

Fiscal Note

State of Alaska
2016 Legislative Session

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

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

Department: Department of Health and Social Services
 Appropriation: Medicaid Services
 Allocation: Behavioral Health Medicaid Services
 OMB Component Number: 2660

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 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1002 Fed Rcpts		2,750.0	3,575.0	4,400.0	5,225.0	6,050.0	6,050.0
1037 GF/MH		(2,750.0)	(3,575.0)	(4,400.0)	(5,225.0)	(6,050.0)	(6,050.0)
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
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? No
 If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Corrects fund source code for expected UGF savings.

Prepared By:	Randall Burns, Acting Director	Phone:	(907)269-5948
Division:	Behavioral Health	Date:	02/02/2016 01:00 PM
Approved By:	Sana Efird, Assistant 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 estimate the additional federal Medicaid funds Alaska could claim under the new rule.

For the Division of Behavioral Health, the impact can be seen in the use of services by tribal members at non-tribal RPTCs (residential psychiatric treatment facilities). This fiscal note addresses a percentage (spanning across FY2017 - FY2022) of the total expenditures for AN/AI recipients served at the largest in-state, *non-tribal* RPTC's facilities, then working into the out-of-state medium and smaller sized facilities as the contracting process is refined. The fiscal note recognizes that in changing the fund source from GF to federal, the reimbursement increases from 50% to 100% federal match for AN/AI beneficiaries.

RPTC svcs	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
fed	\$ 2,750.0	\$ 3,575.0	\$ 4,400.0	\$ 5,225.0	\$ 6,050.0	\$ 6,050.0
GF/MH	\$ (2,750.0)	\$ (3,575.0)	\$ (4,400.0)	\$ (5,225.0)	\$ (6,050.0)	\$ (6,050.0)

While this fiscal note addresses the tribal impacts, we acknowledge that the language in Section 12 related to the 1115 (non-tribal) waiver, as well as other sections of the bill (Sections 1 and 16), clearly impact the Division's efforts to improve the effectiveness and efficiencies of its programs under Medicaid reform. The bill will provide significant opportunities to improve access to services by Alaska residents. In particular, a behavioral health 1115 waiver, to which the Division is fully committed, will allow the Division to establish a managed behavioral system of care, improving resident access to quality care while reducing costs as the new managed system becomes fully functional. These benefits will also accrue to persons served by other divisions within the department, such as the adults and children served by Public Assistance, Office of Children's Services, and Division of Juvenile Justice, as well as to Alaskans served by various entities within the criminal justice system. However, we are unable to quantify those benefits at this time.