

Fiscal Note

State of Alaska
2015 Legislative Session

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| Bill Version: | SB 78 |
| Fiscal Note Number: | 3 |
| (S) Publish Date: | 3/18/2015 |

Identifier: 0055-DHSS-BHMS-03-16-15
 Title: MEDICAL ASSISTANCE COVERAGE; REFORM
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

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)

| | FY2016 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | Appropriation Requested | Governor's FY2016 Request | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| OPERATING EXPENDITURES | FY 2016 | FY 2016 | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | 4,799.5 | | 5,323.5 | 16,728.5 | 21,227.5 | 26,534.9 | 26,605.2 |
| Miscellaneous | | | | | | | |
| Total Operating | 4,799.5 | 0.0 | 5,323.5 | 16,728.5 | 21,227.5 | 26,534.9 | 26,605.2 |

Fund Source (Operating Only)

| | | | | | | | |
|----------------|----------------|------------|----------------|-----------------|-----------------|-----------------|-----------------|
| 1002 Fed Rcpts | 4,799.5 | | 5,206.4 | 12,846.0 | 16,984.6 | 21,354.2 | 21,162.9 |
| 1003 G/F Match | | | 117.1 | 3,882.5 | 4,242.9 | 5,180.7 | 5,442.3 |
| Total | 4,799.5 | 0.0 | 5,323.5 | 16,728.5 | 21,227.5 | 26,534.9 | 26,605.2 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) 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:

Not applicable, initial version.

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|--------------|--|--------|---------------------|
| Prepared By: | Albert Wall, Director | Phone: | (907)465-4841 |
| Division: | Behavioral Health | Date: | 03/15/2015 10:00 PM |
| Approved By: | Sarah Woods, Deputy Director Finance & Management Services | Date: | 03/16/15 |
| Agency: | Health & Social Services | | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Analysis

Section 6 of the bill expands Medicaid coverage to a new group: adults 19 through 64 years of age who are currently not eligible for Medicaid or Medicare who have income at or below 138% of the Federal Poverty Level (FPL) for Alaska. We estimate 20,066 enrollees in FY2016; 23,273 enrollees in FY2017; 26,492 in FY2018; 26,535 in FY2019; 26,580 in FY2020; and 26,623 in FY2021.

As Medicaid financing for the expansion group becomes available for behavioral health services, the Department will be able to reduce general fund grants. This will be accomplished through a phased process in order to stabilize services and avoid service reductions in communities.

Section 10 directs the Department to apply for the section 1915(i) option. This option will serve Medicaid-eligible adults with behavioral health needs that result in multiple admissions to inpatient or residential care. The population includes homeless, those re-entering from incarceration, and others who intermittently use services.

Note: The effective federal match rate for the expansion population is based on calendar year. To estimate savings based on state fiscal year we averaged the calendar rates to approximate the fiscal year federal medical assistance percentage (FMAP) rates; we also adjusted the rates to reflect enhanced federal match for tribal services provided to Indian Health Service beneficiaries. These rates are: 100% in FY2016, 97.8% in FY2017, 95.2% in FY2018, 94.3% in FY2019, 92.6% in FY2020, and 91.3% in FY2021.

Plan and regulation changes are required to implement these changes. The estimated effective date of regulation changes is July 2017.

The federal match rate for the 1915(i) option is the regular match rate, usually 50% but 65% for the Children's Health Insurance Program (CHIP) and 100% for tribal services provided to Indian Health Service beneficiaries. Behavioral Health Medicaid Services average 56% federal match.