

# FISCAL NOTE

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

Fiscal Note Number: 3  
 Bill Version: \_\_\_\_\_  
 ( H ) Publish Date: 5/2/03  
 Dept. Affected: Health & Social Services  
 BRU Medical Assistance  
 Component Medicaid Services

Revision Date/Time (Note if correction): 4/25/2003  
 Title SPECIAL MEDICAL PAROLE

Sponsor HOUSE(FIN)  
 Requester \_\_\_\_\_

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	363.7	400.1	440.1	484.1	532.5	585.7
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>363.7</b>	<b>400.1</b>	<b>440.1</b>	<b>484.1</b>	<b>532.5</b>	<b>585.7</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	218.2	240.1	264.1	290.5	319.5	351.4
1003 GF Match	145.5	160.0	176.0	193.6	213.0	234.3
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>363.7</b>	<b>400.1</b>	<b>440.1</b>	<b>484.1</b>	<b>532.5</b>	<b>585.7</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 gives the Department of Corrections greater discretion to grant special medical parole to "severely medically disabled" prisoners whose medical or cognitive condition, including irreversible dementia, substantially reduces, rather than substantially eliminates, the prisoner's ability to re-offend. This bill is seen as one way to reduce Department of Correction costs by paroling prisoners so that they can receive health care services in a more cost-effective and appropriate manner. Much of the health care costs are shifted to Medicaid, which receives federal matching funds.

Prepared by: Kevin Henderson  
 Division Medical Assistance  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-5821  
 Date/Time 04/25/2003  
 Date 04/25/2003

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**ANALYSIS CONTINUATION**  
**ASSUMPTIONS**

Our assumptions are based upon the list of 13 inmates that the Department of Corrections identified as representative of the type of parolees they would consider for medical parole under this bill. The Department of Corrections estimates that the typical parolee under this bill will have a life expectancy of 6 months or less. We reviewed the age and medical condition of each and estimated that 9 of the 13 are likely to be categorically eligible for Medicaid, 4 would not. We do not have income or resource information for the remaining 9 inmates, but we are assuming that because of their lengthy incarceration they would have very little income or resources available to them upon release and, therefore, will be financially eligible for Medicaid.

The anticipate cost for each parolee is based upon the following Medicaid categories and the average annual cost of Medicaid recipients in those categories:

Parolees	Category	FY02 average annual cost
2	Disabled	\$11,408
2	Old Age	\$10,869
5	Nursing Home	\$63,954

We estimated the life expectancy of a parolee released under this bill to be 6 months. Medical care in the final months of life is higher than the average costs listed above. Therefore, we started with one-half of the average annual cost listed above, but increased that amount by 50 percent to adjust for the higher cost associated with the end of life.

Nationwide health care costs are growing at an annual rate of 10%, consequently Medicaid expenditures are estimated to grow at the same rate.

Federal Medicaid match rate is 60%.