

# Fiscal Note

State of Alaska  
2019 Legislative Session

Bill Version:	HB 135
Fiscal Note Number:	1
(H) Publish Date:	4/15/2019

Identifier: LL0146-DOC-HARS-4-10-2019  
 Title: MEDICAID EXPANSION; DRUG COST  
 CONTAINMENT  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Department of Corrections  
 Appropriation: Health and Rehabilitation Services  
 Allocation: Physical Health Care  
 OMB Component Number: 2952

**Expenditures/Revenues**

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

	FY2020	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2020 Request	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>OPERATING EXPENDITURES</b>	<b>FY 2020</b>	<b>FY 2020</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2019) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2020) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - 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 If yes, by what date are the regulations to be adopted, amended or repealed?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/comments:**

Not applicable, initial version. Based on the 2.13.19 Governor's FY2020 request.

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Approved By:	Sylvan Robb, Admin Services Director for Corrections	Date:	04/10/19
Agency:	Office of Management and Budget		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2019 LEGISLATIVE SESSION**Analysis**

This bill creates a framework for the Department of Health & Social Services to make adjustments to the Medicaid program in FY 2020 and beyond. With the new flexibility sought from the Centers for Medicare & Medicaid Services (CMS) as authorized by this bill, a continuum of coverage for low income Alaskans will be created.

Under this legislation, the Department of Health and Social Services would no longer be required to cover individuals only Medicaid eligible due to Medicaid expansion. The bill does not have a fiscal impact on the Department of Corrections because it removes the requirement for coverage, but does not exclude those individuals from coverage.

When Alaska became a Medicaid expansion state there was significant impact on the inmate population. More than 95 percent of the department's inmate population are now Medicaid eligible based on income when not incarcerated.

Medicaid does not pay for healthcare during incarceration, however, it does pay when an inmate leaves the correctional facility for 24 hours or more, such as for treatment in a hospital or long-term care facility. When Alaska implemented Medicaid expansion, the department did a five-year review of hospitalizations and estimated that approximately 150 inmates per year were hospitalized for 24 hours or more. The annual cost for those hospitalizations ranged from \$5.5 million to \$7.5 million. The department's budget was reduced by \$6.0 million after Medicaid expansion was implemented. Were the decision made by the Department of Health and Social Services to no longer cover the expansion population, the estimated cost of those hospitalizations in FY2020 would be between \$7.0 million and \$9.0 million.