

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: \_\_\_\_\_  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title INCOME ELIGIBILITY FOR CERTAIN  
MEDICAID BENEFITS

BRU Medical Assistance  
 Component Medicaid Services

Sponsor RULSE  
 Requester GOVERNOR

Component No. 2077

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 716.8)	( 2,671.8)	( 4,378.5)	( 6,166.2)	( 8,072.1)	( 10,132.6)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 716.8)</b>	<b>( 2,671.8)</b>	<b>( 4,378.5)</b>	<b>( 6,166.2)</b>	<b>( 8,072.1)</b>	<b>( 10,132.6)</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	( 458.5)	( 1,702.9)	( 2,792.4)	( 3,935.4)	( 5,151.0)	( 6,462.8)
1003 GF Match	( 258.3)	( 968.9)	( 1,586.1)	( 2,230.8)	( 2,921.1)	( 3,669.8)
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 716.8)</b>	<b>( 2,671.8)</b>	<b>( 4,378.5)</b>	<b>( 6,166.2)</b>	<b>( 8,072.1)</b>	<b>( 10,132.6)</b>

Estimate of any current year (FY2003) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*

This bill is intended to reduce Medicaid spending by freezing the income eligibility standard at the 2003 level for individuals whose Medicaid eligibility is determined under the 300% Special Income eligibility category for nursing home or HCB waiver recipients and by freezing the income eligibility standard at what is essentially the 2002 Federal Poverty Guidelines (FPG) for Alaska for the Denali KidCare program for children and pregnant women. See assumptions on the next page.

The Governor's FY2004 budget includes a decrement of \$223.0 general fund match.

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 Approved by: Joel S. Gilbertson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-5820  
 Date/Time 03/05/2003  
 Date 03/05/2003

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**ANALYSIS CONTINUATION**

**ASSUMPTIONS**

The number of individuals potentially eligible in future years will be significantly reduced. Many will remain eligible in the first year, but since much of the nursing home and waiver population relies heavily on Social Security retirement income, Social Security Disability Insurance payments, and pension programs that use an annual COLA increase, more will lose eligibility in future years as their countable income eventually exceeds the frozen 2003 standard.

FY 2004 savings will be limited by the fact that as we phase in implementation pregnant women who are already eligible continue to be eligible through their pregnancy and post-partum period. Children on DKC will continue to be eligible through their 6 months continuous eligibility period. The impact on the nursing home and HCB waiver populations will not take effect until January 2004.

Annually we anticipate both the FPG and the SSI standard to grow at an average of 2.24%. Assuming an equal distribution of income within each eligibility category, we determined the number of individuals whose income would be expected to be above the frozen standard. This results in the number of eligibles who would no longer be eligible for Medicaid or Denali KidCare.

The following table shows the total **REDUCTION OF ELIGIBLES**:

	FY04	FY05	FY06	FY07	FY08	FY09
Pregnant Women	31	80	127	174	219	263
Title XXI Children	61	157	250	342	431	519
Special Income	9	17	26	34	42	50
Total	101	254	403	550	692	832

The final fiscal impact is determined by multiplying the number of eligibles by the following average annual expenditures per individual in that eligibility category. The resulting savings are:

**SAVINGS (in thousands):**

	FY04	FY05	FY06	FY07	FY08	FY09
Pg Women	\$ 124.4	\$ 466.6	\$ 806.2	\$ 1,202.7	\$ 1,647.8	\$ 2,155.5
Children	\$ 321.2	\$ 1,143.6	\$ 1,890.0	\$ 2,684.0	\$ 3,506.6	\$ 4,378.3
NH/HCB	\$ 271.2	\$ 1,061.6	\$ 1,682.3	\$ 2,279.5	\$ 2,917.7	\$ 3,598.8
Total	\$ 716.8	\$ 2,671.8	\$ 4,378.5	\$ 6,166.2	\$ 8,072.1	\$ 10,132.6

A federal match rate of 58.39% was used for Pregnant Women and Nursing Home recipients; 70.87% was used for DKC children.