

HOUSE CS FOR SENATE BILL NO. 109(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/14/03

Referred: Rules

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act repealing the statute that sets priorities for the Department of Health and**
2 **Social Services to apply to administration of the medical assistance program when there**
3 **are insufficient funds allocated in the state budget for that program; authorizing the**
4 **department to make cost containment decisions that may include decisions about**
5 **eligibility of persons and availability of services under the medical assistance program;**
6 **and providing for an effective date."**

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
9 to read:

10 LEGISLATIVE INTENT. (a) It is the intent of the legislature that the Department of
11 Health and Social Services should have the authority to make cost containment decisions
12 related to the Medicaid program under AS 47.07 during any fiscal year when the department
13 finds that the cost of medical assistance for all persons eligible under the program will exceed

1 the amount allocated in the state budget for that fiscal year. Further, it is the intent of the
 2 legislature that the department continue to provide coverage for all Medicaid approved
 3 medications. If the department develops a preferred drug list to improve the Medicaid
 4 program's efficiency, it is the legislature's intent that the department should work with
 5 providers to develop the preferred drug list and that the department should establish an
 6 authorization system that is minimally intrusive to the providers while protecting access to
 7 medically necessary medications.

8 (b) The legislature intends, with the enactment of sec. 3 of this Act, that the cost
 9 containment decisions made by the Department of Health and Social Services should be those
 10 that best reflect the needs and interests of the eligible recipients and the coverage options
 11 available under AS 47.07 and that the department should take all reasonable measures to
 12 effect cost containment in ways that least affect the recipients who are eligible for services
 13 and the types of services that are available.

14 * **Sec. 2.** AS 47.07.030(c) is amended to read:

15 (c) Notwithstanding (b) of this section, the department may offer a service for
 16 which the department has received a waiver from the federal government if the
 17 department was authorized, directed, or requested to apply for the waiver by law or by
 18 a concurrent or joint resolution of the legislature. [THE DEPARTMENT SHALL
 19 ANNUALLY MAKE AVAILABLE TO THE LEGISLATURE ITS
 20 RECOMMENDATIONS ABOUT WHERE A SERVICE OFFERED UNDER THIS
 21 SUBSECTION SHOULD BE PLACED ON THE PRIORITY LIST IN AS 47.07.035.
 22 THE DEPARTMENT SHALL NOTIFY THE LEGISLATURE THAT THE
 23 RECOMMENDATIONS ARE AVAILABLE.]

24 * **Sec. 3.** AS 47.07 is amended by adding a new section to read:

25 **Sec. 47.07.036. Cost containment measures authorized.** (a) If the
 26 department finds that the costs of medical assistance for all persons eligible under this
 27 chapter will exceed the amount allocated in the state budget for a fiscal year, the
 28 department may implement cost containment measures to reduce anticipated program
 29 costs for that fiscal year as authorized under this section.

30 (b) The department, in implementing this section, shall take all reasonable
 31 steps to implement cost containment measures that do not eliminate program

1 eligibility or the scope of services required or authorized under AS 47.07.020 and
 2 47.07.030 before implementing cost containment measures under (c) of this section
 3 that directly affect program eligibility or coverage of services. The cost containment
 4 measures taken under this subsection may include new utilization review procedures,
 5 changes in provider payment rates, pre-certification requirements for coverage of
 6 services, and agreements with federal officials under which the federal government
 7 will assume responsibility for coverage of some individuals or some services for some
 8 individuals through such federal programs as the Indian Health Service or Medicare.

9 (c) If cost containment measures authorized under (b) of this section are
 10 insufficient to reduce the anticipated program costs for a fiscal year to the amount
 11 allocated in the state budget for the program for that fiscal year, the department may,
 12 to the extent authorized under federal law and the state's constitution, deny any or all
 13 optional services listed in AS 47.07.030(b) - (d) to a person eligible for services under
 14 AS 47.07.020 or deny program eligibility to a person who is eligible for the medical
 15 assistance program under the optional coverage provisions of AS 47.07.020(b) - (i).
 16 However, the department may not eliminate program participation of a person who is
 17 eligible for coverage under AS 47.07.020(a), nor may the department deny coverage
 18 of a service described in AS 47.07.030(a) for a person who is eligible for the medical
 19 assistance program under AS 47.07.020.

20 * **Sec. 4.** AS 47.07.035 is repealed.

21 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 **APPLICABILITY.** AS 47.07.036, enacted by sec. 3 of this Act, applies only to
 24 eligibility determinations made and medical services performed on or after July 1, 2003.

25 * **Sec. 6.** This Act takes effect July 1, 2003.