

FISCAL NOTE

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Bill Version CSHB315
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB315CS-DHSS-SDMS draft-4-1-16 Dept. Affected Health and Social Services
 Title Electronic Visit Verification Appropriation Senior and Disabilities Services
 Allocation Senior and Disabilities Medicaid Services
 Sponsor Rep Vazquez
 Requester House HSS OMB Component Number 2662

Expenditures/Revenues (Thousands of Dollars)

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

	FY17 Appropriation Requested	Included in Governor's FY17 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY17	FY17	FY18	FY19	FY20	FY21	FY22
Personal Services							
Travel							
Services				508.5			
Commodities							
Capital Outlay							
Grants, Benefits				74.9	(2,653.7)	(2,653.7)	(2,653.7)
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	583.4	(2,653.7)	(2,653.7)	(2,653.7)

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts			525.1	(1,326.8)	(1,326.8)	(1,326.8)
1003	GF Match			58.3	(1,326.9)	(1,326.9)	(1,326.9)
1004	GF						
1005	GF/Prgm (DGF)						
1007	I/A Rcpts (Other)						
1178	temp code (UGF)						
		0.0	0.0	0.0	583.4	(2,653.7)	(2,653.7)

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY16) operating costs 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY17) costs 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 If yes, by what date are the regulations to be adopted, amended, or repealed? 7/1/2018 Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

Committee Substitute requires the State to contract with single vendor to implement Electronic Verification.

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 Approved by Sana Efird, Asst. Commissioner, Finance and Management Services
 Agency Health and Social Services

Phone 907-269-2083
 Date/Time 4/1/2016 5:30pm
 Date 4/1/2016

FISCAL NOTE ANALYSIS

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Analysis

As amended, the bill requires the department to contract with a single vendor to implement an Electronic Visit Verification (EVV) System for Medicaid personal care services (PCS) and Home and Community Based Services providers to verify services provided to recipients of these services.

EVV requires a provider to record electronically when they arrive and leave. This technology requires the recipient to have a phone or the provider to have a device that can confirm that they are located in the recipient's home when they call in to report their time. If a person does not have a phone or connectivity then the EVV provider can provide a solution at an additional cost to the state. The following assumptions were made to develop the estimated costs for implementation and ongoing maintenance of the EVV system.

Services subject to the requirement for Electronic Visit Verification (EVV): Personal Care Services, Respite, Residential Habilitation, Chore, Intensive Active Treatment (IAT), Nursing Service oversight and care management, Day Habilitation, Specialized Private Duty Nursing.

FY2015 6,472 Individuals receive one or more services listed above.

Estimated Annual Expenditures:

975 individuals (15%) would require an EVV device solution in their home due to no home phone or connectivity. Device solution cost equals \$7.00 per member per month.

Estimated annual expenditure for EVV device solution to serve 975 individuals: \$ 82.0

Estimated annual expenditure for access fee: \$ 40.0

Estimated cost per transaction: \$.15 (phone call) each visit totals two transactions. Total transaction fee per visit: \$0.30.

Recipients receive multiple visits per day depending upon the service needs of that individual. For example, personal care services can be delivered in the morning and then in the evening. That same person on that same day may also receive Day Habilitation. The state does not monitor actual visits per day per service. To estimate the transactions costs for the EVV the state makes the following assumptions: Each individual receives 2 visits per day (\$.60 per day transaction fee), 20 days per month, 12 months a year

Estimated annual transaction fees to serve 6,500 individuals: \$ 936.0

FY2020 and ongoing total annual expenditures: \$ 1,058.0 (50% federal /50% general fund)

Estimated one-time fees:

Access fee to use vendor software (does not include any custom development) and exchange configuration and testing estimated costs: \$ 275.0 (this estimate may increase if system configuration and testing are impacted by the implementation of an interface)

Implementation fee including provider deployment (technical assistance from EVV provider: \$ 200.0 lump sum, plus \$330.00 per provider times 227 providers = \$74.9, for total of \$274.9

Training material development, train the trainer instruction and training system set up estimated cost: \$33.5

FY2019 total estimated costs for one time fees: \$ 583.4 (90% federal/10% general fund)

Other states' experience is varied and there is inadequate data for DHSS to adequately estimate costs and savings for the Medicaid Program. In the State of Texas when implemented to a select group the State realized initially realized an 8% savings however once implemented Statewide the State has realized no cost savings. The State of Washington reports an initial 1.5% decrease in Medicaid claims however billing rates have since returned typical pre-implementation levels. The department assumes that there may be some efficiency in Medicaid claiming and due to those efficiencies estimates approximately a 1.5% savings from the estimated annual expenditures \$247,445.3.

FY2010 Total Estimated Savings: \$ 3,711.7 (50% federal /50% general fund)

Other changes to MMIS necessary to implement existing state and federal requirements must be completed prior to beginning system development for an EVV system. The Department anticipates being able to initiate development and implementation of EVV in FY 19, with a start date of July 1, 2019. Regulations are required to implement.