

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 62
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB062-DHSS-HCMS-03-31-17
Title: REPEAL CERTIFICATE OF NEED PROGRAM
Sponsor: WILSON
Requester: Senate LC

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Health Care Medicaid Services
OMB Component Number: 2077

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits				2,164.7	2,754.1	3,504.1	4,458.2
Miscellaneous							
Total Operating	0.0	0.0	0.0	2,164.7	2,754.1	3,504.1	4,458.2

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)				1,082.4	1,377.1	1,752.1	2,229.1
1003 G/F Match (UGF)				1,082.3	1,377.0	1,752.0	2,229.1
Total	0.0	0.0	0.0	2,164.7	2,754.1	3,504.1	4,458.2

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 (FY2017) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? No
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Not applicable; initial version.

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Agency: Health and Social Services

Phone: (907)334-2520
Date: 03/02/2017 12:00 PM
Date: 03/31/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 62

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 CON program.

SB062 would repeal the Certificate of Need Program, effective July 1, 2019 (start of FY2020). With the repeal of this program, there will be increased costs to Medicaid services due to expenditures not being averted by a denial or a partial denial of a proposed Certificate of Need project. The increase in costs shown on page 1 is reflective of the most recent denial or partial denial of a CON application for a facility covered under this component. With passage of this bill, there would have been no review and approval process, and the increased costs to the Medicaid program would have occurred.

Note: This fiscal impact analysis looks at the expenditures that were averted by a denial or a partial denial of a proposed Certificate of Need Project. The impact does not look at estimated expenditures that would occur if additional facilities that did not submit CON proposals for a number of reasons, would now (in the absence of a CON program) be interested in building or modifying a facility. Medicaid utilization is 81.26% of nursing home beds and 25.59% of hospital days.