

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

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

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title FEDERAL MEDICAL ASSISTANCE  
REDUCTION

RDU Senior and Disabilities Svcs  
 Component Senior/Disabilities Medicaid Svc

Sponsor FINANCE  
 Requester H HESS

Component No. 2662

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

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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 (FY2005) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

If the current federal law is not changed, the FFY06 Federal Medical Assistance Payment (FMAP) for Medicaid Services will be 50.16%, down 7.42% from the 57.58% in FFY05. This decrease is more than twice that of the state with the next highest cut. While the federal government recognizes the high cost of living in Alaska by adding a 25% COLA to federal salaries, the federal government does not recognize the high cost of living when calculating federal payments. Alaska has the highest hospital inpatient cost per day and is in the top ranks of pharmacy costs. The reduction in FMAP will result in a loss of federal funds and an increase in state general funds of \$53 million in FY06 and \$73 million in FY07. Over the next 10 years the cost of the FMAP reduction is projected to exceed \$900 million.

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

Phone 907-465-3819  
 Date/Time 02/17/2005  
 Date 02/18/2005

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**ANALYSIS CONTINUATION**

Assuming the level of Senior & Disabilities Medicaid Services in FY06 will be the same as in FY05, the FMAP reduction will result in a \$15,474.7 reduction in federal revenues for this component that will need to be supplanted by GF.