

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 32(FIN)
 (S) Publish Date: 3/30/09

Identifier (file name): SB032CS(FIN)-DHSS-RR-03-19-09 Dept. Affected: Health & Social Services
 Title Medicaid: Home/Community Based Services RDU Department Support Services
 Component Rate Review
 Sponsor Ellis
 Requester Senate Finance 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
OPERATING EXPENDITURES								
Personal Services	309.3		309.3	309.3	309.3	309.3	309.3	309.3
Travel	15.0		15.0	15.0	15.0	15.0	15.0	15.0
Contractual	38.4		38.4	38.4	38.4	38.4	38.4	38.4
Supplies	1.8		1.8	1.8	1.8	1.8	1.8	1.8
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	364.5	0.0	364.5	364.5	364.5	364.5	364.5	364.5

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

1002 Federal Receipts	182.3		182.3	182.3	182.3	182.3	182.3	182.3
1003 GF Match	182.2		182.2	182.2	182.2	182.2	182.2	182.2
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	364.5	0.0	364.5	364.5	364.5	364.5	364.5	364.5

Estimate of any current year (FY2009) cost: _____

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

The proposed legislation amends AS 47.07 to add payment rate provisions for Medicaid providers of personal care services and home and community-based services. This legislation would require the Department to review rates annually and set rates considering periodic cost surveys and the Centers for Medicare and Medicaid Services' home health agency inflation rate. The effective date is July 1, 2011.

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Prepared by: William J. Streur, Deputy Commissioner Phone 907-334-2520
 Division Health Care Services Date/Time 3/19/09 12:00 AM
 Approved by: Alison Elgee, Assistant Commissioner Date 3/19/2009
DHSS Finance & Management Services

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ANALYSIS CONTINUATION

Under this legislation, the Department would periodically survey providers to obtain cost information. There are approximately 350 home and community-based service providers, including assisted living homes, and an additional 50 personal care providers. Beginning in FY2010, the Department would need to begin developing cost surveys and providing training and technical assistance to providers as they modify their accounting systems to be able to respond to the surveys. The department needs to be able to provide this assistance to providers, so there is clear understanding of the information needed and clear definitions of cost centers; otherwise, it is likely that providers will be unable to provide accurate survey responses.

The Department would also perform some review and inspection of survey information to ensure accuracy before using survey data to set rates. Staff positions would be necessary to oversee the surveys and conduct rate setting operations. The department requires one of these position to be a supervisory level auditor to supervise staff in carrying out, and ensuring the integrity and accuracy of the new processes required by statute.

The legislation would also require the Department to prepare an annual report on the medical assistance rate payments under the new rate setting methodology through FY2014. This report would be prepared by the new rate setting staff at no additional cost.

Assumption:

Annual Personal Services:

2 Internal Auditor III positions and 1 Internal Auditor IV in the Office of Rate Review for cost surveys and rate setting - \$309.3

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:

Office space, phones, etc. - \$12.8 per FTE

Annual Supplies - \$0.6 per FTE