

# FISCAL NOTE

**STATE OF ALASKA**  
**2010 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 260(HSS)  
 (H) Publish Date: 3/24/10

Identifier (file name): HB260-DHSS-MS-2-8-10 Dept. Affected: Health & Social Services  
 Title Medicaid: Preventive Care/ Disease RDU Health Care Services  
 Component Medicaid Services  
 Sponsor Keller  
 Requester House HSS Component Number 2077

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

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>OPERATING EXPENDITURE</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	0.0		0.0	0.0	0.0	0.0	0.0	0.0
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>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURE</b>								
----------------------------	--	--	--	--	--	--	--	--

<b>CHANGE IN REVENUES</b>								
---------------------------	--	--	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0	0.0
1004 GF								
1005 GF/Program Receipt								
1037 GF/Mental Health								
Other Interagency Receipt								
<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>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2010) change: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

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

HB 260 would require DHSS to develop a program of preventive care and disease management for Medicaid recipients. The department anticipates complying with this requirement by establishing a Program of All-Inclusive Care for the Elderly (PACE) and/or medical home program. This bill would not affect the total number of Medicaid recipients served, but would alter the mix of services that some individuals receive and, in some instances, how they receive it.

PACE is an optional benefit under both the Medicare and Medicaid programs. It serves people over 55 years who meet the State's standards for nursing home care. PACE providers receive capitated payments from Medicare and Medicaid and assume the risk for all Medicare and Medicaid services. For most patients, a comprehensive service package permits them to continue living at home while receiving services, rather than be institutionalized. A team of doctors, nurses and other health professionals assess participant needs, develop care plans, and deliver all services, which are integrated into a complete health care plan. (continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner

Phone 269-7827

Division Health Care Services

Date/Time 2/8/10 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner  
DHSS Finance & Management Services

Date 2/8/2010

STATE OF ALASKA

BILL NO. CSHB 260(HSS)

2010 LEGISLATIVE SESSION

**ANALYSIS CONTINUATION**

Starting a PACE program requires an agreement between the State Medicaid and the federal Medicare programs. It may take as long as 2 years to initiate a program including the possible need to obtain a Medicaid waiver, negotiating an agreement with Medicare to participate in a regional program, and securing the interest of a PACE organization. Initially, capitated Medicaid payments to the PACE provider would probably equal what the Medicaid program is currently paying for services for these clients. Eventually, with enough actuarial experience, capitated payments might be adjusted downward if the program successfully bends the cost curve.

Medicaid Medical home is a model of health care delivery in which a Medicaid recipient chooses a primary care provider (PCP) who is responsible for coordinating the participant's care. These plans provide participants a medical home and a relationship with a primary care provider to increase primary care and reduce the need for specialty and emergency department care. PCPs are paid a monthly fee for coordinating the participant's care on top of the payment for providing medical services reimbursed on a fee-for-service basis.

Considerable efforts on the part of HCS would be necessary in order to recruit primary care providers to participate in a medical program. One potential opportunity would be to enlist the participation and partnership of the Primary Care Association and a contracting relationship with specific Community Health Centers to develop medical home programs. Potential cost savings from the program would be depending on the level of fees necessary to attract adequate PCPs. Because of the uncertainty about the necessary level of the fee, DHSS does not project spending reductions by FY 2016. However, DHSS does believe that Primary Care case management would result in improved quality of care for Medicaid recipients.