

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: SB 13
 (H) Publish Date: 3/19/10

Identifier (file name): SB013-DHSS-BHMS-03-05-10 Dept. Affected: Health & Social Services
 Title: Medical Assistance Eligibility RDU: Behavioral Health
 Component: Behavioral Health Medicaid Services
 Sponsor: Davis
 Requester: House HSS Component Number: 2660

Expenditures/Revenues (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
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	467.0		507.1	550.7	598.1	649.5	705.4
Miscellaneous							
TOTAL OPERATING	467.0	0.0	507.1	550.7	598.1	649.5	705.4

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

1002 Federal Receipts	305.7		330.7	359.1	390.0	423.6	460.0
1003 GF Match	161.3		176.4	191.6	208.1	226.0	245.4
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	467.0	0.0	507.1	550.7	598.1	649.5	705.4

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the income level for covering children and pregnant women under Denali KidCare to 200 percent of the federal poverty guidelines, up from 175%. It restores family income eligibility guidelines to the levels used when the Denali KidCare (DKC) program was originally created.

Between October 2003 and July 2007, the upper income limits for children and pregnant women were frozen at dollar amounts equivalent to 175% of the 2003 federal poverty guideline (FPG). By April 2007, those amounts corresponded to about 150% of the 2007 FPG. Senate Bill 27, implemented in summer 2007, made the upper income standard for children and pregnant women equal to 175% of the federal poverty guideline for Alaska, as published annually in the federal register, and effectively raised the income level from 150% to 175% FPG. However, children and pregnant women with incomes between 176% and 200% of the prevailing FPG did not regain eligibility at that time. (continued on page 2)

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Phone: 269-7827
 Date/Time: 1/20/10 12:00 AM

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

Date: 3/5/2010

2010 LEGISLATIVE SESSION**ANALYSIS CONTINUATION**

Between 2003 when the upper guideline was still 200% FPG, and 2006 when the statutory income amount was approaching 150% FPG, the number of individuals enrolled annually in this income category decreased by 2,553 children and 436 pregnant women. 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 1,277 children).

This analysis extends the projected budget impact through 2016. It assumes that implementation will occur in early FY2011, that most people affected by this bill will enroll by the end of that first year, and that enrollment and utilization will resume normal growth thereafter. The formula for federal funds has been updated to reflect the higher regular federal match percentage for 2011 only. The annual growth percentage for costs between 2011 and 2016 (8.6%) and the annual growth percentage for enrollment after 2011 (2%), are from the department's Long Term Forecast of Medicaid Spending (2006 update).

First year costs are based on estimates for the number of new enrollees and the average cost per enrollee for the affected eligibility subtypes in 2008. 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 the estimates.

Fund source calculations are based on the relative proportion of costs that were reimbursed at IHS, Title XIX, or Title XXI rates for these eligibility groups during 2008 and our best estimates for federal medical assistance percentages (FMAPs) between 2011 and 2016. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) so most of their Medicaid costs are expected to be matched at the enhanced rate for Title XXI services. Fund projections assume federal SCHIP allocations adequate to fully fund the additional children between 2011 and 2016.

Expenditures for the Behavioral Health Medicaid Services component were determined based on the component's share of expenses for the affected eligibility subtypes in 2008. Behavioral Health paid about a quarter of the costs for affected DKC children in 2008. No charges for services for DKC pregnant women were paid by this component in 2008.