

Fiscal Note

State of Alaska
2015 Legislative Session

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| Bill Version: | HB 148 |
| Fiscal Note Number: | 2 |
| (H) Publish Date: | 3/18/2015 |

Identifier: 0055-DOC-PHC-03-14-15
Title: MEDICAL ASSISTANCE COVERAGE; REFORM
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: GOVERNOR

Department: Department of Corrections
Appropriation: Health and Rehabilitation Services
Allocation: Physical Health Care
OMB Component Number: 2952

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 | | (4,108.2) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 0.0 | (4,108.2) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) |

Fund Source (Operating Only)

| | | | | | | | |
|---------------|------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 1004 Gen Fund | | (4,108.2) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) |
| Total | 0.0 | (4,108.2) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) | (7,000.0) |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

| | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|
| Change in Revenues | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|

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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

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Division: Administrative Services - Department of Corrections
Approved By: Remond Henderson, Deputy Commissioner
Agency: Department of Corrections

Phone: (907)465-3460
Date: 03/14/2015 02:00 PM
Date: 03/15/2015

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 6 of the bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska. This revision will allow vendors who provide inpatient inmate medical care to bill Medicaid directly for payment rather than the Department of Corrections for those offenders that meet the eligibility criteria of the expanded Medicaid program.

Federal law prohibits states from obtaining federal Medicaid matching funds for health care services provided to inmates with the exception of when they are patients in medical facilities for at least 24 hours.

In September 2014 the US Governmental Accountability Office reported that New York and Colorado, where Medicaid has expanded, estimated that 80-90% of the inmate population hospitalized outside of a correctional facility for more than 24 hours would meet the income eligibility criteria for Medicaid.

In FY2014 Department of Corrections processed approximately \$8.5 million in expenditures for 170 inmates that incurred in-patient stays that lasted more than 24 hours. Under Medicaid expansion, it is estimated that \$6.8-\$7.65 million could have been paid for by Medicaid rather than State fund if 80%-90% of the inmate population in a medical care facility more than 24 hours had been eligible.

Based on this, the department is projecting a conservative reduction in general funds of \$7 million with a reduction of \$4.1 in the first year and **an additional** \$2.9 in the second year based on the estimated amounts from FY2014.