

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version: HB 16
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB016-DOH-MS-1-19-2023
Title: MEDICAID OPTIONAL SVCS & COST
CONTAINMENT
Sponsor: JOSEPHSON
Requester: (H) HSS

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					
			FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	79,551.2		79,551.2	79,551.2	79,551.2	79,551.2	79,551.2	79,551.2
Miscellaneous								
Total Operating	79,551.2	0.0	79,551.2	79,551.2	79,551.2	79,551.2	79,551.2	79,551.2

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	55,685.8		55,685.8	55,685.8	55,685.8	55,685.8	55,685.8	55,685.8
1003 GF/Match (UGF)	23,865.4		23,865.4	23,865.4	23,865.4	23,865.4	23,865.4	23,865.4
Total	79,551.2	0.0	79,551.2	79,551.2	79,551.2	79,551.2	79,551.2	79,551.2

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	0.0

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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/26

Why this fiscal note differs from previous version/comments:

Initial version.

Prepared By: Terra Serpette	Phone: (907)465-6333
Division: Medicaid Services	Date: 01/19/2023 04:14 PM
Approved By: Josephine Stern, Assistant Commissioner	Date: 01/23/23
Agency: Department of Health	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION

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Analysis

This bill requires the department to reimburse for all the optional services listed in AS 47.07.030(b). Services included in this list but not currently covered under Alaska Medicaid include (1) case management services for traumatic or acquired brain injury, (2) case management services for pregnant women, and (3) (adult) chiropractic services.

Traumatic or acquired brain injury case management is not currently funded through general fund grants; this bill requires that the department seek approval for a state plan amendment adding these services to the Medicaid program, so this would be an entirely new expenditure of general fund and federal funding. Adding traumatic or acquired brain injury case management to the Medicaid program will require a state plan amendment, policy development, regulations, and system modifications. Additionally, while Medicaid coverage results in the receipt of federal matching funds, the department will be unable to establish an expenditure cap for the total cost of the benefit.

The Medicaid program does not currently reimburse for case management services targeted specifically at pregnant women. Instead, pregnant women may receive case management services under existing (contracted) case management programs. Adding a new targeted case management service to the Medicaid program will require a state plan amendment, policy development, regulations, and system modifications.

The Medicaid program does not currently include reimbursement for adult chiropractic services. Adding adult chiropractic services to the Medicaid program will require a state plan amendment, policy development, regulations, and system modifications. Adding this benefit to the Medicaid program will result in an increase in Medicaid expenditures.

This bill revises language to clearly state the allowable parameters for department cost containment efforts. The revised language removes reference to and repeals (c) of the statute, which described the process by which the department could pause coverage of certain optional services during a budget shortfall. Additionally, this bill removes the word "and" and replaces it with "or" from the list of types of cost containment measures allowable in statute, the effect of which appears to be the preclusion of cost containment efforts that combine aspects of each listed measure. These changes remove the department's ability to implement cost containment measures that reduce or eliminate optional services or alter eligibility parameters.

This bill removes the "subject to appropriation" language for adult "preventative and restorative" dental services, which effectively removes beneficiary and provider uncertainty as to this benefit year to year. Additionally, this bill removes the provision in the statute that limited the available funding for the ensuing year when a beneficiary utilized two years of cumulative benefit for partial or full dentures. While this change will have some impact on Medicaid expenditures, due to existing program controls and usage patterns for beneficiaries with dentures, this impact is not believed to be significant.

Grants, Benefits Anticipated Annual Fiscal Impact for Implementing:

Case Management Coverage for Pregnant Women \$1,457.2, 70% Federal and 30% General Fund Match

Coverage of Adult Chiropractic Services \$42,536.6, 70% Federal and 30% General Fund Match

Targeted Case Management Coverage to Expanded Population \$35,411.6, 70% Federal and 30% General Fund Match

TABI Targeted Case Management Coverage to Expanded Population \$145.7, 70% Federal and 30% General Fund Match

Other costs associated with state plan amendment, policy development, regulations, and system modifications can be absorbed by exiting staff and contracts.

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This legislation establishes effective date parameters based on approval or disapproval of state plan amendments by the Centers for Medicare and Medicaid Services (CMS). The established effective date is on or before January 1, 2026, or the day after CMS either approves an amendment or notifies the department that an amendment is unnecessary. However, this language relies on a CMS determination that an amendment to the state plan is unnecessary as a trigger for the effective dates. This language precludes effective date consideration of the more common occurrence in which the department determines an amendment is unnecessary.