

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 212
 (S) Publish Date: 1/28/08
 Dept. Affected: Health & Social Services
 RDU: Behavioral Health
 Component: Behavioral Hlth Medicaid Svcs

ID(File name) SB212-DHSS-BHMS-1-19-08
 Title MEDICAL ASSISTANCE ELIGIBILITY
 Sponsor DAVIS
 Requester SENATE HESS

Component No. 2660

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims		249.6		269.1	292.2	317.3	344.6	374.3
Miscellaneous								
TOTAL OPERATING		249.6	0.0	269.1	292.2	317.3	344.6	374.3
CAPITAL EXPENDITURES								
CHANGE IN REVENUES (0)								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	154.5		157.4	169.6	183.6	199.4	216.6
1003 GF Match	95.1		111.7	122.6	133.7	145.2	157.7
1004 GF							
1037 GF/Mental Health							
Other(Specify Type-do not abbreviate)							
Other(Specify Type-do not abbreviate)							
TOTAL	249.6	0.0	269.1	292.2	317.3	344.6	374.3

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill reinstates the qualifying income standards for children and pregnant women receiving Medicaid benefits under the Denali KidCare (DKC) program to poverty guidelines used when the program was established (200 percent of the Federal Poverty Guideline (FPG) for Alaska).

Effective September 2003, the maximum qualifying household incomes for DKC Medicaid were reduced in statute to amounts equivalent to 175% of the FPG for

Continued on page 2

Prepared by: Bill Streur
 Division: Health Care Services
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone 907-269-7827
 Date/Time 01/19/2008
 Date 01/19/2008

**STATE OF ALASKA
2008 LEGISLATIVE SESSION****ANALYSIS CONTINUATION**

2003. By spring 2007, the statutory income limits were equivalent to 154% of the prevailing poverty guideline, representing almost a 50 percentage point drop from the poverty guideline used to qualify such individuals prior to September 2003. A bill implemented in summer 2007 (SB27) partially reversed the affects of the 2003 legislation, setting the income standard to 175% of the prevailing FPG. However, children and pregnant women with incomes between 176 and 200% of the prevailing FPG did not regain eligibility.

We assume that all persons regaining eligibility under SB27/2007 will enroll sometime during SFY2008 and be covered by the additional funding requested in the corresponding fiscal note. This fiscal note addresses only persons with incomes between 176 and 200% FPG that would regain eligibility under SB 212.

Between 2003 and 2006, the number of enrolled children with household incomes between 151% and 200% FPG dropped by 2,553 and the number of enrolled pregnant women with incomes between 134% and 200% dropped by 436. This fiscal analysis assumes that the additional enrollment due to this bill will be equal to about half that number of people (estimated as 218 pregnant women and 1277 children). We assume that most people affected by this bill will enroll by the end of SFY 2009 and that enrollment will resume normal growth (about 2% per year) thereafter.

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.

Continued on page 3

**STATE OF ALASKA
2008 LEGISLATIVE SESSION****ANALYSIS CONTINUATION**

The percentage of enrollees having Medicaid claims paid during the year is “participation” (recipients as a percentage of enrollment). We assume that participation will not change with implementation of this bill and will remain the same throughout the projection period. First year costs are based on our estimate for the number of new enrollees times the average cost per enrollee for the affected eligibility subtypes in 2007. Medicaid children in the income range addressed by this bill tend to have lower Medicaid costs than those from families with lower incomes, and those lower costs are reflected in our estimates.

Expenditures for the Behavioral Health Medicaid Services component were determined based on that component's share of expenses for the affected eligibility subtypes in 2007. Behavioral Health paid 14.1% of the costs for affected children in 2007.

Fund source calculations combine the percentages of costs reimbursed as IHS, Title XIX, or Title XXI during 2007 for the affected eligibility groups with our current estimates for the corresponding federal medical assistance percentages (FMAPs) between 2009 and 2014. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) so most of their Medicaid costs would normally be matched at the enhanced rate for Title XXI services. However, because Title XXI funding for SCHIP is no longer enough to cover all of that program's expenses, the formula for estimating federal reimbursement for this bill was adjusted to allow only three quarters of Title XXI matching in 2009, with the remaining quarter defaulting to the lower Title XIX rate. Between 2010 and 2014, we estimate that only 2 quarters of expenses for children affected by this bill will be reimbursed at the enhanced match rate.