

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	CSSB 1(HSS)
Fiscal Note Number:	2
(S) Publish Date:	4/10/2019

Identifier: SB001-DHSS-MS-3-22-2019
Title: REPEAL CERTIFICATE OF NEED PROGRAM
Sponsor: WILSON
Requester: (S) HSS

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Medicaid Services
OMB Component Number: 3234

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			3,526.1	3,526.1	3,526.1	3,526.1	3,526.1
Miscellaneous							
Total Operating	0.0	0.0	3,526.1	3,526.1	3,526.1	3,526.1	3,526.1

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)			2,468.3	2,468.3	2,468.3	2,468.3	2,468.3
1003 GF/Match (UGF)			1,057.8	1,057.8	1,057.8	1,057.8	1,057.8
Total	0.0	0.0	3,526.1	3,526.1	3,526.1	3,526.1	3,526.1

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If yes, by what date are the regulations to be adopted, amended or repealed? N/A

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.

Prepared By: Linnea Osborne, Manager
Division: Medicaid, Allocation, and Audit Services
Approved By: Sana Efird, Administrative Services Director
Agency: Office of Management and Budget

Phone: (907)465-6333
Date: 03/22/2019
Date: 03/22/19

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION**Analysis**

The certificate of need process requires health service providers to obtain approval of the commissioner before building or remodeling health care facilities or purchasing equipment costing more than an established capital expenditure threshold. Under AS 18.07.031, the existing expenditure threshold for requiring a certificate of need is \$1.5 million. Alaska is one of 31 states and the District of Columbia to have a Certificate of Need program.

Senate Bill 001 would repeal the Certificate of Need program, effective July 1, 2020 (start of FY2021). With the repeal of this program, there will be increased costs to Medicaid services due to expenditures not being averted by denial or partial denial of a proposed Certificate of Need project. The increase in costs shown on page one is reflective of the most recent denial or partial denial of a Certificate of Need application for a facility covered under this component. With the passage of this bill, there would have been no review and approval process, and the increased costs to the Medicaid program would have occurred.

Note: This fiscal impact analysis looks at the expenditures that were averted by a denial or partial denial of a proposed Certificate of Need project over the last ten years then adjusted for the Medicaid utilization percentage to come up with the annual amount.