

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSSB 4(FIN) am
 (S) Publish Date: 4/5/07
 Dept. Affected: Health & Social Services
 RDU: Health Care Services
 Component: Medicaid Services

Revision Date/Time (Note if correction):
 Title: RELATING TO SENIOR CARE

Sponsor: OLSON
 Requester: SENATE (FIN)

Component No. 2077

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	2,195.4	2,384.2	2,589.3	2,812.0	3,053.8	3,316.4
Miscellaneous						
TOTAL OPERATING	2,195.4	2,384.2	2,589.3	2,812.0	3,053.8	3,316.4

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

1002 Federal Receipts	1,577.6	1,667.8	1,801.5	1,956.4	2,124.6	2,307.4
1003 GF Match	617.8	716.4	787.8	855.6	929.2	1,009.0
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	2,195.4	2,384.2	2,589.3	2,812.0	3,053.8	3,316.4

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)

CS SB 4 (FIN) Am partially 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 (continued)

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 Division: Office of the Commissioner Date/Time 04/04/2007
 Approved by: Karleen Jackson, Commissioner Date 04/04/2007
 Agency: Department of Health and Social Services

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ANALYSIS CONTINUATION

standard 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 from 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 SB 4 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 (continued)

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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 SB 4, 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. Health Care Services paid for 99.9% of the costs for affected pregnant women and 76.6% of the costs for affected children.

For each component, the recipient count represents the number of enrolled persons using Medicaid services managed by that component during the period. If half the number of people that lost Medicaid eligibility due to the 2003 legislation regain eligibility in 2008, Health Care Services might expect to pay Medicaid expenses for an additional 1,132 recipients.

FISCAL NOTE # 4 ATTACHMENT

CS SB 4 (FIN) am						
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>SENIOR BENEFIT PROGRAM</u>						
Caseload	8,800	8,914	9,030	9,148		
Annual Benefit Cost	\$16,645.8	\$16,862.2	\$17,081.4	\$17,305.5		
Estimated Administration Costs	<u>\$753.1</u>	<u>\$683.1</u>	<u>\$683.1</u>	<u>\$683.1</u>		
Total Cost Senior Benefit Prgm	\$17,398.9	\$17,545.3	\$17,764.5	\$17,988.6	\$0.0	\$0.0
<u>DENALI KID CARE</u>						
Additional Children Served	1277	1302	1328	1355	1382	1410
Additional Pregnant Women Served	<u>218</u>	<u>223</u>	<u>227</u>	<u>232</u>	<u>236</u>	<u>241</u>
	1495	1525	1555	1587	1618	1651
Annual Medicaid program costs	2651.3	2879.3	3126.9	3395.9	3687.9	4005
Annual Administrative Costs	\$40.2	\$76.0	\$76.0	\$76.0	\$76.0	\$76.0
Total Denali Kid Care Costs	\$2,691.5	\$2,955.3	\$3,202.9	\$3,471.9	\$3,763.9	\$4,081.0
Federal Share	\$1,907.4	\$2,030.4	\$2,189.9	\$2,375.2	\$2,576.4	\$2,795.0
General Fund Share	\$783.5	\$923.8	\$1,011.9	\$1,095.6	\$1,186.4	\$1,284.9
Inter/Agency Funds	0.6	1.1	1.1	1.1	1.1	1.1
TOTAL COSTS OF CS SB 4 am	\$20,090.4	\$20,500.6	\$20,967.4	\$21,460.5	\$3,763.9	\$4,081.0
Gen Fund costs of CS SB 4 am	\$18,182.4	\$18,469.1	\$18,776.4	\$19,084.2	\$1,186.4	\$1,284.9