

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 105(HES)
 (S) Publish Date: 4/9/03
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): 04/07/2003
 Title ELIMINATE CERTAIN COST-OF-LIVING
ADJUSTMENTS IN MEDICAID

BRU Medical Assistance
 Component Medicaid Services

Sponsor HOUSE (RLS) BY REQUEST OF
THE GOVERNOR

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	(7,151.3)	(11,930.0)	(14,351.5)	(16,848.3)	(19,480.8)	(22,269.1)
Miscellaneous						
TOTAL OPERATING	(7,151.3)	(11,930.0)	(14,351.5)	(16,848.3)	(19,480.8)	(22,269.1)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(4,972.6)	(8,220.5)	(9,836.6)	(11,506.6)	(13,264.5)	(15,123.3)
1003 GF Match	(2,178.7)	(3,709.5)	(4,514.9)	(5,341.7)	(6,216.3)	(7,145.8)
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	(7,151.3)	(11,930.0)	(14,351.5)	(16,848.3)	(19,480.8)	(22,269.1)

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 nursing home or HCB waiver recipients whose Medicaid eligibility is determined under the 300% Special Income eligibility category and, for the Denali KidCare program for children and pregnant women, by reducing the income eligibility standard from 200% to 175% of the 2003 Federal Poverty Guidelines (FPG) for Alaska and freezing it there. See assumptions on the next page.

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

Prepared by: Jon Sherwood Phone 465-5820
 Division Medical Assistance Date/Time 04/07/2003
 Approved by: Elmer A. Lindstrom, Special Assistant to the Commissioner Date 04/08/2003
 Agency Department of Health and Social Services

FISCAL NOTE
FN #2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSSB 105(HES)

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. After June 30, 2003 the number of new eligible children and pregnant women will be reduced because of the reduction to 175% of the FPG. 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 because of the frozen standard. In addition, the number of new eligible children and pregnant women will be reduced because of the reduction to 175% of the FPG.

The following table shows the total REDUCTION OF ELIGIBLES:

	FY04	FY05	FY06	FY07	FY08	FY09
Pregnant Women	123	140	157	173	189	205
Title XXI Children	1213	1380	1544	1704	1861	2014
Special Income	9	17	26	34	42	50
Total	1345	1537	1727	1911	2092	2269

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

SAVINGS (in thousands):

	FY04	FY05	FY06	FY07	FY08	FY09
PR Woman	\$493.7	\$816.5	\$996.6	\$1,195.8	\$1,422.0	\$1,680.2
Children	\$6,386.4	\$10,051.9	\$11,672.6	\$13,373.0	\$15,141.1	\$16,990.1
NH/HCB	\$271.2	\$1,061.6	\$1,682.3	\$2,279.5	\$2,917.7	\$3,598.8
Total	\$7,151.3	\$11,930.0	\$14,351.5	\$16,848.3	\$19,480.8	\$22,269.1

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