

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 5
 (S) Publish Date: 3/30/11

Identifier (file name): SB005-DHSS-BHMS-02-17-11 Dept. Affected: Health and Social Services
 Title: Medical Assistance Eligibility Appropriation: Medicaid Services
 Allocation: Behavioral Health Medicaid Services
 Sponsor: Sen. Bettye Davis, Sen. Dennis Egan
 Requester: Senate HSS Committee OMB Component Number: 2660

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants	567.0		615.7	668.7	726.2	788.6	856.4	
Miscellaneous								
TOTAL OPERATING	567.0	0.0	615.7	668.7	726.2	788.6	856.4	

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

1002 Federal Receipts	383.6		416.5	452.3	491.2	533.4	579.3
1003 GF Match	183.4		199.2	216.4	235.0	255.2	277.1
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	567.0	0.0	615.7	668.7	726.2	788.6	856.4

Estimate of any current year (FY2011) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version:

Not applicable, initial version

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DHSS Finance & Management Services

Phone: 907-334-2520
 Date/Time: 2/17/11 12:00 AM
 Date: 2/17/2011

Analysis:

Denali KidCare is part of Alaska's Medicaid program, covering low income children and pregnant women. This legislation increases the income level for covering children and pregnant women under Denali KidCare to 200% of the federal poverty guidelines, up from the current level of 175% of the federal poverty guidelines, which are adjusted annually. In 2003, DKC eligibility limits were reduced from 200% of poverty to 175% and frozen at 2003 levels. In 2007, the income limits were unfrozen, but remained at 175% of poverty. This bill would restore Denali KidCare to its original level.

Children age 18 and under at this income level are part of Alaska's Medicaid CHIP expansion and are eligible for enhanced federal matching funds. For FY2012, the federal CHIP match is projected at 65%, compared to an estimated 50% for regular Medicaid. Pregnant women under this income level are eligible only for regular Medicaid (50% match).

Between 2003 and 2006, the number of enrolled children with household incomes between 151% and 200% FPG dropped by 2,553 and the number of enrolled pregnant women with incomes between 134% and 200% dropped by 436. This fiscal analysis assumes that the additional enrollment due to this bill will be equal to about half that number of people (estimated at 218 pregnant women and 1,277 children). The assumption is that most people affected by this bill will enroll by the end of SFY 2012 and that enrollment will resume normal growth (about 2% per year) thereafter.

Further assumptions are that participation, i.e. the proportion of enrollees that obtain services during the year, will not change with implementation of this bill and will remain the same throughout the projection period. First year costs are based on an estimate for the number of new enrollees times the average cost per enrollee for the affected eligibility subtypes in 2010. 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 our estimates.

Costs projections incorporate 8.6% annual growth ([Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025](#), DHSS, updated for 2006). That growth rate includes changes in population, enrollment, utilization, and medical-price inflation.

Fund source calculations are based on the relative proportion of costs for these eligibility types that were reimbursed at IHS, Title XIX, or Title XXI rates during 2010 and our best estimates for federal medical assistance percentages (FMAPs) between 2012 and 2017. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) so most of their Medicaid costs would normally be matched at the enhanced rate for Title XXI services. Fund projections assume sufficient SCHIP allocation to fully fund the additional children between 2012 and 2017.

Expenditures for the Behavioral Health Medicaid Services component were determined based on the component's share of expenses for the affected eligibility subtypes in 2010. Behavioral Health paid about 15% of the costs for affected DKC children in 2010. No charges for services for DKC pregnant women were paid by this component in 2010.