

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 62
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB062-DHSS-SDMS-03-31-17
Title: REPEAL CERTIFICATE OF NEED PROGRAM
Sponsor: WILSON
Requester: Senate LC

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)

	FY2018	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2018 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018						
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits					8,427.2	7,472.8	7,168.8	6,933.0
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	8,427.2	7,472.8	7,168.8	6,933.0

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)				4,213.6	3,736.4	3,584.4	3,466.5
1003 G/F Match (UGF)				4,213.6	3,736.4	3,584.4	3,466.5
Total	0.0	0.0	0.0	8,427.2	7,472.8	7,168.8	6,933.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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If yes, by what date are the regulations to be adopted, amended or repealed?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.

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Division: Senior and Disabilities Services	Date: 03/03/2017 12:00 PM
Approved By: Shawnda O'Brien, Asst. Commissioner	Date: 03/31/17
Agency: Health and Social Services	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 62

Analysis

The certificate of need process requires health service providers to obtain approval of the commissioner before building or remodeling health care facilities, or purchasing equipment costing more than an established capital expenditure threshold. Under AS 18.07.031, the existing expenditure threshold for requiring a certificate of need is \$1.5 million. Alaska is one of 31 states and the District of Columbia to have a CON program.

SB062 would repeal the Certificate of Need Program, effective July 1, 2019 (start of FY2020). With the repeal of this program, there will be increased costs to Medicaid services due to expenditures not being averted by a denial or a partial denial of a proposed Certificate of Need project. The increase in costs shown on page 1 is reflective of the most recent denials or partial denials of CON applications. With passage of this bill, there will be no review and approval process, and the increased costs to the Medicaid program will occur.

Note: This fiscal impact analysis looks at the expenditures that were averted by a denial or a partial denial of a proposed Certificate of Need Project. The impact does not look at estimated expenditures that would occur if additional facilities that did not submit CON proposals for a number of reasons, would now (in the absence of a CON program) be interested in building or modifying a facility. Medicaid utilization is 81.26% of nursing home beds and 25.59% of hospital days.