

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	CSSB 7(HSS)
Fiscal Note Number:	5
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Identifier: SB007-DHSS-BHMS-2-10-2019
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: MICCICHE
Requester: DHSS

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Behavioral Health Medicaid Services
OMB Component Number: 2660

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	(3,757.4)		(5,009.8)	(6,262.3)	(6,262.3)	(6,262.3)	(6,262.3)
Miscellaneous							
Total Operating	(3,757.4)	0.0	(5,009.8)	(6,262.3)	(6,262.3)	(6,262.3)	(6,262.3)

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	(2,952.4)		(3,884.8)	(4,856.0)	(4,856.0)	(4,856.0)	(4,856.0)
1037 GF/MH (UGF)	(805.0)		(1,125.0)	(1,406.3)	(1,406.3)	(1,406.3)	(1,406.3)
Total	(3,757.4)	0.0	(5,009.8)	(6,262.3)	(6,262.3)	(6,262.3)	(6,262.3)

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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/20

Why this fiscal note differs from previous version/comments:

Not applicable, initial version based on the Governor's December 15, 2018 FY2020 request.

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

Analysis

SB 007 adds additional requirements to the Medicaid program (state medical assistance program) by requiring adults who are eligible for Medicaid and do not meet exemption criteria to engage in work related activities in order to remain eligible. The bill directs the department to amend its 1115 waiver to include language explaining how work requirements for the non-excluded Medicaid enrollees would meet the goal of increased health. Exemptions under the bill would include age, disability, and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 22,148 of the total Medicaid enrollees would be required to engage in activities to come into compliance with work requirements.

Cost and savings estimates are based on the following assumptions:

22,148 of total enrollees would be required to comply with the work requirement. (This number could be lower depending on the number of individuals participating in treatment for substance use. At this time there is not centralized data to cross match with Medicaid enrollees.) It is projected that 25% of the total enrollees subject to work requirements would eventually not comply and be removed from or denied Medicaid (based on Society of Actuaries' analysis). The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached.

Based on the actuarial analysis, of the enrollees and new applicants subject to work requirements: 15% will be denied or removed in FY 2020 (or 3,322); 20% will be denied or removed in FY 2021 (4,430); 25% will be denied or removed in FY 2022 and beyond (5,537). Of those who do not comply and are denied or removed, approximately two-thirds would be in the Medicaid expansion eligibility category.

The SFY 2019 expenditures per adult enrollees is estimated at \$7.5 per enrollee with an estimated 15% of the total enrollees being determined ineligible in FY2020 for non-compliance. This equates to approximately 3,322 individuals no longer being enrolled in Medicaid in the first year; 4,430 individuals in FY2021; and 5,537 individuals in the remaining years.

The federal medical assistance percentage applied to the non-Indian Health Service expansion population was 91.5% for SFY 2020 or the average of the calendar year 2019 FMAP of 93% and the calendar year 2020 FMAP of 90%. The subsequent years used the federal medical assistance percentage of 90%. The federal medical assistance percentage of 50% is applied to the non-Indian Health Service non-expansion population for all fiscal years.

The resulting impact is spread over the three impacted Medicaid Services components of Behavioral Health Medicaid Services; Adult Preventative Dental Medicaid Services and Health Care Medicaid Services. The Senior and Disabilities Medicaid service component was excluded because the work assistance requirements do not impact participants in these programs. The distribution is based on the enacted SFY 2019 budget for the Medicaid component. The ratios were determined by using the total authority for Medicaid Services of \$2,258,666.3 less \$599,968.7 for Senior and Disabilities Medicaid Services resulting in an adjusted total of \$1,698,697.6 and dividing each of the remaining component total as follows:

Behavioral Health Medicaid Services: $\$257,137.8 / \$1,698,697.6 = 15.1\%$

Adult Preventative Dental Medicaid Services: $\$27,004.5 / \$1,698,697.6 = 1.6\%$

Health Care Medicaid Services: $\$1,414,555.3 / \$1,698,697.6 = 83.3\%$