

# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSB 32(HSS)  
 (S) Publish Date: 2/27/09

Identifier (file name): SB032-DHSS-RR-02-02-09 Dept. Affected: Health & Social Services  
 Title Medicaid: Home/Community Based Services RDU Department Support Services  
 Component Rate Review  
 Sponsor Ellis  
 Requester Senate HSS Component Number 2696

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

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>								
Personal Services	124.9		249.8	416.4	416.4	416.4	416.4	416.4
Travel	7.5		15.0	25.0	25.0	25.0	25.0	25.0
Contractual	19.2		3,598.4	2,244.0	2,244.0	2,244.0	2,244.0	2,244.0
Supplies	0.9		1.8	3.0	3.0	3.0	3.0	3.0
Equipment	45.0			30.0				
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>197.5</b>	<b>0.0</b>	<b>3,865.0</b>	<b>2,718.4</b>	<b>2,688.4</b>	<b>2,688.4</b>	<b>2,688.4</b>	<b>2,688.4</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES (</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	98.8		1,932.5	1,359.2	1,344.2	1,344.2	1,344.2
1003 GF Match	98.8		1,932.5	1,359.2	1,344.2	1,344.2	1,344.2
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>197.5</b>	<b>0.0</b>	<b>3,865.0</b>	<b>2,718.4</b>	<b>2,688.4</b>	<b>2,688.4</b>	<b>2,688.4</b>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time	3.0		3.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

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

This legislation would require the Department to set rates for Medicaid home and community-based services providers as it currently sets rates for facilities such as hospitals and nursing homes. This rate-setting process involves providers developing detailed cost reports that the Department would then audit and use the findings to develop cost-based rates. Additional resources in staffing and contracting would be needed by the Department to fulfill its rate-setting functions for this new group of providers.

(Continued on next page)

Prepared by: William J. Streur, Deputy Commissioner Phone 334-2520  
 Division Health Care Services Date/Time 2/2/09 12:00 AM  
 Approved by: Alison Elgee, Assistant Commissioner Date 2/2/2009  
Dept. Health and Social Services

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**ANALYSIS CONTINUATION**

Under this legislation, the Department would receive and audit cost reports from approximately 350 home and community-based service providers. The Department would contract with auditors to perform the audits. Additional staff positions would be necessary to oversee the work and conduct rate setting operations. The contract would begin in FY2011 to audit all providers; in subsequent years, half of the providers would be audited on a biennial schedule.

In addition, the Department anticipates that, beginning in FY2012, its volume of rate setting appeals would increase as a result of auditing these new providers and that additional funds would be needed to the existing rate-setting process. Additional funds would be needed to support rate-setting appeal work in the Department of Law.

Assumption:

Annual Personal Services:

- 3 Internal Auditor III positions in the Office of Rate Review for cost reporting - \$249.8 (half year in FY2010)
- 2 Internal Auditor positions in the Office of Rate Review for appeals - \$166.6 (beginning in FY2012)

Annual Travel for audit staff to provide technical assistance and training to providers and receive training required by Government Auditing Standards - \$5.0 per FTE

Annual Contractual:

- Contract to hire auditors for biennial audit of cost reports
  - FY20 11 - \$3,560.0
  - Subsequent years - \$1,780
- RSA with Dept. of Law for appeals - \$400.0 (beginning in FY2012)
- Office space, phones, etc. - \$12.8 per FTE

Annual Supplies - \$0.6 per FTE

One-Time Equipment - \$15.0 per FTE , year of initial hire