

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	HB 135
Fiscal Note Number:	2
(H) Publish Date:	4/15/2019

Identifier: LL0146-DCCED-DOI-04-10-19
 Title: MEDICAID EXPANSION; DRUG COST
 CONTAINMENT
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Insurance Operations
 Allocation: Insurance Operations
 OMB Component Number: 354

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
OPERATING EXPENDITURES	FY 2020	FY 2020					
Personal Services			279.8	279.8	279.8	279.8	279.8
Travel			10.0	10.0	10.0	10.0	10.0
Services	20.0		65.0	65.0	65.0	65.0	65.0
Commodities	30.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	50.0	0.0	354.8	354.8	354.8	354.8	354.8

Fund Source (Operating Only)

1156 Rcpt Svcs (DGF)	50.0		354.8	354.8	354.8	354.8	354.8
Total	50.0	0.0	354.8	354.8	354.8	354.8	354.8

Positions

Full-time			3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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 If yes, by what date are the regulations to be adopted, amended or repealed?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 Governor's 2/13/19 FY2020 budget.

Prepared By:	Lori Wing-Heier, Director	Phone:	(907)465-2560
Division:	Division of Insurance	Date:	04/10/2019 04:08 PM
Approved By:	April A. Wilkerson, Administrative Services Director	Date:	04/05/19
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 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.

This legislation would move some Alaskans from the Medicaid insurance pool to the individual market. The division is conservatively estimating that the addition of certain portions of the Medicaid population will result in the need for three new positions beginning in FY2021. Two Consumer Services Specialists, range 16, would be located in the Consumer Services unit in Anchorage. One Insurance Specialist I/II, range 17/19, would be located in the Life and Health Analysis unit in the Juneau office. Also included are actuarial, legal and other professional services costs of \$20.0 per year.

Personal Services:

Consumer Services Specialist, range 16, Anchorage	\$ 87.3 (beginning in FY2021)
Consumer Services Specialist, range 16, Anchorage	\$ 87.3 (beginning in FY2021)
Insurance Specialist I/II, range 19/21, Anchorage	<u>\$108.4</u> (beginning in FY2021)

Personal Services Total: \$279.8

Travel: Required certifications and training: \$ 10.0 (beginning in FY2021)

Services:

Annual statewide and departmental support costs (\$15.0/PCN):	\$ 45.0 (beginning in FY2021)
Actuarial, legal, and other professional services review:	\$ 20.0 (beginning in FY2020)

Commodities: New employee setup (computers, cubicle costs, etc.) \$ 30.0 (FY2020 only)

A capital appropriation of \$250.0 receipt supported services from Insurance licensing receipts is needed to fund actuarial, legal, and other professional services. This analysis may include moving certain portions of the Medicaid population to the individual market with the least interruption, amending the current 1332 waiver to the US Department of Health and Human Services, or preparing a new waiver as needed. It may also include the microsimulation modeling, actuarial analysis and economic impact studies required for a waiver application. This work is anticipated to span multiple years, and the amount per year is not currently known.

The Division of Insurance is fully supported by licensing receipts.