

Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version: SB 183
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB183-DOH-MS-4-22-2022
Title: HOME AND COMMUNITY-BASED SERVICES
Sponsor: GRAY-JACKSON
Requester: (S) HSS

Department: Department of Health
Appropriation: Medicaid Services
Allocation: Medicaid Services
OMB Component Number: 3234

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

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 (FY2022) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2023) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/24

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

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Date: 02/14/2022
Date: 02/18/22

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

BILL NO. SB183

Analysis

This bill would change the process through which the department assesses individuals with disabilities and seniors for continuing participation in Medicaid-funded home and community based services. Specifically, the bill would require that all service reductions recommended by the department - typically recommended when an individual has had increased functioning or natural supports - go through the same review process as is required for recommended denials of services. The new process would also require the department to engage independent contractors to review all recommended service reductions. Currently, independent contractors are only engaged for these reviews when the department recommends a denial of services.

The requirement in the bill that the state determine whether individuals can live independently if they have their services levels and payment reduced, rather than demonstrate material improvement as under the existing process, will likely mean more individuals will qualify for continued waiver service. The division's database does not currently include a management report or tool to track the number of service plans that are approved for reductions in services. An estimate of the number of individuals who would now qualify for home and community-based services under the bill, or the costs to provide services to them, would require a labor-intensive, dedicated effort to manually review all support plans. Without this estimate the cost of the bill to the Medicaid Services component is indeterminate. The services would be eligible for matching federal Medicaid funds, with the state bearing approximately 40% of the costs through undesignated general funds and the federal government bearing approximately 60%, given historical patterns of spending for these kinds of services.

The retroactivity to the changes to the review process when service reductions occur, as described in the bill, indicates that payments may be reassessed and adjusted for services reduced between January 1, 2019 and January 1, 2022. Retroactively increasing adjustments associated with Medicaid are limited to seven quarters plus the current quarter so any retroactive adjustments would result in increased spending; and any retroactive payments beyond seven prior quarters would be required to be paid for entirely through undesignated general state funds. The department doesn't track service reductions that have occurred in the past. Determining the number of service reductions that have occurred in the past, the amount this would obligate the state to pay in Medicaid reimbursements to services providers going forward, would also require a dedicated effort to manually review thousands of support plans from this two-year period. The department does not have the resources to conduct this kind of work, so the amount of Medicaid Services funds, both federal and general state funds, needed to realize the retroactive provisions of the bill are indeterminate at this time.

The department would also need to revise its Medicaid state plan and waiver applications and submit them for approval to the U.S. Centers for Medicare and Medicaid Services as well as make changes to state regulations and conditions of participation for providers. Given the extent of the research and changes required the department estimates this work would take at least two years.