

# Fiscal Note

State of Alaska  
2021 Legislative Session

Bill Version:	SB 26
Fiscal Note Number:	2
(S) Publish Date:	4/9/2021

Identifier: SB026-DHSS-MS-3-19-2021  
 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)

	FY2022	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2022 Request	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>OPERATING EXPENDITURES</b>	<b>FY 2022</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	***	<b>0.0</b>	***	***	***	***	***

### Fund Source (Operating Only)

None							
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

### Positions

Full-time							
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 (FY2021) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2022) 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 If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/23**

### Why this fiscal note differs from previous version/comments:

Not applicable, initial version

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Division:	FMS/Medicaid, Allocation, and Audit Services	Date:	01/21/2021 01:00 PM
Approved By:	Sylvan Robb, Administrative Services Director	Date:	01/29/21
Agency:	Office of Management and Budget		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2021 LEGISLATIVE SESSION**Analysis**

The certificate of need program 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.

This bill would repeal the Certificate of Need program, effective July 1, 2024 (start of FY2025). With the repeal of this program, there will be increased costs to Medicaid services due to expenditures not being averted by a denial or a partial denial of a proposed Certificate of Need project. The increase in costs is indeterminate and is reflective of the most recent denial or partial denial of a Certificate of Need application for a facility covered under this component. With passage of this bill, there will be no review and approval process, and an increased cost to the Medicaid program will occur.