

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	HB 135
Fiscal Note Number:	3
(H) Publish Date:	4/15/2019

Identifier: LL0146-DHSS-BHTRG-4-12-2019
 Title: MEDICAID EXPANSION; DRUG COST
 CONTAINMENT
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Health and Social Services
 Appropriation: Behavioral Health
 Allocation: Behavioral Health Treatment and Recovery
 Grants
 OMB Component Number: 3099

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							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits		(12,000.0)					
Miscellaneous							
Total Operating	0.0	(12,000.0)	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1037 GF/MH (UGF)		(12,000.0)					
Total	0.0	(12,000.0)	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
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? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/22

Why this fiscal note differs from previous version/comments:

This fiscal note reflects the Governor's 3/27/2019 amendment package which reflects \$12.0 million moving from the Behavioral Health Treatment and Recovery Grant Component to Medicaid Services in acknowledgement of additional 1115 waiver revenue provided to these grantees.

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Division:	Behavioral Health	Date:	04/12/2019 11:00 AM
Approved By:	Sana Efird, Administrative Services Director	Date:	04/12/19
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 (DHSS) 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.

DHSS expects to make the changes to the Medicaid program in two major phases. Phase One, planned for FY2020, will focus on more immediate changes to the program that are currently within the control of the department, seeking regulatory changes and state plan amendments through the Centers for Medicare & Medicaid (CMS) as necessary. This bill updates cost containment options for DHSS under AS 47.07.036 by providing for the adoption of emergency regulations to expedite implementation of these changes. Phase Two, to be implemented in FY2021 and beyond, will be a more extensive transformation of the current Medicaid program in partnership with leadership at CMS. These changes will be accomplished through participation in federal waiver programs.

Section 4 of the bill authorizes DHSS to engage in cost containment strategies in times when DHSS finds that the cost of recipient care will exceed the amount allocated in the state budget. It is anticipated that programs will access new revenues through implementation of the 1115 Waiver SUD Implementation plan. One strategy is a reduction to the behavioral health treatment and recovery grants component. The general fund dollars for treatment and recovery grants will be reduced by \$12 million. As of 1/1/2019, these providers received a rate increase of approximately \$20.0 million annually to their Medicaid rates. Additionally, the 1115 waiver that is in the process of being implemented by DHSS will be able to increase federal funds available to these providers in the near future. As such, this group of providers will receive a reduction in grant funding as a cost containment strategy.