

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSHB 227(HSS)
Fiscal Note Number:	11
(H) Publish Date:	3/9/2016

Identifier: HB227-DHSS-SDMS-2-2-16
 Title: MEDICAL ASSISTANCE REFORM
 Sponsor: SEATON
 Requester: House HSS

Department: Department of Health and Social Services
 Appropriation: Medicaid Services
 Allocation: Senior and Disabilities Medicaid Services
 OMB Component Number: 2662

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2017 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017						
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits					17,061.0	17,061.0	17,061.0	17,061.0
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	17,061.0	17,061.0	17,061.0	17,061.0

Fund Source (Operating Only)

1002 Fed Rcpts		2,900.0	6,453.6	34,237.7	43,737.7	48,687.7	53,637.7
1003 G/F Match		(2,900.0)	(6,453.6)	(17,176.7)	(26,676.7)	(31,626.7)	(36,576.7)
Total	0.0	0.0	0.0	17,061.0	17,061.0	17,061.0	17,061.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

--	--	--	--	--	--	--	--

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

Estimated CAPITAL (FY2017) 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 If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/18**

Why this fiscal note differs from previous version:

Corrects the first year of anticipated UGF savings under 1915(i) option from FY2017 to FY2019, aligning with related fiscal notes for the three SDS grants program components, GR/TAL, SCBG, and CDDG.

Prepared By:	Duane Mayes, Director	Phone:	(907)269-2083
Division:	Senior and Disabilities Services	Date:	02/02/2016 01:00 PM
Approved By:	Sana Efird, Asst. Commissioner, Finance and Management Services	Date:	02/02/16
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Under **Section 12 (d) (1)** of the bill, the Department must apply for an 1115 Demonstration Waiver to use innovative service delivery models to improve Medicaid use of the tribal health providers. The Department will continue to explore 1115 Waiver options under **Section 12**; however, the Center for Medicare and Medicaid (CMS) recently informed Alaska that it is changing national policy and an 1115 is no longer the appropriate vehicle to pursue the tribal health model. The new policy will allow states to broaden the range of services eligible for 100% Federal Medical Assistance Percentage (FMAP) available for Alaska Natives and American Indians (AI/AN) served by Tribal Health Organizations. CMS has yet to publish the new policy in full detail, so the Department is cautious in projecting the impacts in the initial years of implementation.

Based on this information from CMS, we have examined Medicaid data from FY2015 that gives us a count of the numbers of Alaska Native/American Indian (AN/AI) beneficiaries who received services at non-tribal facilities in order to estimated the additional federal Medicaid funds Alaska could claim under the new rule.

For the Division of Seniors and Disabilities Services, the impact can be seen by tribal members at nontribal nursing facilities. The fiscal note addresses a percentage (spanning across FY2017 to FY2022) of the total expenditures for AN/AI recipients starting with larger communities and then phasing in the rest of the state. SDS will implement these provisions for home and community based services in FY2019 to accommodate the implementation of the CMS-mandated Conflict Case Management in FY2017 and FY2018.

Total Nursing Facility for 2015

Includes 139 unduplicated AI/AN recipients at 14 non-tribal sites in SFY2015 (excluding existing tribal facilities). 50 percent of the 12 month total of \$25,650.0 = **\$12,800.0 to be realized over 5 year, FY2017 - FY2022 period.**

- In **2017, \$2,900.0**
- In **2018, \$5,200.0**
- In **2019, \$8,300.0**
- In **2020, \$9,800.0**
- In **2021, \$11,300.0**
- In **2022, \$12,800.0**

Total Home and Community Based (HCB) for 2015

Total of 1,486 unduplicated AI/AN recipients at non-tribal HCB agencies in SFY2015 (excluding existing tribal facilities). 50 percent of the 12 month total of **\$59,600,000 = \$29,800,000 to be realized over the four year, FY2019 - FY2022 period.**

- In **2019, \$14,900.0**
- In **2020, \$22,900.0**
- In **2021, \$26,350.0**
- In **2022, \$29,800.0**

nursing facilities	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 2,900.0	\$ 5,200.0	\$ 8,300.0	\$ 9,800.0	\$ 11,300.0	\$ 12,800.0
GF match	\$ (2,900.0)	\$ (5,200.0)	\$ (8,300.0)	\$ (9,800.0)	\$ (11,300.0)	\$ (12,800.0)
HCB svcs	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed			\$ 14,900.0	\$ 22,900.0	\$ 26,350.0	\$ 29,800.0
GF match			\$ (14,900.0)	\$ (22,900.0)	\$ (26,350.0)	\$ (29,800.0)
SDMS Total	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 2,900.0	\$ 5,200.0	\$ 23,200.0	\$ 32,700.0	\$ 37,650.0	\$ 42,600.0
GF match	\$ (2,900.0)	\$ (5,200.0)	\$ (23,200.0)	\$ (32,700.0)	\$ (37,650.0)	\$ (42,600.0)

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB227

Analysis Continued

Section 12 of the bill directs the department to apply for the **1915(k)** option under Medicaid. The "Community First Choice Option" (CFC), also known as 1915(k), will be used for people who meet an institutional level of care (LOC). The 1915(k) option authorities will replace all current 1915(c) waivers, as all 1915(c) recipients do meet the LOC. The 1915(k) option offers a 56% federal match, an increase of 6%, thus lowering the general fund match to 44%.

The service of Personal Care Assistance (PCA), for persons on the 1915(c) waivers, would transition to the 1915(k) state plan option authority.

Number of recipients on the 1915(c) waiver also receiving PCA Services = 1,603
 General fund Spend (current) at FMAP (50%) = \$ 20,893.4
 General fund Spend for PCA under proposed 1915(k) option at FMAP (56%) = \$ 18,386.2
 The program transition results in a general fund savings of 2,507.2

Implementation of the new funding option will require substantial changes to the current Home and Community Based Services (HCBS) operational infrastructure. The estimated effective date for this refinancing proposal from (c) to (k) is 1/1/17 (FY2018).

This section also directs the Department to apply for the **1915(i)** option under Medicaid. The 1915(i) option includes a federal match of 50%, reducing to 50% what is currently a 100% general fund contribution for certain services.

The Department will use this option to refinance portions of the following 100% GF-funded grant programs: General Relief/Temporary Assistance (GR), certain Senior Community Based Grant components, and Community Developmental Disabilities Grant (CDDG).

1915(i) Refinancing (\$8,530.5 estimated net GF savings across SDS grant programs and SD Medicaid):

General Relief/Temporary Assistance Grants: Services for 349 of 545 current recipients at an average cost of \$13,438.35 = \$4,689.9, or \$2,345.0 in net GF savings

Adult Day Grants: Services for 114 of 423 recipients at an average cost of \$4,153.69 = \$473.5, or \$236.8 in net GF savings

Senior In-Home Grants: Services for 123 of 1,371 recipients at an average cost of \$2,127.84 = \$267.1, or \$130.8 in net GF savings

Community Developmental Disabilities Grants: Services for all recipients, total grant budget of \$11,635.8, or \$5,817.9 in net GF savings

State Plan and regulation changes are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option to be implemented by FY2019.