

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version: SB 26
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB026-DHSS-MS-3-19-2021
Title: REPEAL CERTIFICATE OF NEED PROGRAM
Sponsor: WILSON
Requester: (S) HSS

Department: Department of Health and Social Services
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)

| | FY2022 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|----------------|----------------|----------------|----------------|
| | Appropriation Requested | Governor's FY2022 Request | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
| OPERATING EXPENDITURES | FY 2022 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
| Personal Services | *** | | *** | *** | *** | *** | *** |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | *** | 0.0 | *** | *** | *** | *** | *** |

Fund Source (Operating Only)

| | | | | | | | |
|--------------|-----|------------|-----|-----|-----|-----|-----|
| None | | | | | | | |
| Total | *** | 0.0 | *** | *** | *** | *** | *** |

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 (FY2021) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2022) 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If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/23**

Why this fiscal note differs from previous version/comments:

Not applicable, initial version

| | |
|---|----------------------------------|
| Prepared By: <u>Linnea Osborne, Manager</u> | Phone: <u>(907)465-6333</u> |
| Division: <u>FMS/Medicaid, Allocation, and Audit Services</u> | Date: <u>01/21/2021 01:00 PM</u> |
| Approved By: <u>Sylvan Robb, Administrative Services Director</u> | Date: <u>01/29/21</u> |
| Agency: <u>Office of Management and Budget</u> | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

BILL NO. SB026

Analysis

The certificate of need program 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, 2024 (start of FY2025). 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 is indeterminate and is reflective of the most recent denial or partial denial of a Certificate of Need application for a facility covered under this component. With passage of this bill, there will be no review and approval process, and an increased cost to the Medicaid program will occur.