

# FISCAL NOTE

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

Fiscal Note Number: 1  
 Bill Version: SB 87  
 (S) Publish Date: 2/11/09

Identifier (file name): SB087-DHSS-BHMS-02-06-09 Dept. Affected: Health & Social Services  
 Title Medical Assistance Eligibility RDU Behavioral Health Services  
 Component Behavioral Health Medicaid Services  
 Sponsor Wielechowski  
 Requester Senate HSS Component Number 2660

**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								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims			2,283.6	2,438.8	2,604.7	2,781.8	2,971.0	
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>2,283.6</b>	<b>2,438.8</b>	<b>2,604.7</b>	<b>2,781.8</b>	<b>2,971.0</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			1,289.9	1,370.0	1,463.1	1,562.6	1,668.9
1003 GF Match			993.6	1,068.9	1,141.6	1,219.2	1,302.1
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>2,283.5</b>	<b>2,438.9</b>	<b>2,604.7</b>	<b>2,781.8</b>	<b>2,971.0</b>

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

**POSITIONS**

Full-time							
Part-time							
Temporary							

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

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums and co-payments. The bill makes most provisions effective on July 1, 2010.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Behavioral Health Medicaid Services component.  
 (continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner Phone 334-2520  
 Division Health Care Services Date/Time 2/4/09 12:00 AM  
 Approved by: Alison Elgee, Assistant Commissioner Date 2/6/2009  
DHSS Finance Management Services

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### ANALYSIS CONTINUATION

The Behavioral Health Medicaid Services component is allocated 1/3 of the total benefit costs for children (reduced by co-payments). Benefit costs for pregnant women and collections for premiums are reflected in another component (Medicaid Services).

#### **Summary of All Components:**

Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)

Total additional benefit cost/year less premiums & co-payments: \$6,365.6 (\$3,657.2 fed/\$1,483.0 GF/\$1,225.4 SDPR)

Total premiums collected/year: \$1,225.4 SDPR

Total co-payment offset/year: \$547.7

#### **Assumptions:**

176-200% FPG (no cost-sharing): 1,277 children; \$1,300 annual benefit cost per person; 65% federal match

176-200% FPG (no cost-sharing): 218 pregnant women; \$2,934 annual benefit cost per person; 50% federal

201-250% FPG (premiums): 851 children; \$2,780 annual benefit cost per person; 50% federal

251-300% FPG (premiums & co-payments): 851 children; \$2,780 annual benefit cost per person; 50% federal

Requiring cost sharing may discourage enrollment. Half as many children in the groups that require premiums or co-payments will enroll compared to the group with no cost sharing. Native families with access to tribal providers will not choose to enroll their children because they can access health care services without paying premiums or making co-payments.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees.

Uninsured children under age 19, between 201% and 300% of the prevailing FPG will be required to pay premiums to the state ranging between \$240 and \$1,200 per year per child. The average premium across all income groups is \$720. Those above 250% FPG will also be responsible for co-payments equal to 20% of the cost of service. Co-payments are payable to the health care provider at the time of service and offset benefit costs. Federal law limits total out-of-pocket expenses to 5% of household income and precludes cost sharing for certain services, such as family planning, hospice and emergency services. The ceiling on cost sharing is not a factor in calculations for this fiscal note. The annual cost per person is expected to be lower than the average out-of-pocket limit, however, some children will likely reach cost sharing limits.

Fund sources are based on historical federal collections. We assume the SCHIP allotment remains at the FFY2009 level. The SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 1,277 children in the 176-200% FPG group. Costs for the remaining children will be reimbursed at the regular Medicaid match rate of 50%. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Collections for premiums are statutory designated program receipts. Co-payments are offsets to benefits. Benefit cost projections for 2012 through 2015 assume 6.8% annual growth.