

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 198(FIN)
 (H) Publish Date: 4/4/07
 Dept. Affected: Health & Social Services
 RDU: Behavioral Health
 Component: Behavioral Hlth Medicaid Svcs

Revision Date/Time (Note if correction):
 Title: SENIOR ASSISTANCE PAYMENT PROGRAM
 Sponsor: HAWKER
 Requester: HOUSE (FIN)

Component No. 2660

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	455.9	495.1	537.6	583.9	634.1	688.6
Miscellaneous						
TOTAL OPERATING	455.9	495.1	537.6	583.9	634.1	688.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	311.1	327.2	353.0	383.4	416.4	452.2
1003 GF Match	144.8	167.9	184.6	200.5	217.7	236.4
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	455.9	495.1	537.6	583.9	634.1	688.6

Estimate of any current year (FY2007) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Section V of HB198, as amended, effectively reverses the September 2003 legislation that reduced and froze Medicaid income eligibility standards for children and pregnant women whose eligibility is managed through the Denali KidCare (DKC) office. Prior to implementation of the 2003 legislation, Medicaid was available to children and pregnant women with incomes up to 200% of the prevailing Federal Poverty Guideline (FPG) for Alaska. Effective September 2003, the income standard

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FISCAL NOTE
FN # 3

STATE OF ALASKA
2007 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

was set in statute at what was equivalent to 175% of the FPG for 2003. Currently, the effective income standard for women and children enrolled in these categories is about 154%, almost a 50 point drop in the income standard of August 2003. This bill restores the income eligibility standard for children and pregnant women to 175% of the prevailing FPG, effective June 30, 2007.

Between 2003 and 2006, the number of children enrolled in the affected income category dropped by 2,553 individuals and the number of pregnant women enrolled in the affected income category dropped by 436 individuals. This fiscal analysis assumes that the additional enrollment in SFY 2008 due to HB 198 will be equal to about half that number of people (218 pregnant women and 1277 children). We assume that most people eligible to enroll under the higher income standard will do so by the end of SFY 2008.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate allows for 5% medical inflation (Anchorage CPI, medical care component) and annual growth in the FPG. The proportion of enrollees that use services (participation) is expected to remain the same throughout the projection period.

Fund source calculations for each component are based on the percentages of costs reimbursed as IHS, Title XIX, Family Planning, or SCHIP in 2006 for the affected groups, and the federal medical assistance percentages (FMAPs) anticipated for the year projected. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) and costs for their Medicaid services would normally be matched at an enhanced rate. Because SCHIP funding is no longer enough to cover all of that program's expenses, the formula for

**FISCAL NOTE
FN # 3**

**STATE OF ALASKA
2007 LEGISLATIVE SESSION**

ANALYSIS CONTINUATION

federal reimbursement was adjusted to allow only one quarter of SCHIP matching per year, with the remaining three quarters defaulting to the lower Title XIX rate.

The 2008 projection was calculated as the projected cost to reinstate half the number of enrollees dropped between 2003 and 2006. Cost to reinstate was inflated by 5% per year between 2006 and 2008 so that the cost to reinstate was in 2008 dollars. The 2009-2013 projections are based on the 2008 projection after implementation of HN198, plus 8.6% annual growth. The expenditure for each division was determined based on that division's share of expenses for the affected eligibility subtypes in 2006. Behavioral Health Medicaid Services paid for 23.3% of the costs for affected children in SFY 2006. They paid for less than 0.1% of the costs for pregnant women affected by this legislation.

If half the number of people that lost Medicaid eligibility due to the 2003 legislation regain eligibility in 2008, Behavioral Health Medicaid Services might expect to pay Medicaid expenses for an additional 113 recipients.

Department HB198 Fund Source Summary							
	2007	2008	2009	2010	2011	2012	2013
Children							
Federal funds	\$0	1,442.4	1,528.9	1,652.2	1,794.3	1,948.6	2,116.2
GF Match	\$0	510.2	591.6	650.6	706.6	767.4	833.3
Total Funds	\$0	1,952.6	2,120.5	2,302.9	2,500.9	2,716.0	2,949.6
Pregnant Women							
Federal funds	\$0	447.7	467.6	503.8	547.1	594.2	645.3
GF Match	\$0	253.0	293.3	322.6	350.3	380.4	413.1
Total Funds	\$0	700.7	760.9	826.4	897.4	974.6	1,058.4
Total Bill							
Federal funds	0.0	1,890.1	1,996.5	2,156.0	2,341.5	2,542.8	2,761.5
GF Match	0.0	763.2	884.9	973.2	1,056.9	1,147.8	1,246.5
Total Funds	0.0	2,653.2	2,881.4	3,129.2	3,398.3	3,690.6	4,008.0

Number of additional children expected to enroll in SFY 2008 =1277.

Number of additional pregnant women expected to enroll in SFY 2008 = 218.