

# Fiscal Note

State of Alaska  
2023 Legislative Session

Bill Version: SB 8  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB0008A-DOH Medicaid  
Title: REPEAL CERTIFICATE OF NEED PROGRAM  
Sponsor: WILSON  
Requester: Senate Health and Social Services

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)

	FY2024 Appropriation Requested	Included in Governor's FY2024 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personal Services				***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2024) 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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/25

## Why this fiscal note differs from previous version/comments:

Initial version.

Prepared By: Terra Serpette  
Division: Medicaid Services  
Approved By: Josie Stern, Assistant Commissioner  
Agency: Department of Health  
Phone: (907)465-6333  
Date: 02/10/2023  
Date: 02/10/23

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2023 LEGISLATIVE SESSION

BILL NO. SB 8

### 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 Certificate of Need program.

This bill would repeal the Certificate of Need program, effective July 1, 2026 (start of FY2027). The passage of this bill will require the department to adopt regulations necessary to implement the changes by July 1, 2025 (start of FY2026). With the repeal of this program, there will be increased costs to Medicaid Services due to expenditures not being adverted by a denial or a partial denial of a proposed Certificate of Need project. With passage of this bill, there will be no review and approval process, and an indeterminate increased cost to the Medicaid program will occur.

**Note:** This fiscal note is marked as indeterminate due to the uncertainties associated with predicting future Alaska Healthcare Industries Initiatives; federal regulation changes; and state health care cost containment measurements. The health care industry is evolving with considerable program changes and/or innovative management practices in process at both the state and federal levels.