

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: \_\_\_\_\_  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services  
 RDU Behavioral Health  
 Component Behavioral Hlth Medicaid Svcs

Revision Date/Time (Note if correction): \_\_\_\_\_

Title RELATING TO CERTIFICATES OF NEED

Sponsor SAMUELS

Requester HOUSE (HES)

Component No. 2660

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) 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)*

Passage of this legislation will make Residential Psychiatric Treatment Centers (RPTC) subject to the requirements of the state's Certificate of Need law. While the department is aware that there is considerable interest in developing additional RPTC capacity, the department has no reliable data to predict how many additional facilities or beds may be licensed in the near-term and is therefore unable to calculate the impact on the Medicaid program.

Over the long-term, the department believes that controlling RPTC capacity through the CON program and encouraging the development of lower levels of health care for children, Medicaid costs will be less than would otherwise be the case and the quality of care provided to Alaskan children will be improved. (continued on page 2)

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

Phone 465-1618  
 Date/Time 03/01/2004  
 Date 03/01/2004

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**ANALYSIS CONTINUATION**

RPTC services are expensive and the costs continue to increase. In FY 02 Alaska spent \$32.2 million to provide RPTC services to 728 children, most between the ages of 7 and 19. The total number of youth served in the program has increased 222% from 226 in 1998 to 728 in 2002. The total amount spent on RPTC care has risen 485% in four years, from \$5.5 million in 1998 to \$32.2 million in 2002.

The average per diem rate to keep children in RPTC facilities outside Alaska in 2002 was \$55 per day lower than in-state care (\$303 in-state to \$248 per day out-of-state). However, the average length of stay for a child in out-of-state placement was longer (141 days compared to 118 days). Some out of state services are specialized services not currently offered in Alaska. Best practices indicate children are better served closer to home and that in-state care facilitates involvement in treatment and discharge planning to improve transition for children or youth back into community based care, reducing length of stay and readmissions.

Although the cost cannot be estimated, the transition from out-of-state care to in-state care could be very costly if proper planning and development are not done. It is important to ensure that the beds are distributed according to community need and that support services are in place so that children do not end up in higher, more expensive levels of care for a longer period than necessary. Developing capacity to serve these children in Alaska will create more jobs in Alaska and ensure that Alaskan dollars are spent in Alaska. It is conceivable that up to 150 new RPTC beds could be built in Alaska in a number of facilities with construction costs of up to \$3 to \$10 million and cost of care could be up to \$20 million.

This \$20 million is not expected to be a cost that is in addition to the \$32 million currently spent, but will reduce the amount spent out of state if the development is well planned. If development is not well planned, there will be additional costs.