

**The attached Fiscal Note Packet accompanied the
report for the following:**

**CCS HB 257
HB 257 APPROP: MENTAL HEALTH BUDGET**

**Please refer to the 06/28/16 memo from the Division
of Legislative Finance for a finalized listing of those
fiscal notes.**

(7/11/16 - House Journal - Page 3150)

* **Sec. 2.** The following appropriation items are for operating expenditures from the general fund or other funds as set out in the fiscal year 2017 budget summary by funding source to the state agencies named and for the purposes set out in the new legislation for the fiscal year beginning July 1, 2016 and ending June 30, 2017, unless otherwise indicated. The appropriations in this section fund legislation assumed to have passed during the second session of the twenty-ninth legislature. If a measure listed in this section fails to pass and its substance is not incorporated in some other measure, or is vetoed by the governor, the appropriation for that measure shall be reduced accordingly.

Appropriation

HB 188 PERSON W/DISABILITY SAVINGS ACCOUNTS

Department of Revenue
 Taxation and Treasury
 Treasury Division
 1092 MHTAAR

60,000

SB 74 MEDICAID REFORM;TELEMEDICINE;DRUG DATABAS

Department of Health and Social Services
 Health Care Services
 Medical Assistance Administration
 1092 MHTAAR
 Senior and Disabilities Services
 Senior and Disabilities Services Administration
 1092 MHTAAR
 Medicaid Services
 Behavioral Health Medicaid Services
 1092 MHTAAR
 Health Care Medicaid Services
 1092 MHTAAR

291,000

1,434,300

425,000

7,500

SB 91 OMNIBUS CRIM LAW & PROCEDURE; CORRECTIONS

Department of Corrections
 Population Management
 Community Residential Centers

Appropriation

1246 RecidReduc 500,000

If the balance of the recidivism reduction fund is insufficient to fund the appropriation to the Department of Corrections, population management, community residential centers, for the fiscal year ending June 30, 2017, the amount necessary to fully fund the appropriation is appropriated from the unrestricted general fund derived from the taxes collected on alcoholic beverages that are not deposited into the alcohol and other drug abuse treatment and prevention fund established in AS 43.60.050 to the recidivism reduction fund.

If an appropriation is made from the unrestricted general fund to cover a shortfall in the recidivism reduction fund, for the appropriation to the Department of Corrections, population management, community residential centers, and there is a balance in the recidivism reduction fund on June 30, 2017, the amount of the shortfall is appropriated from the recidivism reduction fund to the unrestricted general fund.

Health and Rehabilitation Services

Substance Abuse Treatment Program

1246 RecidReduc 500,000

If the balance of the recidivism reduction fund is insufficient to fund the appropriation to the Department of Corrections, health and rehabilitation services, substance abuse treatment program, for the fiscal year ending June 30, 2017, the amount necessary to fully fund the appropriation is appropriated from the unrestricted general fund derived from the taxes collected on alcoholic beverages that are not deposited into the alcohol and other drug abuse treatment and prevention fund established in AS 43.60.050 to the recidivism reduction fund.

If an appropriation is made from the unrestricted general fund to cover a shortfall in the recidivism reduction fund, for the appropriation to the Department of Corrections, health and rehabilitation services, substance abuse treatment program, and there is a balance in the recidivism reduction fund on June 30, 2017, the amount of the shortfall is appropriated from the recidivism reduction fund to the unrestricted general fund.

Department of Health and Social Services

Behavioral Health

Behavioral Health Treatment and Recovery Grants

| | | |
|----|--|----------------------|
| 1 | | Appropriation |
| 2 | 1246 RecidReduc | 1,000,000 |
| 3 | If the balance of the recidivism reduction fund is insufficient to fund the appropriation to the | |
| 4 | Department of Health and Social Services, behavioral health, behavioral health treatment and | |
| 5 | recovery grants, for the fiscal year ending June 30, 2017, the amount necessary to fully fund | |
| 6 | the appropriation is appropriated from the unrestricted general fund derived from the taxes | |
| 7 | collected on alcoholic beverages that are not deposited into the alcohol and other drug abuse | |
| 8 | treatment and prevention fund established in AS 43.60.050 to the recidivism reduction fund. | |
| 9 | If an appropriation is made from the unrestricted general fund to cover a shortfall in the | |
| 10 | recidivism reduction fund, for the appropriation to the Department of Health and Social | |
| 11 | Services, behavioral health, behavioral health treatment and recovery grants, and there is a | |
| 12 | balance in the recidivism reduction fund on June 30, 2017, the amount of the shortfall is | |
| 13 | appropriated from the recidivism reduction fund to the unrestricted general fund. | |
| 14 | | |
| 15 | Department of Public Safety | |
| 16 | Council on Domestic Violence and Sexual Assault | |
| 17 | Council on Domestic Violence and Sexual Assault | |
| 18 | 1246 RecidReduc | 1,000,000 |
| 19 | If the balance of the recidivism reduction fund is insufficient to fund the appropriation to the | |
| 20 | Department of Public Safety, council on domestic violence and sexual assault, for the fiscal | |
| 21 | year ending June 30, 2017, the amount necessary to fully fund the appropriation is | |
| 22 | appropriated from the unrestricted general fund derived from the taxes collected on alcoholic | |
| 23 | beverages that are not deposited into the alcohol and other drug abuse treatment and | |
| 24 | prevention fund established in AS 43.60.050 to the recidivism reduction fund. | |
| 25 | If an appropriation is made from the unrestricted general fund to cover a shortfall in the | |
| 26 | recidivism reduction fund, for the appropriation to the Department of Public Safety, council | |
| 27 | on domestic violence and sexual assault, and there is a balance in the recidivism reduction | |
| 28 | fund on June 30, 2017, the amount of the shortfall is appropriated from the recidivism | |
| 29 | reduction fund to the unrestricted general fund. | |
| 30 | | |
| 31 | *** Total New Legislation Funding *** | 5,217,800 |

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|---------------|
| Bill Version: | CSHB 188(FIN) |
| Fiscal Note Number: | 3 |
| (H) Publish Date: | 4/7/2016 |

Identifier: HB188-DOR-TRS-4-6-16
Title: PERSON W/DISABILITY SAVINGS ACCOUNTS
Sponsor: SADDLER
Requester: Labor and Commerce, Finance

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Treasury Division
OMB Component Number: 121

Expenditures/Revenues

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

| | FY2017 Appropriation Requested | Included in Governor's FY2017 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|------------|
| | | | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | 60.0 | | 40.0 | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 60.0 | 0.0 | 40.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | | |
|--------------|-------------|------------|-------------|------------|------------|------------|------------|------------|
| 1092 MHTAAR | 60.0 | | 40.0 | | | | | |
| Total | 60.0 | 0.0 | 40.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Revised based on changes in House Transportation committee

Prepared By: Pamela Leary
Division: Treasury
Approved By: Jerry Burnett, Deputy Commissioner
Agency: Department of Revenue

Phone: (907)465-3751
Date: 04/06/2016 12:00 AM
Date: 04/16/16

APPROVED BY
CONFERENCE
COMMITTEE

REPORTED OUT OF
SFC 04/14/2016

REPORTED OUT OF
HFC 04/07/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Bill Analysis

This bill would authorize the Alaska savings program for eligible disabled individuals and allow the Department of Revenue to implement and administer the program. Federal legislation was passed in 2014 and revised in 2015. 35 states have approved legislation and are in the process of implementing a program. Some states are creating their own system and others are participating in a consortium to create greater cost efficiencies to pass on to state participants. Two of the states creating their own program have offered to host other states' programs for a fee.

All programs will use a vendor that would provide some or all of the following services:

- Investment Management Services including providing investment options, reporting of investment performance, and regulatory compliance.
- Record Keeping and Administrative Services including establishing eligibility for individuals, enrollment, managing cash flow contributions and distributions, providing account statements, coordination with investment management services and website access.
- Call Center/Customer Service to respond to inquiries including account openings and withdrawals and any federal or state specific questions in a manner accessible to participant needs.

The creation of ABLE programs is at its infancy and costs are not yet fully known. States implementing programs on their own have presented cost ranges in the \$2-\$4 million range. 1 State that has created its own program has offered its program to other states for a one-time installment fee of \$50,000 and an annual maintenance fee of \$12,000 but not all services appear to be included. The consortium of states is working on an RFP but costs have not yet been determined. This fiscal note presumes that Alaska would utilize the program of another state or the consortium of states' vendor to provide all of the above services. The estimated cost for FY2017 and FY2018 include startup costs with a vendor and a program awareness effort. Participants that have program accounts will also pay a fee which will be based on the value of the account. It is unknown at this time what those will be but it is imagined that they will be similar to what you pay for a managed investment account and an assumption that these fees will cover ongoing program costs.

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|------------------|
| Bill Version: | HCS CSSB 74(FIN) |
| Fiscal Note Number: | 47 |
| (H) Publish Date: | 4/11/2016 |

Identifier: SB074HCSCS(FIN)-DHSS-MAA-4-8-16
 Title: MEDICAID REFORM;TELEMEDICINE;DRUG
 DATABAS
 Sponsor: KELLY
 Requester: House Finance

Department: Department of Health and Social Services
 Appropriation: Health Care Services
 Allocation: Medical Assistance Administration
 OMB Component Number: 242

Expenditures/Revenues

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

| | FY2017 Appropriation Requested | Included in Governor's FY2017 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|--------------|--------------|--------------|--------------|--------------|
| | | | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | 582.1 | | 582.1 | 582.1 | 218.4 | 218.4 | 218.4 | |
| Travel | 1.0 | | | | | | | |
| Services | 95.3 | | 93.8 | 93.8 | 93.8 | 93.8 | 93.8 | 93.8 |
| Commodities | 19.2 | | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 697.6 | 0.0 | 679.9 | 679.9 | 316.2 | 316.2 | 316.2 | 316.2 |

Fund Source (Operating Only)

| | | | | | | | |
|----------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Fed Rcpts | 348.9 | | 340.0 | 340.0 | 158.1 | 158.1 | 158.1 |
| 1003 G/F Match | 57.7 | | 48.9 | 48.9 | 158.1 | 158.1 | 158.1 |
| 1092 MHTAAR | 291.0 | | 291.0 | 291.0 | | | |
| Total | 697.6 | 0.0 | 679.9 | 679.9 | 316.2 | 316.2 | 316.2 |

Positions

| | | | | | | | |
|-----------|-----|--|-----|-----|-----|-----|-----|
| Full-time | 2.0 | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Part-time | | | | | | | |
| Temporary | 4.0 | | 4.0 | 4.0 | | | |

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? 07/01/17

Why this fiscal note differs from previous version:

Updated bill section references. Narrative updated to delete references to seizure and forfeiture of real or personal property under section 36 (sec.47.05.260).

Prepared By: Margaret Brodie, Director
 Division: Health Care Services
 Approved By: Sana Efird, Assistant Commissioner, Finance and Management Services
 Agency: Health and Social Services

Phone: (907)334-2520
 Date: 04/08/2016 11:00 AM
 Date: 04/08/16

APPROVED BY
CONFERENCE
COMMITTEE

REPORTED OUT OF
HFC 04/11/2016
Control Code: LUIWZ

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Sections 16-20 and 33-36 establish a series of new provisions intended to strengthen fraud and abuse prevention and remediation, and include the addition of a new Alaska Medicaid False Claim and Reporting Act. These provisions would authorize the department to assess interest and penalties on overpayments and impose civil fines of medical assistance providers who have or are committing medical assistance fraud.

Promulgation of associated regulations will take approximately six months, with implementation effective January 1, 2017. There will be a significant increase in appeals from these new policies. The department anticipates that it will need one long term non-permanent Medical Assistance Administrator III (position details, bottom of p.3) to handle this additional workload. It also anticipates additional training and minimal travel costs will be needed to support and implement these new policies. The estimated training cost for tuition is \$1.5 while the estimated travel costs are \$1.0.

Due to the increase in appeals with the Office of Administrative Hearings for fraud and abuse handled under these sections, the reimbursable services agreement with that office is increased by \$75.0 per year to address their increased workload.

Section 37 directs the department to implement the Primary Care Case Management system or managed care organization (MCO) contract authorized under AS 47.07.030(d). This system would require certain Medicaid recipients to obtain approval from a case manager or MCO before receiving certain services in order to increase the use of primary and preventive care, and decrease the use of specialty care and hospital services.

Additional staff will be required to develop this program, including establishing and overseeing the contract with the Administrative Services Organization, and data development and analysis. Two positions will be established for FY2017 - FY2019 to support this and all other health delivery and payment reform initiatives in this bill (Section 38, subsection (d)(3), Health Homes; Section 38, subsection (d)(5) telemedicine; Section 39 (47.07.038) hospital emergency use reduction).

Section 38 (d)(3) directs the department to implement the Health Homes option under section 1945 of the Social Security Act. Health Homes provide integrated and coordinated care for people with chronic health conditions. The department would need approximately two years for planning and development prior to implementation in order to determine eligibility criteria for recipients and for providers, design the new payment methodology and required reporting systems, develop and receive approval on the State Plan Amendment and associated regulations, and make required modifications to the Medicaid Management Information System.

The planning phase for this initiative would begin in FY2018, with implementation in FY2020. The positions established to develop the Primary Care Case Management system (Section 37 of this bill) will staff this initiative.

Section 39 (47.07.038) directs the department to establish, in collaboration with the Alaska State Hospital and Nursing Home Association, a hospital-based project designed to reduce the use of hospital emergency departments by Medicaid enrollees.

The department proposes the existing Health Information Exchange (HIE) be utilized as the foundational technology for electronic exchange of patient information among hospital emergency departments. This technology is already in place, but education and outreach to emergency department staff to help them learn how to use the HIE is required.

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HCSCSSB074(FIN)

Analysis Continued

Program staff support would be required for negotiation and contracting with hospitals for the shared-savings payment reform associated with this initiative, and also for data systems and analysis. The positions established to develop the Primary Care Case Management system (Section 37 of this bill) will staff this initiative.

Section 39 (47.07.039) directs the department to contract with one or more third parties to implement one or more coordinated care demonstration projects for Medicaid recipients, with proposals requested on or before 12/31/2016. Demonstration projects must include three or more of the following: comprehensive primary-care-based management for medical and behavioral health service; care coordination including assignment of recipients to local primary care providers, where possible; health promotion; comprehensive transitional care and post-discharge follow-up care; referrals to community and social support services; sustainability and the ability to implement in other areas of the state; integration and coordination of benefits and services; and local accountability for health and resource allocation.

This demonstration project will be implemented in three regions of the state. Planning and development would begin in FY2017, with implementation starting in FY2019. An estimated 30,000 Medicaid recipients would be enrolled to receive services through this demonstration project. For purposes of estimation, the Department assumes the entities would be reimbursed on a fee-for-service basis plus shared-savings, with the entities receiving a portion of any savings accrued to the state Medicaid program, for the first two years.

Program staff support would be required for negotiation and contracting with the entities, and also for data systems and analysis. The positions established to develop the Primary Care Case Management system (Section 37 of this bill) will staff this initiative.

STAFFING FOR THE ABOVE EFFORTS

Personal Services:

One permanent full-time Medical Assistance Administrator IV for program development and management; Range 21, Anchorage; \$112.4 annually (**Mental Health Trust providing MHTAAR for the State's 50% portion**)

One permanent full-time Medical Assistance Administrator III for data systems and analysis; Range 20 Anchorage; \$106.0 annually (**Mental Health Trust providing MHTAAR for the State's 50% portion**)

Services: Office space, phones, reimbursable service agreements (RSAs) for position support costs: \$18.8 annually

Commodities: Office supplies: \$4.0 annually

One-Time Commodities Cost: Computer, software, and office equipment: \$15.2

One long term non-permanent Medical Assistance Administrator IV to assist Behavioral Health program development and modifications to meet Medicaid reform goals; Range 21, Anchorage; \$102.3 annually (**Mental Health Trust providing MHTAAR for the State's 50% portion**)

One long term non-permanent Medical Assistance Administrator III to handle and manage the increased workload from appeals to the new regulations and policies associated with Medicaid fraud and abuse and the new Alaska Medicaid

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HCSCSSB074(FIN)

Analysis Continued

False Claim and Reporting Act, Range 20, Anchorage; \$96.9 annually **(Mental Health Trust providing MHTAAR for the State's 50% portion)**

One long term non-permanent Medical Assistance Administrator II to assist with the 1115 waiver, and Behavioral Health program development and modifications to meet Medicaid reform goals; Range 18, Anchorage; \$86.9 annually **(Mental Health Trust providing MHTAAR for the State's 50% portion)**

One long term non-permanent Medical Assistance Administrator I to assist the Quality Assurance and Analysis section to reduce the number of super utilizers of hospital emergency departments by Medicaid enrollees; Range 16, Anchorage; \$77.6 annually **(Mental Health Trust providing MHTAAR for the State's 50% portion)**

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|------------------|
| Bill Version: | HCS CSSB 74(FIN) |
| Fiscal Note Number: | 50 |
| (H) Publish Date: | 4/11/2016 |

Identifier: SB074HCSCS(FIN)-DHSS-SDSA-4-8-16
 Title: MEDICAID REFORM;TELEMEDICINE;DRUG
 DATABAS
 Sponsor: KELLY
 Requester: House Finance

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 Appropriation Requested | Included in Governor's FY2017 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|--------------|--------------|--------------|--------------|---------|
| | | | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | 390.9 | | 611.9 | 611.9 | 318.3 | 318.3 | 318.3 | |
| Travel | 2.3 | | 6.9 | 6.9 | 6.9 | 6.9 | 6.9 | |
| Services | 2,761.8 | | 408.6 | 325.9 | 10.5 | 10.5 | 10.5 | |
| Commodities | 2.5 | | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | |
| Capital Outlay | | | | | | | | |
| Grants & Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| Total Operating | 3,157.5 | 0.0 | 1,034.9 | 952.2 | 343.2 | 343.2 | 343.2 | |

Fund Source (Operating Only)

| | | | | | | | |
|----------------|----------------|------------|----------------|--------------|--------------|--------------|--------------|
| 1002 Fed Rcpts | 1,652.1 | | 590.8 | 549.4 | 171.6 | 171.6 | 171.6 |
| 1003 G/F Match | 71.1 | | 297.3 | 256.0 | 171.6 | 171.6 | 171.6 |
| 1092 MHTAAR | 1,434.3 | | 146.8 | 146.8 | | | |
| Total | 3,157.5 | 0.0 | 1,034.9 | 952.2 | 343.2 | 343.2 | 343.2 |

Positions

| | | | | | | | |
|-----------|-----|--|-----|-----|-----|-----|-----|
| Full-time | 1.0 | | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Part-time | | | | | | | |
| Temporary | 4.0 | | 4.0 | 4.0 | | | |

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? 07/01/17

Why this fiscal note differs from previous version:

Bill section references are updated.

Prepared By: Duane Mayes, Director
 Division: Senior and Disabilities Services
 Approved By: Sana Efir, Asst. Commissioner, Finance and Management Services
 Agency: Health and Social Services

Phone: (907)269-2083
 Date: 04/08/2016 01:00 PM
 Date: 04/08/16

APPROVED BY
CONFERENCE
COMMITTEE

REPORTED OUT OF
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Control Code: PPGRM

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

SB74 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 36 charges the Department with "reducing the cost of... senior and disabilities services provided to recipients of medical assistance under the state's home and community-based services waiver."

Section 38(d) (1) and (2) of the bill more specifically directs 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 with 50% fed / 50% GF match (1915(i) option) or capturing a higher federal match rate (1915(k)).

In FY2018 and 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). Assessments for 953 recipients transitioning from Community Developmental Disabilities Grant total \$214.8 in FY2018, at 50% fed / 50% GF match. Assessments for 586 recipients transitioning from Senior Community Based Grants and General Relief / Temporary Assistance total \$132.1 in FY2019, at 50% fed / 50% GF match. Total estimated cost (FY2018 and FY2019) to manage the 1,539 initial eligibility assessments = \$346.9.

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. The estimated costs for case management system development = \$ 550.0, eligible for enhanced federal funding at a 90 percent federal match, and spread in equal thirds over FY2017-FY2019.

Both the increased assessments at \$346.9, and case management system development at \$550.0, will be services line item expenditures. These costs will be realized in the development years, while the savings will continue and grow as overall expenditures grow.

The Division of Senior and Disabilities Services (SDS) will need to implement a new assessment tool for persons served by home and community based services through 1915(c), 1915(i) and 1915(k). This tool will provide a comprehensive clinical assessment of recipient needs by acuity, which will feed into the development of identified services within the recipient's Plan of Care. Of importance is that this new assessment tool will allow SDS to improve our efficiencies and reform our payment system. The \$2,575.0 one-time cost to implement this new assessment tool in FY2017 will cover software development, development of algorithms within the assessment tool, internal systems change, and training. **The Alaska Mental Health Trust is providing \$1,287.5 MHTAAR for the State's 50% portion.**

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HCSCSSB074(FIN)

Analysis Continued

To plan, develop, and manage the new program, beginning in FY2017 Senior and Disabilities Services will require three additional permanent full-time positions and, due to accelerated time frame for the roll-out of reform initiatives, four additional long-term non-permanent positions.

Full-time positions:

One staff full-time position 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 = \$106.1; Travel = \$2.3; Services = \$3.5; Commodities = \$2.5. FY2017 personal services costs are prorated to reflect the August 1, 2016 start date.

Non-permanent positions:

Four long-term non-perm positions are requested for FY2017 - FY2019 so that SDS is staffed to accomplish the work required to implement 1915(i) and (k) and amend 1915 (c) on a short timeline while maintaining its current workload. These will be Health Program Manager II positions, Range 19, located in Anchorage, in the GG unit, each = \$73.4., for a \$293.6 annual total. **The Alaska Mental Health Trust is providing \$146.8 MHTAAR for the State's 50% portion in FY2017 - FY2019.**

The additional HPM II position in the *Research and Analysis Unit* will be responsible for ensuring continued data integrity as changes to the new automated service plan are implemented for 1915(i) and (k), building management reports necessary for Division operations and federal and state reporting requirements, and building subject matter expertise in a variety of data systems.

The additional HPM II position in the *Provider Certification and Compliance Unit* will be responsible for certifying providers as qualified to provide services to vulnerable Alaskans, and monitoring each provider's compliance with current and upcoming Federal regulatory requirements.

The additional HPM II position in the *Quality Assurance Unit* will be responsible for the quality assurance work, including fraud investigations, related to the system-wide change required to implement new 1915 (c), (i) and (k) mandates for conflict free care coordination and settings compliance.

The additional HPM II position in the *Policy and Program Development Unit* will be responsible for regular communication with CMS on Alaska's Medicaid reform goals, maintaining the Division's desire for transparency through provider and recipient education, outreach, and the formal public comment process, and the research for and development of State Plan Amendments and related amendments to Alaska's four 1915 c waivers as home and community based services transition from general fund programs to Medicaid.

Regulation changes are required to implement the new options and would involve extensive public comment. The estimated effective date of this regulation change is July 2017.

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|------------------|
| Bill Version: | HCS CSSB 74(FIN) |
| Fiscal Note Number: | 55 |
| (H) Publish Date: | 4/11/2016 |

Identifier: SB074HCSCS(FIN)-DHSS-BHMS-4-8-16
 Title: MEDICAID REFORM;TELEMEDICINE;DRUG
 DATABAS
 Sponsor: KELLY
 Requester: House Finance

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 Appropriation Requested | Included in Governor's FY2017 Request | Out-Year Cost Estimates | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|----------------|-----------------|-----------------|-----------------|
| | FY 2017 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| OPERATING EXPENDITURES | | | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | 850.0 | | 3,825.0 | 5,300.0 | 5,500.0 | 5,800.0 | 5,800.0 |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | 1,100.0 | 4,600.0 | 8,700.0 | 13,200.0 | 13,200.0 |
| Miscellaneous | | | | | | | |
| Total Operating | 850.0 | 0.0 | 4,925.0 | 9,900.0 | 14,200.0 | 19,000.0 | 19,000.0 |

Fund Source (Operating Only)

| | | | | | | | |
|----------------|--------------|------------|----------------|----------------|-----------------|-----------------|-----------------|
| 1002 Fed Rcpts | 425.0 | 2,750.0 | 6,224.5 | 10,132.0 | 13,804.0 | 17,794.0 | 17,794.0 |
| 1037 GF/MH | | (2,750.0) | (3,212.0) | (2,882.0) | 396.0 | 1,206.0 | 1,206.0 |
| 1092 MHTAAR | 425.0 | | 1,912.5 | 2,650.0 | | | |
| Total | 850.0 | 0.0 | 4,925.0 | 9,900.0 | 14,200.0 | 19,000.0 | 19,000.0 |

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: 2,348.0 (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:

Bill section references are updated.

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 Division: Behavioral Health
 Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services
 Agency: Health and Social Services

Phone: (907)269-5948
 Date: 04/07/2016 04:21 PM
 Date: 04/08/16

APPROVED BY
CONFERENCE
COMMITTEE

REPORTED OUT OF
HFC 04/11/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Section 36 of **SB74** adds a new section, AS 47.05.270, entitled "Medical assistance reform program." New subsection AS 47.05.270(b) instructs the Department of Health and Social Services (DHSS), in coordination with the Alaska Mental Health Trust Authority, to "manage a comprehensive and integrated behavioral health program," including a plan for providing a continuum of community-based services from a wide array of providers and disciplines that addresses housing, employment, and criminal justice, and reduces barriers that fragment services and reduce effectiveness and efficiency. It is expected that Alaskans served by the criminal justice system will benefit from the reformed system of behavioral health care, and savings will be realized in the Department of Corrections, Public Safety and the Court system as well as within the Office of Children's Services.

Capital Budget: \$1,348.0 (90% federal\10% MHTAAR)

One-time costs to connect behavioral health providers to the Alaska Statewide Health Information Exchange (HIE) to improve care coordination and management in the comprehensive and integrated behavioral health system; and to connect Alaska's Automated Information Management System (AKAIMS), the behavioral health electronic health record and data system, to the HIE to increase efficiency and streamline provider documentation requirements.

Section 38 adds new subsections AS 47.07.036(d)(4) and (5) that authorize the Department to develop demonstration projects for innovative service delivery and payment models, and provide incentives for telehealth. New subsection AS 47.07.036(e) requires the Department to seek 1115 demonstration waivers from the Centers for Medicare and Medicaid Services (CMS), and subsection (f) requires that one of these 1115 waivers focus on behavioral health system improvements for Medicaid recipients. These system improvements must be consistent with the improvements expected under Section 36, p. 32 of the bill [47.05.270(b)] that are intended to improve access to quality care while managing costs.

Following CMS approval of the 1115 behavioral health Medicaid demonstration waiver, DHSS will apply to amend that waiver to expand access to substance use disorder services. The amendment will seek an Institution for Mental Diseases (IMD) exclusion for those services currently not reimbursed by Medicaid that are provided in an inpatient or residential substance use disorder setting having more than 16 beds. Starting in FY2018, the Division of Behavioral Health will contract with an Administrative Services Organization (ASO) to develop and manage a network of providers; establish utilization management; provide quality and outcomes reporting; provide fraud, waste, and abuse auditing; and demonstrate benchmarks on healthcare outcomes and quality. **The state match required for the ASO contract for FY2018 and FY2019 is being provided by the Alaska Mental Health Trust Authority.**

This fiscal note includes \$700.0 in FY2017 and \$250.0 in FY2018 for consulting contracts to assist the Department in the design and implementation of a managed behavioral health system of care and development of the 1115 demonstration waiver application, to provide the required actuarial analysis for the waiver application, and to support the required public review process. Also included is \$150.0 in FY2017 and \$75.0 in FY2018 for contractual services to adapt a new prospective payment model designed for Certified Community Behavioral Health Centers for pilot testing with substance abuse providers. **The state match required for all of these contracts is being provided by the Alaska Mental Health Trust Authority.**

The design and implementation of a managed system of behavioral health care will require necessary changes to the Medicaid Management Information System (MMIS).

Capital Budget: One-time MMIS system changes: \$1,000.0 (90% federal\10% GF match)

Analysis Continued

The table below summarizes the Behavioral Health Medicaid Services operating costs of this legislation. Costs are subject to a blended FMAP rate of between 50% and 100%, depending on the populations served.

| Behavioral Health Medicaid Services Summary of Operating Expenditures | | | | | | |
|--|-----------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| Grants: Change in Medical Costs due to Medicaid Redesign Initiatives | | \$ 1,100.0 | \$ 4,600.0 | \$ 8,700.0 | \$ 13,200.0 | \$ 13,200.0 |
| Services: Administrative Service Organization Contract | | \$ 3,500.0 | \$ 5,300.0 | \$ 5,500.0 | \$ 5,800.0 | \$ 5,800.0 |
| Services: 1115 Consulting Contract | \$ 700.0 | \$ 250.0 | | | | |
| Certified Community Behavioral Health Clinic Prospective Payment Pilot | \$ 150.0 | \$ 75.0 | | | | |
| Total Expenditures | \$ 850.0 | \$ 4,925.0 | \$ 9,900.0 | \$ 14,200.0 | \$ 19,000.0 | \$ 19,000.0 |

Section 48 directs the Department to collaborate with Alaska tribal health organizations to implement federal policy on tribal Medicaid reimbursement. The Department, anticipating benefits from the recently published CMS national policy allowing states to broaden the range of services eligible for 100% Federal Medical Assistance, has projected impacts in the initial years of policy implementation. This fiscal note addresses a percentage of the total expenditures for Alaska Native/American Indian (AN/AI) recipients served at the largest in-state, *non-tribal* residential psychiatric treatment facilities, then working into the out-of-state medium and smaller sized facilities as the contracting process is refined and the policy fully understood.

Percentage of total payments to non-tribal Residential Psychiatric Treatment Centers (RPTCs) FY2015

Based on FY2015 data, which indicated that there were a total of 193 unduplicated AN/AI recipients receiving RPTC services at non-tribal sites, DHSS projected the maximum State benefit that could be realized from the new tribal policy between now and FY2021; that total is \$6,050.0 (estimated \$12,100.0 in expenditures by 2021, at the previous FMAP rate of 50%). Under the new policy, the chart below shows in-state provider savings beginning in FY2017 (\$2,750.0). From FY2018 forward, out-of-state providers are added for an additional savings of \$825.0 in each subsequent year.

| 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) |

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 74
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB74 CC HSS HCMS 5-3-16
Title: MEDICAID REFORM;TELEMEDICINE;DRUG
 DATABAS
Sponsor: KELLY
Requester: Conference Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Health Care Medicaid Services
OMB Component Number: 2077

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 | 1,887.5 | | 536.5 | 436.5 | 436.5 | 436.5 | 436.5 |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | 12,032.2 | | 9,277.8 | (3,213.2) | (8,904.6) | (15,061.6) | (18,965.9) |
| Miscellaneous | | | | | | | |
| Total Operating | 13,919.7 | 0.0 | 9,814.3 | (2,776.7) | (8,468.1) | (14,625.1) | (18,529.4) |

Fund Source (Operating Only)

| | | | | | | | |
|-----------------|-----------------|------------|----------------|------------------|------------------|-------------------|-------------------|
| 1002 Fed Rcpts | 13,548.4 | | 24,568.4 | 21,851.7 | 22,606.0 | 23,127.5 | 21,175.4 |
| 1003 G/F Match | 228.9 | | (14,934.0) | (24,850.7) | (31,293.9) | (37,972.4) | (39,924.6) |
| 1092 MHTAAR | 7.5 | | 2.5 | 2.5 | | | |
| 1247 MedRecover | 134.9 | | 177.4 | 219.8 | 219.8 | 219.8 | 219.8 |
| Total | 13,919.7 | 0.0 | 9,814.3 | (2,776.7) | (8,468.1) | (14,625.1) | (18,529.4) |

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: 6,900.0 (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:

CC Note: The House and Senate versions of the operating budget (HB256) included a reduction of \$20.3 million of UGF and the addition of \$7 million of Federal Receipts to reflect anticipated savings resulting from the new CMS policy change that broadened the range of services eligible for 100% Federal Medical Assistance (FMAP). The CC note removes the difference between what was included in the budget and the amount of funding needed to implement reforms that had been included in the latest fiscal note.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis

Section 18 (Chapter 58) (Sec. 09.58.010) establishes the Alaska Medicaid False Claim and Reporting Act (AMFCA) and includes several subsections related to liability for certain acts and omissions, civil actions, rights of participants in such actions, awards allowed, actions that are not allowed, limits on state liability, and protections for whistleblowers. Based on the Department’s experience with whistleblower recoveries during the past two years, the Department is poised to recover approximately \$500.0, in FY2015-FY2016. The new law is estimated to triple the recoveries to \$750.0 *annually*. Whistleblowers will receive approximately 25% of the ultimate recovery, leaving 75% for the State, or \$562.5. Compared to current annual recoveries, this represents an increase of \$312.5 annually. In addition, the civil penalty provisions contained in Section 17 provides for civil penalties plus three times the amount of actual damages sustained by the State. A conservative estimate of \$100.0 of recoverable overpayments subject to the treble damages provision equates to an additional \$300.0 in recoveries annually. **Combined with above equates to \$612.5 annually for FY2018-2019. The Private right of action for realtor or private citizens is repealed on 7-1-2019, reducing recoveries by an estimated \$100.0 per year for FY 2020 through FY 2022. FY2017 is a phase in year and recoveries are estimated at \$306.2, 50% of normal annual recoveries.** Recoveries will be categorized as *abatements of expenditures*.

| | |
|--|---------|
| AMFCA recoveries FY 2017 | \$306.2 |
| AMFCA annual recoveries FY 2018-FY2019 | \$612.5 |
| AMFCA annual recoveries FY 2020-FY2022 | \$512.5 |

Section 33 (a) decreases the number of required of Medicaid providers, conducted by an independent contractor, from at least 75 annually to at least 50 annually. Audits are conducted on a representative sample of all Medicaid providers in order to identify both overpayments and violations of criminal statutes. The department is directed to attempt to minimize concurrent state or federal audits of specific providers. This section of the bill will have no fiscal impact on the department. Any change in the cost of audits is estimated to be offset by a change in recoveries.

Section 34 (b) allows the Department to assess interest on recoveries for audits performed under AS 47.05.200 as well as other audits and reviews conducted by the state and federal government. There is no additional cost to the department to implement interest penalties on identified overpayments, but recoveries will increase. The Department estimates it will take three years to reach the current volume of outstanding appeals subject to interest penalties. Interest penalty recoveries are calculated by taking the current amount of outstanding appeals and applying an estimated recovery percentage. The result is multiplied by the statutory rate for post-judgment interest of 3.75% and phased in over a period of three years, as shown below. Recoveries will be categorized as revenue receipts, recorded under new fund code #1247, Medicaid Monetary Recoveries.

| | |
|--|---------|
| Amount of Interest Penalty Recoveries FY2017 | \$ 84.9 |
| Amount of Interest Penalty Recoveries FY2018 | \$127.4 |
| Amount for FY2019-FY2022 | \$169.8 |

Section 35 requires enrolled Medicaid providers to conduct an audit every two years unless they are subject to an audit under AS 47.05.200 to identify overpayment and report findings to the department. The DHSS currently receives an average of approximately \$500.0 in self disclosures annually. Although it is currently required by federal law, the DHSS estimates an increase in self-reporting of approximately 100% would result by requiring biennial audits and increasing awareness of the requirement when it is codified in Alaska Law. Based on the Department’s prior experience with self-disclosure recoveries, the State can expect to receive an estimated \$500.0 in additional recoveries for the first two years, and then gradually decrease to \$25.0 decrements for the remainder of the period.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

Regulations are required to implement the provisions of the bill. Receipt of repayments will be categorized as abatements.

| | |
|--|-----------------|
| Amount of Self-Identified Recoveries FY2017 | \$ 500.0 |
| Amount of Self-Identified Recoveries FY2018 | \$ 500.0 |
| Amount of Self-Identified Recoveries FY2019 | \$ 475.0 |
| FY 2020 | \$ 450.0 |
| FY 2021 | \$ 425.0 |
| FY 2022 | \$ 400.0 |

Section 36 grants the Department of Health and Social Services the authority to assess civil fines against Medicaid providers. Fines are to be assessed within a range of from \$100 to \$25,000 per occurrence or offense. There is no additional cost to the department to implement fines under this section. Recoveries based on implementing fines in this section are calculated by taking the estimated number of civil fines and applying an average fine amount. It is estimated the amount of fines imposed per recovery will increase over time, but the number of fines assessed will decrease over time. The estimated amount of the recoveries would be \$50.0 per year. These recoveries are categorized as revenue receipts, under new fund code #1247, Medicaid Monetary Recoveries. Regulations will be required to implement these provisions of the bill.

Annual recoveries for FY2017-FY2022 **\$ 50.0**

Section 36 47.05.270 Medical assistance reform program (a) (2) of this bill requires the department to provide an electronic distribution of an explanation of medical assistance benefits to recipients for health care services received under the program. It is the intent of the department to fully implement this section of the bill through the My Alaska Portal. It estimates that it will cost \$707.5 (90% federal/10% GF) to fully implement the electronic distribution of an explanation of medical assistance benefits in FY2017. After the initial set-up, estimated on-going costs are the concurrent user license, \$76.5, and the yearly maintenance fee, \$17.0, for a total of \$93.5 (50% federal/50% GF) annual costs.

Section 36 47.05.270(a)(9) directs the department to provide for stakeholder involvement in setting annual targets for quality and cost effectiveness. Existing department employees will staff this effort, and meetings of the workgroup will occur telephonically with no travel costs incurred. A consultant will be hired to facilitate the meetings and compile a report on the workgroup’s findings and recommendations. **Services: \$5.0 annually for consultant contract (Mental Health Trust Funded from FY2017 through FY2019)**

Section 37 directs the department to implement the Primary Care Case Management system authorized under AS 47.07.030(d). *This is a foundational component to other initiatives and projected savings.* This system would assign Medicaid enrollees to a case manager in order to increase use of primary and preventive care, and decrease the use of specialty care and hospital services. The department proposes expansion of an existing case management contract, at \$500.0 across FY2017-2018 (50% federal/50% GF match). The contractor will case manage at \$3.85 per member per month to approximately 30,000 recipients. This approach would reduce implementation timelines.

This initiative will require planning and development in FY2017 with implementation in the 2nd quarter FY2018 (on Oct 1, 2017). Activities will include determining regions/communities for which Primary Care Case Management is practicable and determining populations/beneficiary groups to include in Primary Care Case Management. It also includes drafting a state plan amendment (SPA), regulations, revising beneficiary and provider manuals, provider education, evaluation and reporting plan, comparison of before and after costs and patient outcomes, and Medicaid Management Information System (MMIS) changes to add per member per month payments.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

Funding is also required to implement associated changes to MMIS, including one-time capital funds for systems changes, and additional contractual costs for on-going operations.

Capital Budget: One-time MMIS system changes: \$1,000.0 (90% federal/10% GF)

Once primary care case management is fully implemented, the department projects an increase in expenditures for physician services, but a decrease in outpatient, inpatient, and pharmacy services to produce a net savings of:

| | |
|--------|-------------|
| FY2017 | (\$596.4) |
| FY2018 | (\$1,787.3) |
| FY2019 | (\$4,375.5) |
| FY2020 | (\$6,963.7) |
| FY2021 | (\$9,517.5) |
| FY2022 | (\$9,517.5) |

Section 38 (d)(3) directs the department to implement the Health Homes option under section 1945 of the Social Security Act. Health Homes provide integrated and coordinated care for people with chronic health conditions. The federal government would provide a 90% enhanced Federal Medical Assistance Percentage (FMAP) reimbursement for the new Health Home services for the first eight quarters following their approval of the state's Medicaid State Plan Amendment.

The department would need approximately two years (FY2017-2018) for planning and development prior to implementation in FY2019, in order to determine eligibility criteria for recipients and providers, design the new payment methodology and required reporting systems, develop and receive approval on the State Plan Amendment and process associated regulations, and make required IT modifications to the Medicaid payment system.

Additional resources would also be required to support systems changes required in MMIS. A portion of these would be a one-time capital budget request, but the MMIS contract would also need to be increased on an on-going basis to support the new workload associated with payment reform.

Capital Budget: One-time MMIS system changes: \$1,000.0 (90% federal/10% GF)

The above planning and development work would move the department to an enhanced reimbursement/provider payment model and would follow 2 years after the Primary Care Improvement Initiative. This would lead to potentially paying enrolled Health Home providers per month for enrolled recipients (on top of regular fee-for-service reimbursement). Projected savings would be assumed through utilization reduction factors specific to Health Homes and based on the above with a reduction in 0.25% of inpatient costs at \$5,230.0 (based on the FY2016 budget line items) for the projected population of 10,000 recipients and offset by the projected 10,000 recipients X \$15.00 per member per month = \$150.0 X 12 months = \$1,800.0 for a **total projected future savings of \$3,430.0.**

Section 38 (d)(5) directs the department to provide incentives for telehealth, including increasing the capability for and reimbursement of telehealth for recipients. The department's first step in implementing this new provision will be to convene a workgroup, including stakeholders from the health care community, for one year to identify legal, technical and financial barriers to increasing use of telehealth in Alaska.

Existing department employees will staff this effort, and meetings of the workgroup will occur telephonically with no travel costs incurred. A consultant will be hired to facilitate the meetings and compile a report on the workgroup's findings and recommendations. **Services: \$5.0 one-time cost in FY2017 for consultant contract (Mental Health Trust Funded).**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

FY2017 will be used to implement the final recommendations of the workgroup. Once those recommendations are fully implemented, the department expects the following savings:

| | |
|--------|--------------|
| FY2018 | (\$1,300.0) |
| FY2019 | (\$2,600.0) |
| FY2020 | (\$5,800.0) |
| FY2021 | (\$9,400.0) |
| FY2022 | (\$13,300.0) |

Section 39 (47.07.038) authorizes the department to support private initiatives designed to reduce non-urgent use of hospital emergency departments by Medicaid enrollees. The department's supporting role would include data sharing, support for the Prescription Drug Monitoring Program database, support for electronic health record sharing between participating hospitals' emergency departments, and development of a shared savings payment model reflected below.

The planning phase for this initiative would begin during FY2017, and the required data, reporting and information system infrastructure would be built in FY2018. The department would implement the shared-savings payment model in FY2019.

Resources would also be required to support Health Information Exchange interface and other changes related to payment reform for MMIS. A portion of these would be a one-time capital budget request.

Capital Budget: One-time MMIS system changes: \$1,000.0 (90% federal/10% GF)

The Prescription Drug Monitoring Program (PDMP) is an integral part of this initiative, as it is required to help prevent the misuse and abuse of opioids prescribed or administered through emergency departments. Access to the PDMP database by physicians and pharmacists could be improved if the current stand-alone system was integrated into the Health Information Exchange (HIE). The following costs are one-time in addition to \$20.0 annual operating costs:

**FY2017 PDMP system and interface to the HIE is \$285.0 (90% federal/10% GF), and
FY2017 costs to connect pharmacies is \$480.0 (90% federal/10% GF)**

The projected DHSS savings from this would be calculated from reduced utilization in 2% of hospital outpatient services. **Total savings are estimated at \$3,200.0, including \$960.0 of shared savings paid to providers, for a savings to the department of \$2,240.0, with an increase of 0.5% to the savings in each subsequent year.**

Section 39 (47.07.039)(C) authorizes the department to contract with one or more entities to demonstrate the use of local, provider-led coordinated care entities that agree to monitor care across multiple care settings and that will be accountable to the department for the overall cost and quality of care. This demonstration project will be implemented in three regions of the state. Planning and development would begin in FY2017, with implementation starting in FY2019. An estimated 30,000 Medicaid recipients would be enrolled to receive services through this demonstration project. For purposes of estimation, the Department assumes the entities would be reimbursed on a fee-for-service basis plus shared-savings, with the entities receiving a portion of any savings accrued to the state Medicaid program, for the first two years. The department's best estimate at this time is approximately \$1,500.0 in GF savings. The state's fiscal agent will require an additional 3 staff members for the additional work in provider enrollment, claims processing, and telephone inquiries as a result of the change - **increase contract by \$318.0 (50% federal/50% GF)**. These individuals will provide support across the primary care case management project, health homes, and the hospital emergency room project as well.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

The estimated capital budget start up cost for FY2017 is **\$3,125.0** for technical development and consulting services, reimbursed at 90% federal, 10% GF. On-going annual maintenance costs is expected to be approximately \$318.0 to the fiscal agent for Medicaid reform activities. These costs are placed in the operating budget and are reimbursed at 50% federal, 50% GF.

Program staff support would be required for negotiation and contracting with such entities, and also for data systems and analysis. The positions established to develop Sec. 38 (d)(3) Health Homes; and Sec 37 Primary Care Case Management system will staff this initiative as well.

Section 48 directs the Department to implement federal policy on tribal Medicaid reimbursement to collaborate with Alaska tribal health organizations. The Department will utilize the Centers for Medicare and Medicaid (CMS) recent proposed clarification of national policy to allow states to broaden the range of services eligible for 100% Federal Medical Assistance. However, the Department is cautious in projecting the impacts in the initial years of implementation.

Total Transportation to US TRAVEL for 2015 Payments

Total Monthly average reimbursement for AI/AN transportation claims = \$3,000.0
Monthly average X 12 months = \$3,000.0 x 12 = \$36,000.0 total costs. The refinancing from 50% federal/50% GF match to 100% federal results in **\$18,000.0 in GF match savings**, with a reciprocal increase to federal costs. This fund source change is to be equally spread at 20% per year for five years, or **\$3,600.0 in annual, cumulatively building GF match savings across each subsequent year from FY2017-2021**. The multi-year spread is because the cost shift to 100% federal is assumed to take several years. Full savings achieved in FY2021, year five of the effort.

Total Ground and Air Ambulance for 2015

Total quarterly average reimbursement for AI/AN claims = \$3,100.0

Total quarterly at \$3,100.0 X 4 quarters = \$12,400.0 total costs. Results in **\$6,200.0 GF match savings** and a reciprocal increase in federal costs. Assume a two-year spread to shift costs to 100% federal. **\$3,100.0 in annual, cumulatively building GF match savings across the two-year span, FY2017-2018**. Full savings achieved in FY2018, year two.

To aggressively pursue the new Centers for Medicare and Medicaid Services (CMS) policy and realize an additional \$20,000.0 in savings in FY2017, the Department is requesting a Tribal Federal Liaison section, staffed with 4 positions in the Commissioner’s Office. This section will focus on achieving these additional savings as referrals and care plans are approved by CMS. ***This additional \$20,000.0 in savings for FY2017 has also been proposed in the House and Senate Finance subcommittee recommendations for the DHSS operating budget.***

| US Travel | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| fed | \$ 3,600.0 | \$ 7,200.0 | \$ 10,800.0 | \$ 14,400.0 | \$ 18,000.0 | \$ 18,000.0 |
| GF match | \$ (3,600.0) | \$ (7,200.0) | \$ (10,800.0) | \$ (14,400.0) | \$ (18,000.0) | \$ (18,000.0) |
| ambulance | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| fed | \$ 3,100.0 | \$ 6,200.0 | \$ 6,200.0 | \$ 6,200.0 | \$ 6,200.0 | \$ 6,200.0 |
| GF match | \$ (3,100.0) | \$ (6,200.0) | \$ (6,200.0) | \$ (6,200.0) | \$ (6,200.0) | \$ (6,200.0) |
| Addn'l Savings | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| fed | \$ 20,000.0 | \$ 20,000.0 | \$ 20,000.0 | \$ 20,000.0 | \$ 20,000.0 | \$ 20,000.0 |
| GF match | \$ (20,000.0) | \$ (20,000.0) | \$ (20,000.0) | \$ (20,000.0) | \$ (20,000.0) | \$ (20,000.0) |
| Total | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| fed | \$ 26,700.0 | \$ 33,400.0 | \$ 37,000.0 | \$ 40,600.0 | \$ 44,200.0 | \$ 44,200.0 |
| GF match | \$ (26,700.0) | \$ (33,400.0) | \$ (37,000.0) | \$ (40,600.0) | \$ (44,200.0) | \$ (44,200.0) |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB074(FIN)

Analysis Continued

Section 49 directs the department to develop a health information infrastructure plan to support transformation of the healthcare system in the state by providing data health care providers require for care coordination and quality improvement, and the information support required by the department and providers to enable development and implementation of other provisions of this act.

The department's existing Health Information Technology program will staff this effort, and meetings of the workgroup will occur telephonically at minimal cost with no travel costs incurred. A consultant will be hired to facilitate the meetings and compile a report on the workgroup's findings and recommendations. **Services: \$5.0 one-time cost in FY2017 for consultant contract (Mental Health Trust Funded).**

Capital Costs:

Health Information Infrastructure Plan development to improve health care outcomes through:

OUTCOMES:

- Outcome I - Provide Personal Health View
- Outcome II - Provide Population Data Analytical view
- Outcome III - Provide Health Care Provider View

ASSUMPTIONS:

Assumption I - The Plan will include the use of the existing Health Information Exchange (HIE)

Assumption II - The Plan will provide a communication infrastructure plan that will utilize new and existing systems that include Electronic Medical Record Systems, Electronic Health Record Systems, Personal Health Record Systems, Registries and Data interchange capabilities.

Assumption III - The plan will provide:

- "As-Is" view of the existing systems.
- Gap analysis of what is missing.
- "To-Be/Desired" view of the future state.
- Design roadmap with milestone investment targets to incrementally achieve "To-Be" state.
- Implementation plan to achieve To-Be state.

PHASES:

- Phase I - Requirements Gathering/Define As-Is environment.
- Phase II - Development To-Be/Desired state roadmap with Gap analysis of what is missing.
- Phase III - Design/Engineering Implementation Plan with phases and achievement goals to implement the Health Information Infrastructure Plan.

The estimated capital budget cost to implement these changes is **\$775.0**, 90% federal, 10% GF.

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|----------------|
| Bill Version: | CSSSSB 91(FIN) |
| Fiscal Note Number: | 21 |
| (S) Publish Date: | 4/8/2016 |

Identifier: CSSSSB091-DOC-CRC-04-07-16
 Title: OMNIBUS CRIM LAW & PROCEDURE;
 CORRECTIONS
 Sponsor: COGHILL
 Requester: (S)FINANCE

Department: Department of Corrections
 Appropriation: Population Management
 Allocation: Community Residential Centers
 OMB Component Number: 2244

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 | 500.0 | | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 500.0 | 0.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |

Fund Source (Operating Only)

| | | | | | | | |
|-----------------|--------------|------------|----------------|----------------|----------------|----------------|----------------|
| 1246 RecidReduc | 500.0 | | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| Total | 500.0 | 0.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |

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:

This fiscal note has been revised to reflect the need for regulation requirements as identified in this legislation.

Prepared By: April Wilkerson
 Division: Administrative Services - Department of Corrections
 Approved By: Dean Williams
 Agency: Department of Corrections

Phone: (907)465-3460
 Date: 04/07/2016 12:30 PM
 Date: 04/07/16

APPROVED BY
CONFERENCE
COMMITTEE
Printed 5/17/2016

REPORTED OUT OF
SFC 04/07/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Correctional Restitution Centers

This legislation expands AS 33.30.151 requiring the Community Residential Centers under contract with the Department of Corrections to provide rehabilitation programming to certain offenders housed within these contract facilities. This section requires these centers to provide certain offenders with rehabilitation through comprehensive treatment for substance abuse, cognitive behavioral disorders, and other criminal risk factors, including aftercare support.

In addition, it requires the department to implement quality assurance measures, treatment standards, implement a process to assess an offender's risk of recidivating to include limiting the mixing of low and high risk prisoners.

It is anticipated this change will require an increase of \$1,000.0 total with an initial \$500.0 being requested in FY2017 and an additional \$500.0 in FY2018. These funds will meet the anticipated contract increases based on current programming costs within the department.

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|----------------|
| Bill Version: | CSSSSB 91(FIN) |
| Fiscal Note Number: | 24 |
| (S) Publish Date: | 4/8/2016 |

Identifier: CSSSSB091-DOC-SATP-04-07-16
 Title: OMNIBUS CRIM LAW & PROCEDURE;
 CORRECTIONS
 Sponsor: COGHILL
 Requester: (S)FINANCE

Department: Department of Corrections
 Appropriation: Health and Rehabilitation Services
 Allocation: Substance Abuse Treatment Program
 OMB Component Number: 2974

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 | 500.0 | | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 500.0 | 0.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |

Fund Source (Operating Only)

| | | | | | | | |
|-----------------|--------------|------------|----------------|----------------|----------------|----------------|----------------|
| 1246 RecidReduc | 500.0 | | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |
| Total | 500.0 | 0.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 | 1,000.0 |

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?
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Prepared By: April Wilkerson
 Division: Administrative Services - Department of Corrections
 Approved By: Dean Williams
 Agency: Department of Corrections

Phone: (907)465-3460
 Date: 04/07/2016 07:30 AM
 Date: 04/07/16

APPROVED BY
CONFERENCE
COMMITTEE

REPORTED OUT OF
SFC 04/07/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION**Analysis**

This fiscal note will expand the institutional substance abuse treatment programs within the Department of Corrections. Using evidence based programs, this will increase rehabilitation services through comprehensive treatment for substance abuse, cognitive behavioral disorders, and other criminal risk factors by providing institutional outpatient treatment programs to shorter-sentenced offenders who are able to benefit from less intensive treatment while incarcerated.

This funding will expand the number of statewide assessments, increase the number of offenders served, expand the number of female services in several pre-trial settings and incorporate intervention services for pre-trial offenders. It will also allow each institution to ensure a smooth referral, programming, and release procedure that adequately balances the needs for security with the desire for reformatory opportunities by increasing participant's ability to remain active with substance abuse treatment services within the institution.

It is anticipated this change will require an increase of \$1,000.0 total with an initial \$500.0 being requested in FY2017 and an additional \$500.0 in FY2018. These funds will meet the anticipated contract increases based on current programming costs within the department.

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|----------------|
| Bill Version: | CSSSSB 91(FIN) |
| Fiscal Note Number: | 25 |
| (S) Publish Date: | 4/8/2016 |

Identifier: SB091CSSS(FIN)-DHSS-BHTRG-4-7-16
 Title: OMNIBUS CRIM LAW & PROCEDURE;
 CORRECTIONS
 Sponsor: COGHILL
 Requester: Senate Finance

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)

| | FY2017 Appropriation Requested | Included in Governor's FY2017 Request | Out-Year Cost Estimates | | | | |
|-------------------------------|--------------------------------------|--|-------------------------|----------------|----------------|----------------|----------------|
| | FY 2017 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| OPERATING EXPENDITURES | | | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | 1,000.0 | | 2,000.0 | 1,625.0 | 1,625.0 | 1,625.0 | 1,625.0 |
| Miscellaneous | | | | | | | |
| Total Operating | 1,000.0 | 0.0 | 2,000.0 | 1,625.0 | 1,625.0 | 1,625.0 | 1,625.0 |

Fund Source (Operating Only)

| | | | | | | | |
|-----------------|----------------|------------|----------------|----------------|----------------|----------------|----------------|
| 1246 RecidReduc | 1,000.0 | | 2,000.0 | 1,625.0 | 1,625.0 | 1,625.0 | 1,625.0 |
| Total | 1,000.0 | 0.0 | 2,000.0 | 1,625.0 | 1,625.0 | 1,625.0 | 1,625.0 |

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? 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:

| |
|---|
| Corrected fund source references in the Analysis. |
|---|

Prepared By: Randall Burns, Director

Division: Behavioral Health

Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services

Agency: Health and Social Services

Phone: (907)269-5948

Date: 04/07/2016 11:00 AM

Date: 04/07/16

APPROVED BY
CONFERENCE
COMMITTEE

REPORTED OUT OF
SFC 04/07/2016

REPORTED OUT OF
HFC 04/29/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Section 156 of SB 91 requires that the Recidivism Reduction Program administered by the department increase access to evidence-based rehabilitation programs and support offender transition and re-entry.

The department will reinvest a portion of the savings from the criminal justice reforms implemented under SB 91 to fund grants for reentry support services for returning offenders. The strategies and services that will be supported are documented to reduce recidivism, and are based on the Alaska Prisoner Reentry Initiative and the Mental Health Trust Authority's Alaska Prisoner Reentry Initiative Framework. Reentry services are based on an assessment and prioritization of each individual's needs, and can include:

- Substance use, alcohol, and/or mental health treatment, including medication assisted therapy
- Housing
- Job readiness and employment services
- Primary health care
- Peer and recovery support services
- Case management
- Life skills training
- Moral Reconciliation Therapy (a SAMHSA approved treatment strategy to increase moral reasoning)
- Other support services, such as birth certificates, driver's licenses or state IDs, bus passes, etc.

There is currently just one reentry center operating in Alaska, but there are also reentry coalitions in a number of communities that work together to connect transitioning offenders to needed services. Grant funds for this reinvestment will support expansion of the operations of the current reentry center, technical assistance and center design and development for communities seeking to establish a reentry center, and services provided through reentry coalitions. In future years, the grant funds will support ongoing operations of the existing and new reentry centers. An estimated 870 additional individuals will be provided reentry services through this reinvestment in FY2017, increasing to 2,826 by FY2022.

Grants, Benefits: \$1,000.0 (Recidivism Reduction Fund) in FY2017; \$2,000.0 Recidivism Reduction Fund in FY2018; \$1,625 Recidivism Reduction Fund in FY2019 & beyond

Grants will be provided to the existing reentry center and to community reentry coalitions to expand access to treatment and support services. Grants will also fund design and development of new reentry centers, and services provided by those new centers in future years. The services provided by these grants will be for coordination, referral and case management to connect individuals with the right services as quickly as possible to facilitate efficient and effective reentry into communities.

Fiscal Note

State of Alaska
2016 Legislative Session

| | |
|---------------------|----------------|
| Bill Version: | CSSSSB 91(FIN) |
| Fiscal Note Number: | 31 |
| (S) Publish Date: | 4/8/2016 |

Identifier: CSSSSB091(FIN)-DPS-CDVSA-04-06-16
 Title: OMNIBUS CRIM LAW & PROCEDURE;
 CORRECTIONS
 Sponsor: COGHILL
 Requester: Finance

Department: Department of Public Safety
 Appropriation: Council on Domestic Violence and Sexual Assault
 Allocation: Council on Domestic Violence and Sexual Assault
 OMB Component Number: 521

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 | | | | | |
| Personal Services | | | | | | | |
| Travel | 50.0 | | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 |
| Services | 200.0 | | 300.0 | 300.0 | 525.0 | 300.0 | 300.0 |
| Commodities | 50.0 | | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 |
| Capital Outlay | | | | | | | |
| Grants & Benefits | 700.0 | | 1,600.0 | 1,600.0 | 1,375.0 | 1,600.0 | 1,600.0 |
| Miscellaneous | | | | | | | |
| Total Operating | 1,000.0 | 0.0 | 2,000.0 | 2,000.0 | 2,000.0 | 2,000.0 | 2,000.0 |

Fund Source (Operating Only)

| | | | | | | | |
|-----------------|----------------|------------|----------------|----------------|----------------|----------------|----------------|
| 1246 RecidReduc | 1,000.0 | | 2,000.0 | 2,000.0 | 2,000.0 | 2,000.0 | 2,000.0 |
| Total | 1,000.0 | 0.0 | 2,000.0 | 2,000.0 | 2,000.0 | 2,000.0 | 2,000.0 |

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? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

The annual appropriation requested has been reduced, and immediate expansion of violence prevention programming and victim services has been replaced with a more graduated approach.

Prepared By: Lauree Morton, Executive Director
 Division: Council on Domestic Violence and Sexual Assault
 Approved By: Gary Folger
 Agency: Commissioner

Phone: (907)465-5503
 Date: 04/06/2016 06:00 PM
 Date: 04/06/16

APPROVED BY
CONFERENCE
COMMITTEE

REPORTED OUT OF
SFC 04/07/2016

REPORTED OUT OF
HFC 04/29/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Section 163 of this bill implements reforms identified and recommended by the Alaska Criminal Justice Commission (ACJC) in its Justice Reinvestment Report by adding uncodified language instructing the Council on Domestic Violence and Sexual Assault (CDVSA) to create or expand community-based violence prevention programming and services for victims of a crime involving domestic violence or sexual assault. This section was added in direct response to the concerns and concepts expressed during the Justice Reinvestment Initiative Victim Service Roundtables and interviews with victims. Victims and survivors of domestic violence and sexual assault, Alaska Native elders, victim service providers, system advocates, and representatives from the criminal and civil justice systems came together and agreed on ten recommendations to address violence prevention, services, and victims rights. The recommendations were rolled up into the ACJC report as priorities for violence prevention and victims services in rural/remote areas of Alaska.

Funds will still be used for previously listed projects but at a reduced pace than what would be possible at a higher level of funding. Changing societal norms to make violence unacceptable in communities is ultimately what will lead to reduction in crimes costs across all systems. Investing now while citizens believe change is possible is critical.

Funds to strengthen efforts in communities currently implementing prevention strategies such as Green Dot, Coaching Boys into Men, COMPASS, Girls on the Run/Boys Run, Fourth R, Teens Acting Against Violence, LeadOn! for Peace and Equality, and/or Talk Now Talk Often will be granted out. These grants will serve to enhance existing community based, coalition driven work that address the primary prevention of sexual assault, intimate partner violence and/or teen dating violence. Grantees are building the foundation on which reductions in violence will occur. Outcomes for these projects are organized into four categories of programming: capacity building, policy, youth protective factors and bystander engagement.

Funds will be used for continued implementation of Green Dot AK across the state. A comprehensive prevention strategy is one that is coordinated across multiple settings and populations within each community. Comprehensive strategies are more likely to change the behaviors, beliefs and norms that impact the incidence of domestic violence and sexual assault.

Funds will be used to support local communities in expanding readiness to implement prevention services most applicable to their own community. Peer to peer support and ownership of problem-identification and resolution are integral steps to successful prevention campaigns. CDVSA will provide technical assistance and opportunities for skills building within and between communities to organically grow social norms change.

To address the victim service priorities, funds will be used to provide outreach to increase awareness of available victim services in FY2017; resources to village elders engaging in these efforts and to support safe home expansion in FY2018; and to increase services for child victims and witnesses in each year where possible.

Another priority of the victim service roundtables was to provide sexual assault forensic exams to victims through community health aides and/or public health nurses. CDVSA will bring together a workgroup of stakeholders including victim service providers, health aides, tribal health consortiums, public health, law enforcement and law to address this issue and prepare a plan for implementation by FY18.

Funds will also be used for evaluation. The ability to build research/evaluation steps into each of these projects is necessary to gauge effectiveness, to provide opportunities to course correct early in processes when required, and to responsibly continue to support programs that work and/or move focus to other strategies if one proves ineffective. FY 2020 sees an increase in the services line to conduct the third statewide Alaska Victimization Survey.