

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

B No. 2
 Bill Version: CSHB 325(JUD)
 (S) Publish Date: 4-20-00

Revision Date/Time (Note if correction): _____ Dept. Affected: Health and Social Services
 Title: Medicaid lien recovery and filing period BRU: Medical Assistance
 Component: Medicaid Services
 Sponsor: Rules COMPONENT SERIAL NO. 2077
 Requestor: House Finance 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 | (52.7) | (210.7) | (210.7) | (210.7) | (210.7) | (210.7) |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | (52.7) | (210.7) | (210.7) | (210.7) | (210.7) | (210.7) |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|--------------------------------|--|--|--|--|--|--|
| CHANGES IN REVENUES () | | | | | | |
|--------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts | (31.5) | (126.0) | (126.0) | (126.0) | (126.0) | (126.0) |
| 1003 GF Match | (21.2) | (84.7) | (84.7) | (84.7) | (84.7) | (84.7) |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (please specify) | | | | | | |
| TOTAL | (52.7) | (210.7) | (210.7) | (210.7) | (210.7) | (210.7) |

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

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This legislation would make two changes to the Medicaid program. First, the legislation would strengthen the Department of Health and Social Services' ability to recover money from third party payors when they are liable for the medical expenses that have been paid by the department for someone receiving medical assistance under Medicaid or the Chronic and Acute Medical Assistance (CAMA) program. This would result in the Department recovering more of these expenditures. The impact is shown above and explained on the following page. (Note: impact to CAMA are not included as they are not considered material.)

The legislation also extends the timely filing period for providers to submit claims to Medicaid and CAMA from six months to one year. Fiscal impact of this change is not material to the Medicaid and CAMA programs.

Prepared by: Jon Sherwood Phone: 465-3355
 Division: Medical Assistance Date/Time: 4/5/00 9:38 AM

Approved by Commissioner: Karen Perdue, Commissioner Date: 4/5/00
 Agency: Department of Health & Social Services

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

#2

ANALYSIS (cont.):

Medicaid Lien and Recovery

Giving the Department lien authority and improving its subrogation rights will result in increased third-party settlement recoveries (those recoveries in which liens and subrogation are at issue) for the Medicaid program. Because regulations are necessary to implement some provisions and third party recoveries usually take place well after the Medicaid program has paid for the medical services, recoveries are not expected to increase immediately. The table below shows the projected increase in recoveries.

| <u>Year</u> | <u>Increased Recovery (thousands)</u> |
|-------------|---|
| FY2001 | \$52.7 |
| FY2002 | \$210.7 |
| FY2003 | \$210.7 |
| FY2004 | \$210.7 |
| FY2005 | \$210.7 |
| FY2006 | \$210.7 |

Assumption: Third party settlement recoveries will increase by one-third, beginning in the 4th quarter of FY2001.

Timely Filing Period Extension

Impact to the Medicaid and CAMA programs of extending the timely filing period are not material.