

FISCAL NOTE

NO. 1

STATE OF ALASKA
2000 LEGISLATIVE SESSION

Bill Version: CSHB 297 (HES)
(H) Publish Date: 2/18/00

Revision Date/Time (Note if correction): _____ Dept. Affected: Health and Social Services
Title: An Act relating to the certificate of need BRU: Medical Assistance
program Component: Medicaid Services
Sponsor: James COMPONENT SERIAL NO. 2077
Requestor: House (HES) See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

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

OPERATING	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	***	***	***	***	***	***

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	***	***	***	***	***	***

Estimate of any current year (FY2000) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The certificate of need program is a planning and cost saving program designed to ensure that the Alaskan health care system develops in an efficient and cost-effective way and to avoid unnecessary costs to the state and health care consumers by precluding construction of duplicative or unnecessary projects.

CS HB 297 will increase the financial threshold for requiring a certificate of need for acute care health facilities and medical equipment from \$1,000,000 to \$7,000,000.

The \$7,000,000 threshold will assure that major health care projects, e.g., replacement of a community hospital, will continue to be subject to the certificate of need requirement.

Prepared by: Elmer A. Lindstrom, Special Assistant Phone: 465-1613
Division: Office of the Commissioner Date/Time: 2/18/00 1:48 PM
Approved by Commissioner: Karen Perdue, Commissioner Date: 2/10/00
Agency: Department of Health & Social Services

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ANALYSIS (cont.):

Smaller projects, e.g., many pieces of major medical equipment or construction of some outpatient facilities will no longer require a certificate of need.

Short Term Impacts

To the extent that the higher threshold results in the construction of health care facilities which create excess health care capacity in a community, the Medicaid program would likely incur additional costs which would not otherwise be incurred. The impact on the Medicaid budget will depend on the location, cost, and date new projects are brought online. The Department lacks sufficient detailed information about the universe of possible projects to provide a credible and concrete estimate of these potential costs.

Long Term Impacts

The longer-term fiscal impacts of increased health care competition in a community are extremely difficult to predict. Excess capacity, where it exists, may be absorbed by population increases over time. Increased competition may result in other cost efficiencies within the community health system. The results of increased competition will likely result in different outcomes in different communities over time. Again, the Department lacks sufficient community-specific information to determine the fiscal impact of these longer-term impacts on the Medicaid budget.