

# Fiscal Note

State of Alaska  
2019 Legislative Session

Bill Version:	CSSB 7(HSS)
Fiscal Note Number:	1
(S) Publish Date:	3/4/2019

Identifier: SB007-DOA-OAH-2-11-19  
 Title: MED. ASSISTANCE WORK REQUIREMENT  
 Sponsor: MICCICHE  
 Requester: Senate Health and Social Services

Department: Department of Administration  
 Appropriation: Centralized Administrative Services  
 Allocation: Office of Administrative Hearings  
 OMB Component Number: 2771

## 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>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Personal Services	153.0		256.1	256.1	256.1	256.1	256.1
Travel	3.0		4.0	2.0	2.0	2.0	2.0
Services	82.8		55.7	142.5	142.5	142.5	142.5
Commodities	6.0		10.0	8.0	8.0	8.0	8.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>244.8</b>	<b>0.0</b>	<b>325.8</b>	<b>408.6</b>	<b>408.6</b>	<b>408.6</b>	<b>408.6</b>

## Fund Source (Operating Only)

1007 I/A Rcpts (Other)	244.8		325.8	408.6	408.6	408.6	408.6
<b>Total</b>	<b>244.8</b>	<b>0.0</b>	<b>325.8</b>	<b>408.6</b>	<b>408.6</b>	<b>408.6</b>	<b>408.6</b>

## Positions

Full-time	1.0		2.0	2.0	2.0	2.0	2.0
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 If yes, by what date are the regulations to be adopted, amended or repealed?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 12-15-18 Governor's FY2020 request.

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Division:	Office of Administrative Hearings	Date:	02/10/2019
Approved By:	Cheryl Lowenstein, Director	Date:	02/11/19
Agency:	Office of Management and Budget		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2019 LEGISLATIVE SESSION

## Analysis

SB 7 amends AS 47.07.036 to direct the Department of Health and Social Services (DHSS) to apply for a waiver under 42 U.S.C. 1315 to require 20 hours of work or comparable work search, volunteer, subsistence, caregiving, or educational activities for adults to be eligible for Medicaid, unless an exemption applies. Exemptions would apply to persons under 18 or over 64, individuals unable to work for medical reasons, parent caretakers of children up to age one, parent caretakers of disabled children, caretakers of relatives so disabled as to require 24-hour care, and parent caretakers of children up to six years of age, if the caretaker can show that child care is unavailable.

The Office of Administrative Hearings (OAH) provides hearings in accordance with federal and state law to individuals who appeal a denial or termination of Medicaid eligibility. These appeal services are funded through a reimbursable services agreement from DHSS.

DHSS projects that denials and terminations of Medicaid eligibility pursuant to the new requirements would generate 136 appeals to OAH in FY 2020, 181 appeals in FY 2021, and 227 appeals in subsequent years. We defer to DHSS expertise in making these estimates, but we note that the appeal rates DHSS used to calculate these estimates are consistent with those OAH has observed in connection with Temporary Assistance, a program that has a work requirement. Work requirement appeals are moderately expensive to process, in that they often require fairly extensive factual development about the nature of a particular job termination, the extent of a person's disability, or similar issues. Our experience in calendar 2017 showed a cost per case of approximately \$1,800 for appeals of this type. The data from calendar 2018 is not useful due to anomalies in the case mix that year; therefore, calendar 2017 has been used as the baseline year.

OAH work is funded by a federally-approved uniform billing rate, whereby agencies whose decisions are appealed pay the cost of judge time, including an allocated portion of overhead. The projected I/A receipts are calculated using this formula. In all years within the time horizon of this fiscal note, OAH projects that a significant portion of the appeal work will be performed by experienced administrative law judges procured by contract, or that the increased use of in-house capacity for the work requirement appeals will require OAH to hire experienced administrative law judges by contract to perform displaced work in other categories. For the main bulk of the caseload, however, OAH requests authorization for two new range 24 administrative law judge positions in Anchorage.