

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 27(HES)
 (S) Publish Date: 3/14/07
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title RELATING TO ELIGIBILITY FOR MEDICAL ASSISTANCE

RDU Behavioral Health
 Component Behavioral Hlth Medicaid Svcs

Sponsor DAVIS

Requester SENATE (HES)

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 | 930.0 | 1,010.0 | 1,096.9 | 1,191.2 | 1,293.7 | 1,404.9 |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 930.0 | 1,010.0 | 1,096.9 | 1,191.2 | 1,293.7 | 1,404.9 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES (0) | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---------------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts | 539.3 | 556.9 | 598.6 | 650.1 | 706.1 | 766.8 |
| 1003 GF Match | 390.7 | 453.1 | 498.3 | 541.1 | 587.6 | 638.1 |
| 1004 GF | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| TOTAL | 930.0 | 1,010.0 | 1,096.9 | 1,191.2 | 1,293.7 | 1,404.9 |

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)

This bill reverses the effect of legislation, effective September 2003, that reduced and froze the Medicaid income eligibility standard for certain children and pregnant women whose eligibility is managed through the Denali KidCare (DKC) office and froze the income standard for nursing home and home and community based (HCB) waiver recipients whose eligibility is determined under the 300% supplemental security income (SSI) eligibility criteria.

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 was set in statute at what was equivalent to 175% of the FPG for 2003. This bill restores the income eligibility standard for children and pregnant women to 200% of the prevailing FPG.

(cont. on page 2)

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 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

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 Date/Time 01/31/2007
 Date 02/01/2007

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ANALYSIS CONTINUATION

(cont. from page 1)

The state determines Medicaid eligibility for some nursing home residents and HCB waiver clients based on the maximum Supplemental Security Income (SSI) standard authorized by federal law. The 2003 legislation froze the Alaska eligibility standard to 300% of the 2003 federal standard. SB 27 would return the income standard for this eligibility group to 300% of the prevailing SSI standard.

Costs calculated for this fiscal note are based on enrollment, the total number of people qualified to use services under the affected eligibility criteria, not the number of persons that used Medicaid services and had claims paid during the period. The different Medicaid components share a common pool of enrollees, with each enrollee entitled to receive benefits through more than one component. Between 2003 and 2006, the number of children enrolled in the affected income category dropped by 2,553 individuals, the number of pregnant women enrolled in the affected income category dropped by 436 individuals, and the number of persons enrolled in the 300% SSI group dropped by 106.

This fiscal analysis is based on the assumption that enrollment will rapidly recover to 2003 levels by the end of SFY 2008 and resume normal growth thereafter (about 2% per year). The proportion of enrollees that use services (participation) is expected to remain the same throughout the projection period.

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 2.24% average annual growth in the FPG and SSI standards.

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 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 projected cost without passage of SB27, plus the cost to reinstate 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 were based on the 2008 projection after implementation of SB27, 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 0.3% of costs for nursing home and HCB waiver recipients in the 300% SSI eligibility group, and less than 0.1% of the costs for pregnant women affected by this legislation.

For each component, the recipient count represents the number of enrolled persons using Medicaid services managed by that component during the period. If the number of people that lost Medicaid eligibility due to the 2003 legislation (about 3100) regain eligibility in 2008, Behavioral Health might expect to pay Medicaid expenses for an additional 133 recipients.