

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSHB 227(HSS)
Fiscal Note Number:	5
(H) Publish Date:	3/9/2016

Identifier: HB227-DHSS-SDSA-1-30-16
Title: MEDICAL ASSISTANCE REFORM
Sponsor: SEATON
Requester: House HSS

Department: Department of Health and Social Services
Appropriation: Senior and Disabilities Services
Allocation: Senior and Disabilities Services Administration
OMB Component Number: 2663

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	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	99.0		324.0	324.0	324.0	324.0	324.0	324.0
Travel	2.1		6.8	6.8	6.8	6.8	6.8	6.8
Services	186.5		193.9	540.8	10.6	10.6	10.6	10.6
Commodities	2.3		7.6	7.6	7.6	7.6	7.6	7.6
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	289.9	0.0	532.3	879.2	349.0	349.0	349.0	349.0

Fund Source (Operating Only)

1002 Fed Rcpts	185.1		306.2	479.7	174.5	174.5	174.5
1003 G/F Match	104.8		226.1	399.5	174.5	174.5	174.5
Total	289.9	0.0	532.3	879.2	349.0	349.0	349.0

Positions

Full-time	1.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues

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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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/18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:

Not applicable; initial version.

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Division:	Senior and Disabilities Services	Date:	01/30/2016 04:00 PM
Approved By:	Sana Efird, Asst. Commissioner, Finance and Management Services	Date:	01/30/16
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

In part, **HB227 version H** authorizes DHSS to apply for federal waivers and options to reform the Medicaid program and to assess the most cost-effective method for revising expansion coverage.

Section 12 (d) (1) and (2) of the bill requires the State to apply to the Centers for Medicare and Medicaid Services (CMS) to develop two new Medicaid funding authorities, the 1915(i) and 1915(k) State Plan options. Under these new authorities the state will realize savings in the provision of home and community-based services (HCBS).

Services under these new funding authorities will reduce general fund expenditures by replacing 100% general fund services (1915(i) option) or capturing a higher federal match rate (1915(k)).

In FY2019 the Department anticipates new costs associated with initial eligibility assessments of individuals previously served through the general fund grant programs or services. The estimated number of new assessments = 1,539. Cost per assessment = \$225.41 (not including travel). Estimated cost to manage the 1,539 initial eligibility assessments = \$346.9 in FY2019.

In FY2017, FY2018 and FY2019 the Department anticipates additional expenditures related to the “Automated Services Plan” management information system. State staff, providers, and consumers will have access to the system and a public web resource center. The Department will plan and configure substantial, necessary software changes to this system for new assessments, additional programmatic elements, and interfaces with other department data management systems. Additional user accounts and licenses, and training and support for all users, will need to be developed and supported.

Estimated costs for case management system development and increased assessments = \$550.0, of which \$300.0 is eligible for enhanced federal funding at a 90% federal match, and the remaining \$250.0 is eligible for the standard 50% federal match. Much of these costs will be realized in the development years (one-third each in FY2017-FY2019), while the savings will continue and grow as overall expenditures grow.

To plan, develop, and manage the new program, beginning in FY2017 Senior and Disabilities Services will require three additional full-time staff: one staff person beginning in August 2016 (FY2017), and two more staff beginning in FY2018. These will be Health Program Manager II positions, located in Anchorage, in the GG unit, each = \$108.0; Travel = \$2.3; Services = \$3.5; Commodities = \$2.5. FY2017 costs are prorated to reflect the August 1, 2016 start date.

Regulation changes are required to implement the new options and would involve extensive public comment. The estimated effective date of regulation changes is July 2018.