

# Fiscal Note

State of Alaska  
2015 Legislative Session

|                     |           |
|---------------------|-----------|
| Bill Version:       | HB 148    |
| Fiscal Note Number: | 4         |
| (H) Publish Date:   | 3/18/2015 |

Identifier: 0055-DHSS-TRG-03-16-15  
Title: MEDICAL ASSISTANCE COVERAGE; REFORM  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Governor

Department: Department of Health and Social Services  
Appropriation: Behavioral Health  
Allocation: Behavioral Health Treatment and Recovery Grants  
OMB Component Number: 3099

## Expenditures/Revenues

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

(Thousands of Dollars)

|                        | FY2016<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2016<br>Request | Out-Year Cost Estimates |                   |                   |                   |                   |
|------------------------|--------------------------------------|------------------------------------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING EXPENDITURES | FY 2016                              | FY 2016                                        | FY 2017                 | FY 2018           | FY 2019           | FY 2020           | FY 2021           |
| Personal Services      |                                      |                                                |                         |                   |                   |                   |                   |
| Travel                 |                                      |                                                |                         |                   |                   |                   |                   |
| Services               |                                      |                                                |                         |                   |                   |                   |                   |
| Commodities            |                                      |                                                |                         |                   |                   |                   |                   |
| Capital Outlay         |                                      |                                                |                         |                   |                   |                   |                   |
| Grants & Benefits      | (1,558.7)                            |                                                | (5,000.0)               | (12,501.0)        | (16,528.7)        | (19,556.6)        | (19,584.7)        |
| Miscellaneous          |                                      |                                                |                         |                   |                   |                   |                   |
| <b>Total Operating</b> | <b>(1,558.7)</b>                     | <b>0.0</b>                                     | <b>(5,000.0)</b>        | <b>(12,501.0)</b> | <b>(16,528.7)</b> | <b>(19,556.6)</b> | <b>(19,584.7)</b> |

## Fund Source (Operating Only)

|              |                  |            |                  |                   |                   |                   |                   |
|--------------|------------------|------------|------------------|-------------------|-------------------|-------------------|-------------------|
| 1037 GF/MH   | (1,558.7)        |            | (5,000.0)        | (12,501.0)        | (16,528.7)        | (19,556.6)        | (19,584.7)        |
| <b>Total</b> | <b>(1,558.7)</b> | <b>0.0</b> | <b>(5,000.0)</b> | <b>(12,501.0)</b> | <b>(16,528.7)</b> | <b>(19,556.6)</b> | <b>(19,584.7)</b> |

## Positions

|           |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |

|                           |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|
| <b>Change in Revenues</b> |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|

**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2016) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17

## Why this fiscal note differs from previous version:

Not applicable, initial version.

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Agency: Health & Social Services

Phone: (907)465-3600  
Date: 03/14/2015 10:00 PM  
Date: 03/16/15

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

## Analysis

**Section 6** of the bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska.

As Medicaid financing becomes available for behavioral health services, reductions in general fund grant funding will become feasible. Behavioral health grant reductions will be accomplished through a phased, strategic process in order to stabilize services and avoid service reductions in communities. While this is a reduction in State expenditures, DBH expects no loss of services available to Alaskans in need. Primarily federal Medicaid funds, rather than GF/MH grant funds, will cover the cost of services provided to the expansion population. The Department anticipates that behavioral health grants will be reduced through Medicaid expansion by the following amounts: \$1,558.7 in FY2016, \$5,000.0 in FY2017, \$9,000.0 in FY2018, \$13,000.0 in FY2019, \$16,000.0 in FY2020, and \$16,000.0 in FY2021.

**Section 10** directs the Department to apply for the section 1915(i) option. This option will serve Medicaid-eligible adults with behavioral health needs that result in multiple admissions to inpatient or residential care. The population includes homeless, those re-entering from incarceration, and others who intermittently use services. These services are currently provided through behavioral health grants with 100% general funds. The Department anticipates that behavioral health grants will be reduced through the 1915(i) option beginning in FY2018 by the following amounts: \$3,501.0 in FY2018, \$3,528.7 in FY2019, \$3,556.6 in FY2020, and \$3,584.7 in FY2021.

Specific services that are currently offered through grant (GF) dollars that will be transitioned to Medicaid reimbursement include services for those adults with Serious Mental Illness (SMI grants) and those adults with Substance Use Disorders (SUD grants). Grants will not be completely eliminated as some services provided through grants are not reimbursable through Medicaid.