

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	HCS CSSB 74(FIN) am H
Fiscal Note Number:	62
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Identifier: SB074 CC-DHSS-CO-5-3-16
Title: MEDICAID REFORM;TELEMEDICINE;DRUG
DATABAS
Sponsor: KELLY
Requester: Conference Committee

Department: Department of Health and Social Services
Appropriation: Departmental Support Services
Allocation: Commissioner's Office
OMB Component Number: 317

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	27.6		27.6	27.6	27.6	27.6	27.6
Travel							
Services	535.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	562.6	0.0	27.6	27.6	27.6	27.6	27.6

Fund Source (Operating Only)

1002 Fed Rcpts	13.8		13.8	13.8	13.8	13.8	13.8
1003 G/F Match	13.8		13.8	13.8	13.8	13.8	13.8
1004 Gen Fund	535.0						
Total	562.6	0.0	27.6	27.6	27.6	27.6	27.6

Positions

Full-time							
Part-time							
Temporary							

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

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

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

CC Note: The House and Senate versions of the operating budget (HB256) included funding and four positions. The CC note removes the difference between what was included in the budget and the amount included in the fiscal note.

FISCAL NOTE ANALYSIS

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Analysis

Section 48: Included in this note is the creation of the Tribal Federal Liaison Section that will aggressively move forward on the new Centers for Medicare and Medicaid Services (CMS) policy to obtain maximum savings in as quick a timeline as possible. This section would have statewide multi-division and departmental responsibility for effectively implementing tasks to obtain maximum refinancing and savings associated with the CMS policy clarification on tribal claiming. It would include federal tribal liaison work with CMS, covering all aspects of the Alaska Medicaid program.

This section will be responsible for achieving the enhanced savings in tribal claiming shown in the Health Care Medicaid Services component. **These positions were contained in the House and Senate Finance subcommittee recommendations for the DHSS operating budget and are included the operating budget bill currently awaiting action by the Conference Committee.**

Enhanced federal funding for the Medicaid program is contingent upon development and implementation of referrals, care plans and claiming for services to Alaska Native and American Indians (AN/AI). This will require maintaining and amending the Medicaid State Plan in accordance with federal requirements and regulations. As such, this section will provide department-wide oversight and expert policy analysis to meet the new CMS policy requirements.

This new section will be made up of four new positions: One Division Operations Manager, two Medical Assistance Administrator IVs, and one Medical Assistance Administrator I. Costs are as follows.

Personal Services: One permanent full-time Division Operations Manager; Range 24, Juneau; \$ 152.5 annual cost

Two permanent full-time Medical Assistance Administrator IV; Range 21, Juneau; \$ 247.9 annual cost

One permanent full-time Medical Assistance Administrator I; Range 16, Juneau; \$ 92.9 annual cost

Travel: 9.6 annually (only the Manager and one Administrator IV will travel)

Services: Office space, phones, reimbursable service agreements (RSA) for position support costs: \$37.6 annually

Commodities: Office supplies: \$8.1 annually

One-Time Commodities Cost: Computer, software, and office equipment: \$30.4 (FY2017)

Section 50 of this bill directs the Department to conduct a study analyzing the feasibility of privatizing services delivered at select facilities within the Division of Juvenile Justice (DJJ) and the pharmacy functions of the Alaska Pioneer Homes (AKPH). In addition, the Department is directed to, in conjunction with the Alaska Mental Health Trust Authority, conduct a study analyzing the feasibility of privatizing services delivered at the Alaska Psychiatric Institute. A summary of the findings is due to the legislature by the 10th day of the first regular session of the thirtieth legislature.

The Division of Alaska Pioneer Homes (AKPH) has a central office, a pharmacy, and six 24-hour facilities which provide assisted living care and memory care to residents. In total, the central office, pharmacy, and six facilities account for 600 permanent positions and 499 licensed assisted living home beds. The AKPH pharmacy is a long-term care pharmacy, has six permanent positions, and provides daily services to over 400 residents.

The Division of Juvenile Justice operates eight 24-hour Alaska youth facilities that account for 342 permanent positions and 258 beds.

The Alaska Psychiatric Institute is a 24-hour, 80 bed, nationally accredited inpatient psychiatric hospital employing about 250 permanent staff and organizationally housed within the Division of Behavioral Health (DBH).

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The Department will contract out for these studies, which will assess the most common types of privatization and rank them by applicability for DHSS services.

The contractor, or contractors, will need to provide:

- (1) a final written feasibility analysis report
- (2) a comprehensive assessment of the ranked privatization options
- (3) an analysis of the impact to DHSS DJJ, AKPH, and API services and clientele thereof that privatization will cause
- (4) employer costs resulting from any labor relations and/or union contract stipulations regarding privatizing state employee duties
- (5) recommendations for cost saving measures that would help the Department if privatization is not feasible

The contractor, or contractors, must consider:

- the complex nature of the population served by each facility
- the variety of Alaskan communities
- stakeholders' needs

The complexity of the services provided by the AKPH pharmacy will likely require a specialized feasibility study.

The contractor, or contractors, must bring to bear considerable expertise in the services and systems, legal authorities, frameworks and funding mechanisms specific to the three Divisions. Additionally, the contractor, or contractors, must have knowledge of the process and outcomes of privatization of similar services in other states, and specific application to services provided in Alaska.

To arrive at the estimated contract cost of \$535.0, the Department assumed that the options outlined by the National League of Cities guidance regarding privatizing municipal services are followed (see <http://www.nlc.org/Documents/Find%20City%20Solutions/Research%20Innovation/Economic%20Development/privitizing-municipal-services-gid-10.pdf>) and contractors would charge similar rates to those previously paid by DHSS. In addition, a well-planned feasibility study would require on-site visits.