

Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version:	CSSB 26(L&C)
Fiscal Note Number:	4
(S) Publish Date:	2/18/2022

Identifier: SB026-DOH-MS-2-16-2022
Title: REPEAL CERTIFICATE OF NEED PROGRAM
Sponsor: WILSON
Requester: (S) LC

Department: Department of Health
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)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

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 (FY2022) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2023) 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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/24

Why this fiscal note differs from previous version/comments:

This fiscal note has been updated to reflect FY2023 and the change to the Department of Health.

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Agency: Department of Health and Social Services

Phone: (907)465-6333
Date: 01/21/2022
Date: 01/24/22

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 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.

Note: This fiscal note is marked as indeterminate due to uncertainties associated with predicting future Alaska Healthcare Industry Initiatives; federal regulation changes; and state health care cost containment measurements. The health care industry is evolving with considerable program changes and/or innovative management practices in process at the both state and federal levels.