

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	HB 135
Fiscal Note Number:	7
(H) Publish Date:	4/15/2019

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

Department: Department of Health and Social Services
Appropriation: Senior and Disabilities Services
Allocation: Senior and Disabilities Services Administration
OMB Component Number: 2663

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2020 Appropriation Requested	Included in Governor's FY2020 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2020	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	275.0		550.0	550.0	550.0	550.0	550.0
Miscellaneous							
Total Operating	275.0	0.0	550.0	550.0	550.0	550.0	550.0

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	206.3		412.5	412.5	412.5	412.5	412.5
1003 GF/Match (UGF)	68.7		137.5	137.5	137.5	137.5	137.5
Total	275.0	0.0	550.0	550.0	550.0	550.0	550.0

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? 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If yes, by what date are the regulations to be adopted, amended or repealed?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 February 13, 2019 FY2020 amended budget request.

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Date: 04/10/19

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.

The 21st Century Cures Act ("Cures"), signed into law on December 13, 2016 requires the State to implement Electronic Visit Verification (EVV) to more closely monitor in-home service delivery. EVV systems electronically verify the delivery of in-home personal care and home health service visits, and document the precise time the service begins and ends. The electronic verification ensures that individuals receive the services authorized for their support. The Cures Act requires that the EVV system electronically verify the following: type of service performed, individual receiving the service, date of the service, location of service delivery, individual providing the service, and time the service begins and ends.

The Division will collect the data from provider agencies EVV system through an EVV aggregator. DHSS will offer EVV for agencies who, due to size, are not able to implement an independent EVV system. EVV requirements will be implemented in stages, beginning in the third quarter of FY2020.

Aggregator and EVV system maintenance, operation, and hosting will require an annual expenditure of \$550.0 with a 25/75 fund source split between UGF and Fed. FY20 costs will be \$275.0.

The \$4,953.1 Capital Costs for the EVV system are reflected through an amendment to the FY2019 Capital Supplemental request.

Savings realized will be a 50/50 split UGF and Fed, with the exception of Community First Choice – Personal Care Services that receives a 44/56 split (UGF and Fed). In FY2020, savings are realized in Personal Care Services (\$672.1) and Community First Choice – Personal Care Services (237.6). Beginning in FY2021, those combined savings will increase to \$1,819.3. In FY2020, additional savings will be realized in Respite, Chore, Day Habilitation, In-Home Supports, and Supported Living (\$3,040.3). In FY 2023, savings will be realized in Intensive Active Treatment, Nursing Oversight and Care Management, and Specialized Private Duty Nursing (\$71.2). Savings are anticipated to remain constant after FY2023.

Total Savings (UGF/Fed combined)

FY 2020: \$909.7

FY2021: \$1,819.3

FY2022: \$4,859.6

FY2023 \$4,930.8

Savings realized by passage of this legislation will support the reduction to the Medicaid Services component in the Governor's FY2020 operating budget. All savings are reflected in the fiscal note for the Medicaid Services component.