

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	CSHB 315(HSS)
Fiscal Note Number:	1
(H) Publish Date:	4/6/2016

Identifier: HB315-DHSS-SDSA-3-18-16  
 Title: ELECTRONIC VISIT VERIFICATION: MEDICAID  
 Sponsor: VAZQUEZ  
 Requester: House HSS

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

## Expenditures/Revenues

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

	FY2017	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2017 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	
Personal Services	212.2		212.2	212.2	212.2	212.2	212.2	212.2
Travel								
Services	7.0		7.0	7.0	7.0	7.0	7.0	7.0
Commodities	5.0		5.0	5.0	5.0	5.0	5.0	5.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>224.2</b>	<b>0.0</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>

## Fund Source (Operating Only)

1002 Fed Rcpts	112.1		112.1	112.1	112.1	112.1	112.1	112.1
1003 G/F Match	112.1		112.1	112.1	112.1	112.1	112.1	112.1
<b>Total</b>	<b>224.2</b>	<b>0.0</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>	<b>224.2</b>

## Positions

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

## Change in Revenues

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

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/18

## Why this fiscal note differs from previous version:

Not applicable; initial version.
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Prepared By:	Duane Mayes, Director	Phone:	(907)269-2083
Division:	Senior and Disabilities Services	Date:	03/18/2016 10:00 AM
Approved By:	Sana Efird, Asst. Commissioner, Finance and Management Services	Date:	03/18/16
Agency:	Health and Social Services		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
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## Analysis

The Bill requires the department to implement an Electronic Visit Verification (EVV) System for Medicaid personal care services (PCS) providers to verify services provided to recipients of personal care services. As introduced, the bill places system and administrative costs on the Department.

Three States have passed legislation to implement an EVV system. Two are fully implemented (Texas and Illinois) and one (Ohio) is currently in the procurement process with EVV providers. The Department has consulted with Texas and Ohio. Both indicate that costs for implementation to the State are significant. Ohio reported an initial cost for implementation of \$13,000.0 (state share).

The Department's anticipated timeline for system implementation is 24 months. Regulations changes are required.

States indicate that dedicated staffs are required to implement and manage the ongoing operations of an EVV system. SDS will require two full time Health Program Manager II positions for system implementation, internal operational design, the writing of new regulations and policies, and the establishment of sound quality assurances and controls in the management of the EVV system

For the FY2017-2018 start-up period and ongoing:

Two GGU Health Program Manager II positions (range 19 step C) located in Anchorage: Annual Cost per FTE \$106.1 Total: \$212.2 (50% Federal/50% General Fund)

Commodities: Annual cost per FTE \$2.5 Total \$5.0 (50% Federal/50% General Fund)

Services: Annual cost per FTE \$3.5 Total \$7.0 (50% Federal/50% General Fund)

Fiscal impacts for the Senior and Disabilities Medicaid Services component's implementation and maintenance of an EVV system cannot be determined at this time. Based on the Department's conversations with Texas and Ohio, we understand there to be considerable associated fixed costs (operating systems) and variable costs (assumptions on numbers of devices; service of EVV-initial and ongoing; transitions costs; training; 24/7 support), while Texas reports that cost savings from identification of potential fraud and abuse have not materialized to the degree anticipated.

Other states' experience is new enough and limited enough that there is inadequate data for DHSS to estimate costs and savings for the Medicaid Program.