

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSSB 74(FIN)
Fiscal Note Number:	42
(S) Publish Date:	3/9/2016

Identifier: SB074CS(FIN)-DHSS-SDMS-3-8-16
Title: MEDICAID REFORM/PFD/HSAS/ER
USE/STUDIES
Sponsor: KELLY
Requester: Senate Rules

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

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits			5,817.9	17,061.0	17,061.0	17,061.0	17,061.0
Miscellaneous							
Total Operating	0.0	0.0	5,817.9	17,061.0	17,061.0	17,061.0	17,061.0

Fund Source (Operating Only)

1002 Fed Rcpts		2,900.0	10,616.1	34,237.7	43,737.7	48,687.7	53,637.7
1003 G/F Match		(2,900.0)	(4,798.2)	(17,176.7)	(26,676.7)	(31,626.7)	(36,576.7)
Total	0.0	0.0	5,817.9	17,061.0	17,061.0	17,061.0	17,061.0

Positions

Full-time							
Part-time							
Temporary							

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

Estimated CAPITAL (FY2017) cost: 1,200.0 (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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17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:

For version U: Corrects the year of first anticipated UGF savings under 1915(i) and (k) option, aligning with related fiscal notes for the three Senior and Disabilities Services (SDS) grants program components, General Relief/Temporary Assisted Living, Senior Community-Based Grants, and Community Developmental Disabilities Grants. Also added Federal Tribal Federal Medical Assistance Percentages (FMAP) policy and one time capital cost for changes to MMIS system.

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

Phone:	(907)269-2083
Date:	03/05/2016 10:00 AM
Date:	03/08/16

REPORTED OUT OF
SFC 03/08/2016

FISCAL NOTE ANALYSIS

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Analysis

In part, **CSSB74(FIN)** 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 28, p.25, lines 27-29 charge 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 30 (d) (1) directs the Department to apply for the **1915(i)** option under Medicaid. The 1915(i) option includes a federal match of 50%, reducing to 50% what is currently a 100% general fund contribution for certain services.

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

1915(i) Refinancing (\$8,530.5 estimated net general fund savings across Senior and Disabilities Services (SDS) grant programs and SD Medicaid):

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

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

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

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

Changes to the State Plan and regulations are required to implement the new option and would involve extensive public comment. The Department expects the 1915(i) option for CDDG recipients to be implemented effective 01/01/2018 (FY2018) and for General Relief/Temporary Assistance and Senior Community Based Grant recipients to be implemented effective 07/01/2018 (FY2019).

Section 30 (d) (2) of the bill directs the Department to apply for the **1915(k)** option under Medicaid. The "Community First Choice Option" (CFC), also known as 1915(k), will be used for people who meet an institutional level of care (LOC). The 1915(k) option authorities will replace all current 1915(c) waivers for all 1915(k) services, as all 1915(c) recipients do meet the level of care. The 1915(k) option offers a 56% federal match, an increase of 6%, thus lowering the general fund match to 44%.

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

Number of recipients on the 1915(c) waiver also receiving PCA Services = 1,603

General fund Spend (current) at FMAP (50%) = \$20,893.4

General fund Spend for PCA under proposed 1915(k) option at FMAP (56%) = \$18,386.2

The program transition results in annual general fund savings of \$2,507.2

Implementation of the new funding option will require substantial changes to the current Home and Community Based Services (HCBS) operational infrastructure. The estimated effective date for this refinancing proposal from (c) to (k) is 7/1/2017 (FY2018).

Design and implementation of 1915(i) and 1915(k) options will require resources to support necessary changes to

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Analysis Continued

Enterprise, or the Medicaid Management Information System (MMIS). **Capital Budget: One-time MMIS system changes: \$1,200.0**

Under **Section 38** of the bill, the Department of Health and Social Services shall collaborate with Alaska tribal health organizations and the United States Department of Health and Human Services to fully implement changes in federal policy that authorize 100 percent federal funding for services provided to American Indian and Alaska Native individuals eligible for Medicaid.

Based on this information from Centers for Medicare and Medicaid Services (CMS), the Department has examined the number of Alaska Native/American Indian (AN/AI) Medicaid beneficiaries who received services in FY2015 at non-tribal facilities in order to estimate the additional federal Medicaid funds Alaska could claim under the new rule.

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

Total Nursing Facility for 2015

Includes 139 unduplicated AI/AN recipients at 14 non-tribal sites in SFY2015 (excluding existing tribal facilities).

50 percent of the 12 month total of \$25,650.0 = **\$12,800.0 to be realized incrementally over the six year, FY2017 - FY2022 period.**

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

Total Home and Community Based (HCB) for 2015

Total of 1,486 unduplicated AI/AN recipients at non-tribal HCB agencies in SFY2015 (excluding existing tribal facilities).

50 percent of the 12 month total of **\$59,600,000 = \$29,800.0 to be realized incrementally over the four year, FY2019 - FY2022 period.**

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

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