

CSSB

542

"An Act relating to medical assistance for needy persons; and providing for an effective date."

COMMITTEE REPORT

3/8/76

HOUSE

FINANCE

Mr. Speaker:

Date May 3, 1976

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had CSSB 542

under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- () "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

Susan Sullivan William G. Stewart ✓

William G. Stewart _____

H. B. Boring _____

Members NOT concurring in the Majority report:

Sam Jackson recommends: NO RISE

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Susan Sullivan Chairman



JUNEAU ALASKA

Alaska State Legislature

House

HOUSE HESS COMMITTEE MEETING

MAY 5, 1976

Present: Hackney Parr Osterback
Ostrosky Beirne Sullivan

Testifying: Frank Pauls, Dept. H&SS,
Dr. Schrader, Director, Mental Health
Debbie Staack, legislative affairs, research

HB 881 - Physician Patient Relationship

Committee looked at the CS which this committee had drawn up, decided to move out with no objection.

SCR 84 Ownership of state owned facility - Craig

Dr. Pauls testified for the dept. They are against transferring of ownership. The facility was built with G.O. bond. Dept. feels it is a breach of contract to turnover to city of Craig. Attorney Generals office felt it was also a breach of contract, problem being that there would be a charge for services.

Committee discusses putting in clause that would revert ownership back to state if conditions no met. Conditions being that it must be used as a health care facility,

bill moved out. (Doug is having the amendment drafted upstairs)

CSSB 542 - Medical Assistance for Needy Persons

Dr. Schrader, presented the Dept. position regarding this bill

Debbie explained the fiscal impact

Helen Beirne, moved out with do pass- passed out

FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CSSB 542

effective date

Title: An Act relating to medical assistance for needy persons and providing for an

Requested by: the Governor

Date: February 18, 1976

Return Date Requested: February 23, 1976

Agency: Health & Social Services

Program: Medicaid

II. FISCAL DETAIL

Medicaid Contractual; General Relief-Medical Contractual; State-Operated Community Mental

Budget Request Unit(s) Affected: Health Services; Community Mental Health Services

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	234.4	517.34	689.05	757.9	833.75
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	234.4	517.34	689.05	757.9	833.75

B. FUNDING: (Thousands of dollars)

GENERAL FUND	(156.7)	(386.0)	(490.6)	(605.27)	(696.0)	(857.57)
FEDERAL FUNDS	156.7	620.4	1,007.6	1,294.3	1,453.9	1,691.3
OTHER	0	0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	0/0	0/0	0/0	0/0	0/0	0/0
MAN MONTHS (P./T.)	0/0	0/0	0/0	0/0	0/0	0/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

SEE ATTACHMENTS FOR ANALYSIS OF FISCAL NOTE.

FY-76 - 156.70 General Funds monies to be transferred from the General Relief-Medical BRU to the Medicaid BRU.

FY-77 - 386.00 GF monies to be transferred from GR-Med BRU to the Medicaid BRU.
 59.64 GF monies to be transferred from the State-Operated community mental health services BRU to the Medicaid BRU.
 174.76 GF monies to be transferred from the Community-Operated mental health services BRU to the Medicaid BRU.

FY78-81 - GF monies will continue to be transferred from SOCMHS and COMHS

IV. ATTACHMENTS BRU's to the Medicaid BRU.

V. DATE: February 18, 1976 PREPARED BY: William H. Norman

Original: Legislative Finance February 19, 1976 William H. Norman
 cc: Budget and Management DATE 2 APPROVED BY
 Prime Sponsor (First Legislator Named)

Analysis for Fiscal Note

on

Senate Bill No. 542

Addition of new group of Medicaid eligibles

Assumptions and Calculations

This bill would make it possible for the State of Alaska to extend Medicaid to aged, blind and disabled persons who are in Long Term Care Facilities.

There are presently 35 cases that would be affected by this bill. Payment for care of these recipients is currently funded by General Relief-Medical, a state funded program. Therefore, if the bill is passed by March 31, 1975, the state could claim 50% of the \$313,390, (cost of care for 35 persons in long term care facilities during last two quarters of FY-76), in federal matching funds. No additional expenditures by the state will be necessary because funds for care of these individuals is budgeted in the General Relief-Medical BRU.

Projected costs were determined using the following formula:

FY-76 35 cases X \$48.40* per day X 182 days = \$313,390

Fy-77 est. increase of 3 new cases

38 cases X \$55.66 (\$48.40 + 15%)** 365 days = \$772,004

FY-78 est. increase of 4 new cases

42 cases X \$64.01 (\$55.66 + 15%) X 365 days = \$981,273

FY-79 est. increase of 3 new cases

45 cases X \$73.70 (\$64.01 + 15%) X 365 days = \$1,210,548

FY-80 maintenance of 45 cases

45 cases X \$84.75 (\$73.70 + 15%) X 365 days = \$1,392,018

FY-81 maintenance of 45 cases

45 cases X \$97.46 (\$84.75 + 15%) X 365 days = \$1,600,780

No new positions will be necessary by passage of this bill.

* Average combined ICF and SNF rate for FY-76

** Nursing Home rates increase by Approx. 15% each year

X

Addition of a new group of Medicaid eligibles

	Cost of Option	Transfers	Additional Cost (+) or Savings to State (-)
FY-76 (third & fourth quarters only)	\$ 313,390	\$ 313,390 (GR-M Contra- ctual ser.)	\$ -156,695
FY-77	772,004	772,004	-386,002
FY-78	981,273	981,273	-490,637
FY-79	1,210,548	1,210,548	-605,274
FY-80	1,392,018	1,392,018	-696,009
FY-81	1,600,780	1,600,780	-857,568
Funding .			
FY-76	\$156,695 State 156,695 Federal	\$ 313,390 State	
FY-77	386,002 State 386,002 Federal	772,004 State	
FY-78	490,637 State 490,637 Federal	981,273 State	
FY-79	605,274 State 605,274 Federal	1,210,548 State	
FY-80	696,009 State 696,009 Federal	1,392,018 State	
FY-81	857,568 State 857,568 Federal.	1,600,780 State	

All transfers are from the General Relief-Medical budget and are found under nursing home services.

X

Analysis for Fiscal Note
on
Senate Bill No. 542

Clinical Services Option

	Cost of Option	General Fund Transfers From Mental Health	Federal Medicaid Match
FY 77	468.8	234.4*	234.4
FY 78	1,034.68	517.34	517.34
FY 79	1,378.1	689.05	689.05
FY 80	1,515.8	757.9	757.9
FY 81	1,667.5	833.75	833.75

Currently the State is paying 100% for a majority of the mental health clinical services rendered to Medicaid eligibles seen at Community Mental Health Centers. By adding a clinical services option and limiting it to State-approved outpatient Mental Health Clinics in receipt of Grant money under AS 47.30.520 - 620 (Community Mental Health Enabling Act) and State Operated Clinics, the State can claim 50% Federal match for those services currently rendered to Medicaid eligible clients.

Funding would be based on a cost-related basis with each clinic billing according to their budget. At the end of the fiscal year cost-settling for Medicaid would occur as well as with the State Grant monies. Under AS 47.30.520 - 620 the matching formula for the clinics is based on 75% State funding and 25% local funding with poverty areas as 90% State funding and 10% local funding. Eligible expenses for matching would then be computed by subtracting any federal grants from the actual expenditures allowing a maximum of 25% of the Medicaid receipts collected by the clinic as local match and stipulating that local match remain at least the same dollar amount as when the clinic first adopts the Title XIX clinical service option.

Example: Based on the budget for FY 77 for the Anchorage Mental Health Clinic they will spend \$559,750. According to their statistics the clinic will see about 1,300 clients of which 221 will be eligible for Medicaid. (Each client is seen on the average of 5.5 times at a rate of \$47.00 per hourly visit.) On the basis of these computations, 17% of the case load is Medicaid eligible accounting for \$95,156-General Fund monies of which 50% or \$47,578 could be federally matched. The following year only \$23,789 of the Medicaid monies received by the clinic can be used for local match. According to their projected budget, they will need \$140,625 local monies.

If outpatient community mental health centers services are Medicaid reimbursable, it is conceivable that the percentage of Medicaid clients served by the clinics would increase the first year as services become available in rural areas and then level off as a greater percentage of the eligible clients are served. As of January 1976, there were 15,604 Medicaid eligibles in the State. (It is expected that 10% or 1,560 of them would be in need of mental health services in any one year. That would meet a theoretical maximum of \$468,000 of service which would be 50% Federally reimbursable at \$234,000.)

*In FY 77 approximately 59.64 General Fund monies would be transferred from the State-Operated Mental Health Centers BRU and 174.76 from the Community-Operated Mental Health Centers BRU to the Medicaid BRU.

Clinic	XIX Eligibles	FY 77		FY 78		FY 79	
		Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available
Anchorage (1)	1%	559,750	47,578	62,500	47,812	625,000	53,125
Barrow (3)	75%	25,740	9,652	55,000	20,625	82,500	36,937
Bethel (3)	75%	64,460	24,172	121,000	45,375	143,000	53,625
Fairbanks (5)	25%	299,200	37,400	50,000	43,750	400,000	50,000
Ketchikan	20%	243,000	24,300	75,000	37,500	437,500	43,750
Homer (Kenai) (2)	20%	44,000	4,400	62,500	6,250	93,750	9,375
Juneau	18%	247,100	22,239	112,500	28,125	375,000	33,750
Kodiak	13%	132,000	8,580	181,250	11,781	212,500	13,812
Kotzebue (1)	75%	38,720	14,520	77,000	28,875	116,000	41,250
Kona (3)	75%	83,820	31,432	110,000	41,250	143,000	53,625
Seward (2)	20%	44,000	4,400	62,500	6,250	93,750	9,375
Sitka (2)	18%	44,000	3,960	62,500	6,250	93,750	8,437
Skagway-Haines (4)	18%	19,625	1,766	37,500	3,375	62,500	5,625
Palmer (4)	18%			62,500	5,625	125,000	11,250
Tanana Chiefs (4)	75%			110,000	41,250	165,000	61,875
Aniak (4)	75%			49,500	18,562	71,500	26,812
McCrath (4)	75%			49,500	18,562	71,500	26,812
Gleennallen (4)	75%			55,000	20,625	88,000	33,000
Dillingham (4)	75%			49,500	18,562	71,500	26,812
Cold Bay (4)	75%			82,500	30,937	110,000	41,250
Valdez (4)	18%			56,250	5,062	81,250	7,312
Cock Inlet	75%			82,500	30,937	110,000	41,250
TOTAL FEDERAL			234,399		517,340		669,059

- 1) Cost of operation is based on 75% State funding and 25% local match - in poverty areas 90% State funding 10% local match as projected in budget.
- 2) Statistics received from these clinics are based on 3 to 4 months of operation.
- 3) Statistics received from these clinics are based on discussions with representatives of those poverty areas - currently the U.S.P.H.S. is providing services free of charge and if clinical services were offered to Medicaid Eligibles, the percentage of those seen at the Mental Health Clinics would probably increase 75% or to 80% because of the availability of services for the Medicaid Eligibles.
- 4) Not in operation so no statistics are available. Using average percentage of XIX Eligibles as 18% non-poverty areas and 75% poverty areas.
- 5) State Operated Clinics.

POSITION PAPER
ON
SENATE BILL NO. 542

"An Act relating to medical assistance for needy persons; and providing for an effective date.

Passage of Senate Bill No. 542 would make three significant changes to the present Medicaid program. Amending AS 47.07.020 (b) by adding a new paragraph (6) would make a new group of persons eligible for Medicaid. Amending AS 47.07.030, medical services to be provided, will add prescribed drugs and clinic services to those services available to Medicaid eligibles.

Amending AS 47.07.020 (b) by adding paragraph (6) makes persons in hospitals and nursing homes eligible for Medicaid. The State can then claim 50% of the cost of care for these individuals in federal matching funds. This will mean a savings to the State, as the cost of care for these individuals is now paid for from the General Relief Medical Program, a State funded program.

The second proposed change to the Medicaid program is the addition of "prescribed drugs" to those services covered by Medicaid. It is recommended that the bill be changed in the following way:

Page 1, line 24 - delete words "prescribed drugs".

This action is requested because of new federal regulations affecting reimbursement and upper limits of payment for drugs under the Medicaid program. The new federal regulations were published after submission of proposed legislation from this Division to the Commissioner's Office.

Preliminary study of the new regulations indicates that administrative costs of development and implementation of the drug option under Medicaid will be high. Because interpretive guidelines on the new regulations have not been published yet, exactly what requirements states must meet is not known.

Therefore, in view of the fact that an adequate, successful drug program is presently operating in the State, it is recommended that the drug option be deleted from Senate Bill No. 542. This option will be further studied for possible inclusion in the Medicaid program at a future date.

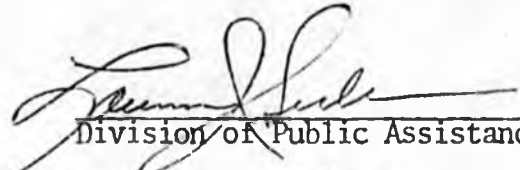
The third proposed change to the Medicaid program is the addition of "clinical services", defined as State-approved outpatient community mental health services, outpatient alcoholism and alcohol abuse services and outpatient drug abuse services. This will enable the State to claim 50% federal matching monies for the cost of seeing Medicaid eligible persons at the clinics. At present, the State is paying 100% for these clinical services rendered to Medicaid eligible persons on a limited basis through General Relief Medical, as well as indirectly through Grant-in-Aid monies to the communities.

It is recommended that the bill be amended to read:

Page 1, line 28, 29 - page 2, line 1,2 delete and substitute the following:
(3) "clinic services" means services which are restricted to State-approved outpatient community mental health services in receipt of Grant monies under AS 47.30.520-620, and State-Operated Mental Health Clinics.

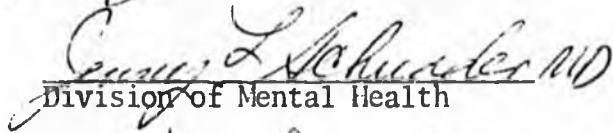
This action is requested because of the lack of available statistics to make an accurate projection of the fiscal implications for Alcoholism and Alcohol Abuse and Drug Abuse clinics and because of the need to limit mental health services to those in receipt of Grant-in-Aid monies.

Recommended:


Division of Public Assistance

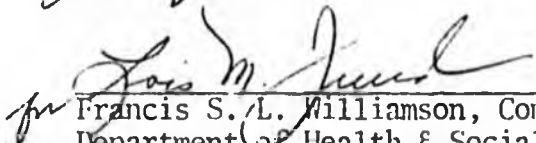
1/30/76
Date

Concurrence:


Division of Mental Health

1/30/76
Date

Approved:


for Francis S. L. Williamson, Commissioner
Department of Health & Social Services

1/30/76
Date

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

86

I. REQUEST
 Bill No. Senate Bill No. 542
 Title: "An Act relating to medical assistance for needy persons; and providing for an effective date"
 Requested by: the Governor Date: January 30, 1976
 Return Date Requested:
 Agency: Health & Social Services Program: Medicaid

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Medicaid-Contractual; General Relief-Medicaid-Contractual; State-Operated Community Mental Health Services; Community-Operated Mental Health Services

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3
TOTAL	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
FEDERAL FUNDS	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3
OTHER	0	0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
MAN MONTHS (P./T.)	01	01	01	01	01	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This fiscal Note on Senate Bill No. 542 does not include any monies for the drug option. The position paper on this bill requests that the bill be amended to delete the drug option from Medicaid services.

See attachments for analysis of Fiscal Note.

IV. ATTACHMENTS

V. DATE: 30 Jan 76 PREPARED BY: Walter G. ...

Original: Legislative Finance
 Budget and Management
 cc: Print Sponsor (First Legislature Name)

FY note on 85