

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-WS-3-10-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Work Services
OMB Component Number: 2337

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services	115.0						
Commodities							
Capital Outlay							
Grants & Benefits			21,331.0	20,076.0	18,821.0	18,821.0	18,821.0
Miscellaneous							
Total Operating	115.0	0.0	21,331.0	20,076.0	18,821.0	18,821.0	18,821.0

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	57.5						
1003 G/F Match (UGF)	57.5						
1004 Gen Fund (UGF)			21,331.0	20,076.0	18,821.0	18,821.0	18,821.0
Total	115.0	0.0	21,331.0	20,076.0	18,821.0	18,821.0	18,821.0

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 (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) 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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

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Approved By: Shawnda O'Brien, Asst. Commissioner
Agency: Health and Social Services
Phone: (907)465-2680
Date: 03/10/2018
Date: 03/10/18

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in activities to come into compliance with work requirements. The department analyzed FY2017 Medicaid enrollee data and found that in that year there were 22,824 adults (10.5% of total enrollees) in non-working households who would not be exempt from the requirement under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines. This proportion comports with a national actuarial analysis recently published in a Society of Actuaries periodical that found that 75% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be exempt from work requirements, another 15% are adults who are actively working, and the remaining 10% would be required to engage in activities to comply with work requirements.

The department estimates that in FY2019 10.5% of total Medicaid enrollment will be 25,095. This fiscal note is based on the assumption that 25,095 Medicaid enrollees will be required to engage in new activities to come into compliance with the work requirements.

Assumptions:

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- * Children under the age of 18
- * Adults 65 and over
- * Disabled adults
- * Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- * Caretaker of a disabled relative who requires 24-hour care
- * Parent/caretaker for a child under age 6 if appropriate child care is not available
- * Alaska Temporary Assistance Program (ATAP) participants
- * Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- * Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- * Adults participating in substance abuse treatment programs

Cost and savings estimates are based on the following assumptions:

- * Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year.
- * Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

- * 10.5% of total enrollees would be required to comply with the work requirement.
- * Eventually 25% of the 10.5% of total enrollees subject to work requirements would not comply and would be removed from or denied Medicaid.
- * The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached, as follows:
 - Of the enrollees and new applicants subject to work requirements:
 - * 15% will be denied or removed in FY2020
 - * 20% will be denied or removed in FY2021
 - * 25% will be denied or removed in FY2022 and beyond.
- * Of those who do not comply and are denied or removed, two-thirds would be in the Medicaid expansion eligibility category.
- * The 2.6% reduction in Medicaid enrollment (25% of 10.5%) that would result from work requirements would not result in enough regained staff time to offset the additional staff commitment needed to evaluate and monitor eligibility for those in compliance. Compliance will be evaluated at application, recertification and change reporting.

Projected Costs

Services:

\$50.0 FY2019 (50% GF Match, 50% Fed)

New regulations will need to be written for the new work requirements through a contracted agency.

\$5.0 FY2019 (50% GF Match, 50% Fed)

Publication of the new regulation statewide is required for the regulation change.

\$60.0 FY2019 (50% GF Match, 50% Fed)

Notices will need to be sent to all clients informing them of the new requirement.

Grants/Benefits:

\$21,331.0 FY2020 (100% GF)

\$20,076.0 FY2021

\$18,821.0 FY2022 and beyond

CMS guidance on implementing work requirements requires states to describe strategies to assist beneficiaries in meeting work and community engagement requirements, and to link individuals to additional resources for job training or other employment services, child care assistance, transportation, or other work supports to help prepare for work or increase earnings. The department will provide supportive services to work participants up to \$1000 per year. These funds are intended to fund items that will help the participant become self-sufficient: interview clothing, bus pass, GED, or other vocational training.

An estimated 25,095 Medicaid enrollees will be required to engage in activities to come into compliance with work requirements each year. The department estimates that 15% of those individuals will not comply in the first year

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

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of implementation, 20% would not comply in the 2nd year, and 25% would not comply in year 3 and beyond. The number of the remaining enrollees who would need work supports is noted in the table below.

<u>Enrollees Needing Work Supports</u>	<u>Per Enrollee Cost</u>	<u>Total</u>
FY2020: 21,331	\$1,000.00	\$21,331,000.00
FY2021: 20,076	\$1,000.00	\$20,076,000.00
FY2022 and beyond: 18,821	\$1,000.00	\$18,821,000.00