
Agency: Division of Administrative Services, DCCED

Phone: (907)465-2515
Date: 03/20/2015 11:04 AM
Date: 03/20/15

FISCAL NOTE ANALYSIS**STATE OF ALASKA
2015 LEGISLATIVE SESSION****Analysis**

SB74 amends Title 43: Revenue and Taxation, and Title 47: Welfare, Social Services and Institutions, to implement Medicare reform. The Division of Insurance does not anticipate a fiscal impact from this legislation.