

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSSB 172(HSS)
 (S) Publish Date: 3/18/10

Identifier (file name): SB172-DHSS-PHA-02-01-10 Dept. Affected: Health & Social Services
 Title Alaska Health Care Commission RDU Public Health
 Component Public Health Administration
 Sponsor Olson
 Requester Senate HSS Component Number 292

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 |
| OPERATING EXPENDITURE | | | | | | | | |
| Personal Services | 134.5 | | 134.5 | 134.5 | 134.5 | 134.5 | 134.5 | 134.5 |
| Travel | 35.0 | | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 | 35.0 |
| Contractual | 300.0 | | 320.5 | 320.5 | 320.5 | 320.5 | 320.5 | 320.5 |
| Supplies | 20.5 | | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Equipment | 10.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Land & Structures | | | | | | | | |
| Grants & Claims | | | | | | | | |
| Miscellaneous | | | | | | | | |
| TOTAL OPERATING | 500.0 | 0.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 |

| | | | | | | | | |
|----------------------------|--|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURE | | | | | | | | |
|----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | | |
|----------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | | | |
| 1003 GF Match | | | | | | | | |
| 1004 GF | 500.0 | | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 |
| 1005 GF/Program Receipts | | | | | | | | |
| 1037 GF/Mental Health | | | | | | | | |
| Other Interagency Receipts | | | | | | | | |
| TOTAL | 500.0 | 0.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 | 500.0 |

Estimate of any current year (FY2010) c 500.0

POSITIONS

| | | | | | | | |
|-----------|-----|--|---|---|---|---|---|
| Full-time | 1.0 | | 1 | 1 | 1 | 1 | 1 |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

ANALYSIS: (Attach a separate page if nece:

SB 172 establishes the Alaska Health Care Commission in DHSS to provide recommendations for and foster the development of a statewide plan to address the quality, accessibility, and availability of health care for all citizens of the state. The commission would be composed of 10 members. SB 172 closely parallels Administrative Order #246 of December 2008 establishing a health care commission to address Alaska's health care challenges.

The current Alaska Health Care Commission recently adopted a formal policy recommendation to establish a permanent health care commission in statute to address the need for health care reform in Alaska. The

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DHSS Finance & Management Services

Date 2/1/2010

ANALYSIS CONTINUATION

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The commission based this recommendation on the finding that the need for a plan to address health care cost, access and quality issues is greater than ever before. Health care expenditures in Alaska more than tripled between 1991 and 2005 from \$1.6 billion to \$5.3 billion. Costs are expected to double again, to over \$10 billion, by 2013. The Alaska economy cannot sustain this inflationary growth, and government (all levels - local, state, and fed) carries 64% of this cost burden between the cost for government health care programs and provision of health care insurance for government employees. *(Data cited from "Alaska's \$5 Billion Health Care Bill - Who's Paying?" UA Research summary No. 6, Institute of Social and Economic Research, University of Alaska, March 2006.)*

The two most recent groups to work on the issue of health care reform in Alaska, the Alaska Health Care Roundtable (2005) and the Alaska Health Care Strategies Planning Council (2007), both recommended that a permanent body be established to address the problem of health care reform. The problem is too great in scope and too complex to be able to plan and follow-through in just one or two years time through an ad-hoc body.

\$500.0 in state general funds is required for operations of the health care commission, as follows:

71000 Personal Services: The bill states that an Executive Director would staff the Commission; administrative support would be provided by existing DHSS staff. Personal services costs of \$134.5 is Range 23, Step F.

72000 Travel Travel and per diem for Commission staff and for 8 Commission members to conduct quarterly face-to-face public meetings. The two other members are legislators and would have per diem and travel covered.

73000 Contractual Professional services contracts will be needed to supplement staff research, and core service RSAs will be required to provide lease space, telecommunications, mainframe connectivity, postage, etc.

74000 Supplies

In addition to day-to-day office supplies, FY11 includes start-up costs such as computers, office furniture, reconfiguring leased space, wiring needs for connectivity, printers, fax, and photocopier.

75000 Equipment

FY11 includes purchase of a server; in subsequent fiscal years provide technology upgrades and maintenance will be covered through the contractual line.

The bill becomes effective immediately upon the Governor's signature. This means there may be some limited costs in FY10 that will have to be absorbed by the Department of Health & Social Services.