

S

B

8

1

7

COMMITTEE REPORT

5/13

HOUSE

(5)

FURTHER: FINANCE

5/8/82

Date: 5/12/82

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES

has had CSEB 817(Fin)

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

under consideration and reports it back as follows:

do pass do not pass

do pass with attached amendments(s)

replace with CS for _____ same title

and recommends _____ new title

AND attaches a "Letter of Intent" New Fiscal Note

reports it back without recommendation *indicated* Fiscal Note attached *Same*

referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Terry Martin

Arthur Beitz

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Better Care - No Rec

Arthur Beitz
CHAIRMAN

COMMITTEE REPORT

HOUSE

FURTHER:

5/15
Rules

(11)

5/13/82

Date: 5-15-82

Mr. Speaker:

The Committee on Finance has had CSSB 817(Fin)

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

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with [#]CS for CSSB 817 (Finance) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
9185.2
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Walter Adams
Hansen
RB Pittman
Stephens
Charles Curran
Sam Carter
Jim Fuller

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Mr. Adams - No Rec

Walter Adams
 CHAIRMAN

AMENDED TITLE: CSSB 817(FIN)
 AN ACT RELATING TO MEDICAL ASSISTANCE FOR NEEDY PERSONS;
 AND PROVING FOR AN EFFECTIVE DATE

GENERAL DOLLARS:

\$0 (F. NOTE)

PRIME SPONSOR: SENATE HESS COMMITTEE.

OTHER DOLLARS:

\$10,774,700

CO-SPONSORS:

CURRENT STATUS: 5/15/82 IN (H) RULES

817 SENATE ACTION

11:02 5/17/82 PAGE 2 OF 3

DATE SEQ PAGE

LEGISLATIVE ACTION

02/23/82	01	0361	FIRST READING -- COMMITTEE REPORTS
04/06/82	02	0903	HESS -- CS03
04/06/82	03	0803	FISCAL NOTLS SEN SUPPL #25
05/06/82	04	1174	FIN -- CS05
05/08/82	05	1209	RLS -- OTHER03
			TAKEN UP IMMEDIATELY
05/08/82	06	1212	SECOND READING
05/08/82	07	1212	FIN CS ADOPTED BY UNAN CONSENT
05/08/82	08	1213	ADVANCED TO 3RD READING BY UNAN CONSENT
05/08/82	09	1213	THIRD READING
05/08/82	10	1213	PASSED BY DIV 15-00-05
05/08/82	11	1213	EFFECTIVE DATE VOTE SAME AS PASSAGE

*** ** **

*** ** *

SB 817 HOUSE ACTION

11:02 5/17/82 PAGE 3 OF 3

DATE SEQ PAGE

LEGISLATIVE ACTION

05/08/82	12	1743	FIRST READING -- COMMITTEE REPORTS
05/13/82	13	1827	HESS -- DP02, NR01
05/15/82	14	1885	FIN -- CS07, NR01
05/15/82	15	1885	FISCAL NOTE HSE SUPPL #57
			RULES
			RULES

*** ** **

*** ** *

To: Rep. Al Adams, Chairman, Finance Committee
From: Nancy Deitrick, Professional Assistant, Senate HESS Committee
Re: SB 817

Because of the current underfunding of the General Relief Medical Program, SB 817 becomes crucial to the Department of Health and Social Services to protect those people most at risk against the use of GRM for Emergency Only Regulations currently planned.

SB 817 adds two new groups to the list of Medicaid eligibles:

Low income children - those who do not qualify for the Medicaid AFDC category primarily because they are in two parent families. The Department predicts the addition of 4,000 children, about 3,300 of whom are native and would receive 100% Federal funding in IHS facilities.

Low income pregnant women - It is especially important to provide quality prenatal care in Alaska considering the high incidence of congenital abnormalities and Fetal Alcohol Syndrome.

SB 817 also changes eligible services to Medicaid from GRM to maximize the use of Federal dollars rather than spending 100% state funds for these services as in the past.

SB 817 changes the definition of "clinic services" to allow inclusion of the three IHS clinics in Juneau, Ketchikan and Fairbanks in the Medicaid program. These three clinics will be able to collect about \$1.5 million a year of totally federal dollars.

SB 817 gives a priority list for funding optional services and categories if funding should be insufficient to meet all costs. This list was worked out cooperatively with the Department and the Senate HESS Committee.

SB 817 has no fiscal impact since the plan is to use available GRM funds to pay for inclusion of the two new eligible groups, to buy Medicare Part B for low income elderly, pick up transportation funding dropped by the IHS, and make up the 2% difference in federal match. Although there are no additional General Funds requested, the state will pick up over \$9 million federal dollars and thus maximize the Medicaid program.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS for Senate Bill 817 (Finance)
 Title: AN ACT RELATING TO MEDICAL ASSISTANCE FOR NEEDY PERSONS
 Requested by House HESS Committee Date _____

II. FISCAL DETAIL
 Agency Affected Health & Social Services
 Program Category Affected Health
 BRU, Program, Or Subprogram(s) Affected MEDICAL ASSISTANCE
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		210.2	231.2	254.3	279.8	307.7
200 TRAVEL		7.7	8.5	9.3	10.3	11.3
300 CONTRACTUAL		79.5	87.4	96.1	105.8	116.3
400 COMMODITIES		3.0	4.3	4.7	5.2	5.7
500 EQUIPMENT		7.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		8876.0	10231.6	11783.0	13568.4	15623.9
TOTAL		9185.2	10563.0	12147.4	13969.5	16064.9

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		9185.2	10563.0	12147.4	13969.5	16064.9
OTHER (Specify Source)						

POSITIONS

FULL TIME		0	0	0	0	5
PART TIME						
TEMPORARY						

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

*The Medical Assistance BRU would be created by combining the present Medicaid and General Relief Medical BRUs. This and the passage of CSSB 817 would permit the Department of Health and Social Services to claim additional federal funds for Medicaid without using any additional state funds.

IV. DATE May 15, 1982 PREPARED BY Rod Betit Rod Betit, Director
 AGENCY HSS DIVISION OF PUBLIC ASSISTANCE
 Original: Legislative Finance PHONE 465-3355
 cc: Budget and Management
 Prim. Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/19/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, Or Subprogram(s) Affected General Relief Medical
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)
TOTAL		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

Entire General Relief Medical budget transferred to new budget request unit titled "Medical Assistance" and to the Eligibility Determination budget request unit to provide funding for administrative costs associated with the addition of new eligibles to the Medicaid program.

IV. DATE 3/22/82 PREPARED BY David M. Davidson
 AGENCY Division of Public Assistance
 Original: Legislative Finance PHONE 465-3347

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
Title An Act relating to medical assistance for needy persons
Requested by Senate HESS Committee Date 3/19/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected Health
BRU, Program, Or Subprogram(s) Affected Medicaid*
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		22068.5	25378.7	29185.5	33563.4	38597.9
TOTAL		22068.5	25378.7	29185.5	33563.4	38597.9

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		11442.3	13158.6	15132.4	17402.3	20012.6
FEDERAL FUNDS		10626.2	12220.1	14053.1	16161.1	18585.3
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

Transfer of State General Funds from General Relief Medical budget request unit and claiming of federal matching funds.

*The Medicaid budget request unit will be changed to the "Medical Assistance" budget request unit to reflect inclusion of Medicaid and General Relief Medical in one budget request unit.

IV. DATE 3/22/82 PREPARED BY David M. Davidson
AGENCY Division of Public Assistance
Original: Legislative Finance PHONE 465-3347

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
Title An Act relating to medical assistance for needy persons
Requested by Senate HESS Committee Date 3/19/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected Social and Economic Assistance
BRU, Program, Or Subprogram(s) Affected Eligibility Determination
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		210.2	231.2	254.3	279.8	307.7
200 TRAVEL		7.7	8.5	9.3	10.3	11.3
300 CONTRACTUAL		79.5	87.4	96.1	105.8	116.3
400 COMMODITIES		3.9	4.3	4.7	5.2	5.7
500 EQUIPMENT		7.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		309.2	331.4	364.4	401.1	441.0

FUNDING (Thousands of Dollars)

GENERAL FUND		160.7	172.3	189.5	208.6	229.3
FEDERAL FUNDS		148.5	159.1	174.9	192.5	211.7
OTHER (Specify Source)						

POSITIONS

FULL TIME		6	6	6	6	6
PART TIME						
TEMPORARY						

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

State General Funds transferred from General Relief Medical budget request unit to Eligibility Determination to provide funding for administrative costs associated with the addition of new eligibles to the Medicaid program.

IV. DATE 3/19/82 PREPARED BY David M. Davidson
AGENCY Division of Public Assistance
Original: Legislative Finance PHONE 465-3347
cc: Budget and Management

MEDICAID/GENERAL RELIEF MEDICAL
FISCAL AND PROGRAM ADJUSTMENTS--FY 83

TOTAL MEDICAID	STATE FUNDS	FEDERAL FUNDS	DESCRIPTION OF PROGRAM CHANGE	GEN RELIEF MEDICAL	NEW PERSONS COVERED
\$50559.4	\$23154.0	\$27405.4	FY 83 Budget Request after reductions	\$11603.0	
			Deduction for Catastrophic Illness	(2158.4)	
50559.4	23154.0	27405.4		9444.6	
3102.6	1613.4	1489.2	Transfer of services from GRM to Medicaid (increase GRM amount by 50% for potential crossover)	(1613.4)	
53662.0	24767.4	28894.6		7831.2	
467.6	243.2	224.4	Addition of coverage for pregnant women	(243.2)	191
54129.6	25010.6	29119.0		7588.0	
1500.0		1500.0	Addition of IHS clinic services		
55629.6	25010.6	30619.0		7588.0	
6520.5	3390.7	3129.8	Addition of matchable children	(3,390.7)	700
62150.1	28401.3	33748.8		4197.3	
3346.6		3346.6	Addition of 100% federal match children		3300
65496.7	28401.3	37095.4		4197.3	
270.2	111.5	108.7	GRM savings from Alaska participation in Medicare Part B buy-in	(111.5)	
65716.9	28512.8	37204.1		4085.8	
1355.2	1007.7	347.5	Elimination of Medicaid penalty caused by change in rate of federal funding	(1007.7)	
67072.1	29520.5	37551.6		3078.1	
1000.0	520.0	480.0	Medicaid trans due to IHS funding cuts	(520.0)	
68072.1	30040.5	38031.6		2558.1	
309.2	160.7	148.5	Admin costs of adding children	(160.7)	
68381.3	30201.2	38180.1	Balance after adjustments	2397.4	

MEDICAID/GRM EVALUATION WORKSHEET

MEDICAID

GENERAL RELIEF MEDICAL

Eligibility Groups	Service Categories	Rate Schemes
LEGALLY NEEDY	FED MANDATORY	¢ Raise/lower APA
DC cash household	\$ Hospital	¢ Raise/lower AFDC
I cash household	\$ Physician	Hospital rates
A cash household	\$ Skilled nursing	LTC rates
DC institutional	\$ Lab and X-ray	Raise/lower phys pymt
SS foster children	\$ Medical trans	Raise/lower others
I under 21 class	\$ Home health care	Limit access to svcs
I/II under 21 class	\$ EPSDT/incl dental	Prior auth of IP svcs
regnant women	\$ Family planning	Prior auth of OP svcs
A-DC children	\$ Rural hlth clinic	Limit IP svcs to emgcy
DC-IP household	FED OPTIONAL	Limit OP svcs to emgcy
retaker relatives	1 Intermed nursing	Copymt on opt svcs
	2 Prescribed drugs	Copymt on mand svcs
LEGALLY NEEDY	3 Eye care/glasses	
A-DC children	4 Speech, hearing	
regnant women	5 PT/OT	
SS foster children	6 ICF/MR	
A-type adults	7 Psych facility	
DC-type household	Clinic services:	
DC-IP-type household	8 Mental health	
retaker relatives	* Birthing ctrs	
	* Physician (IHS)	
	9 Surgical care ctrs	
	10 Nurse midwife	
	11 Med supplies & eqpt	
	* Noninstl LTC	
	* Personal care	
	* Podiatrist	
	* Dentures	
	* Dental	
	* Chiropractic	
	* Diag, rehab, etc	
	* Pvt duty nursing	
	* Physician assts	
	* Pvt psychologists	
	* Nurse practitioners	

Eligibility Groups	Service Categories	Rate Schemes
1 AFDC-UP children	1 Hospital	Raise/lower standards
2 Single employables	2 Physician	Raise/lower resources
3 Employable couples	3 Prescribed drugs	Hospital rates
	4 Lab and X-ray	LTC rates
	5 PT/OT	Raise/lower phys pymt
	6 Medical trans	Raise/lower pymt--other
	7 Emergency dental	Limit access to svcs
	8 Med supplies & eqpt	Prior auth of IP svcs
	9 Eye care/glasses	Prior auth of OP svcs
	10 Family planning	Limit IP svcs to emgcy
	11 Abortions	Limit OP svcs to emgcy
	12 Surgical care ctrs	
	13 Speech, hearing	
	14 Skilled nursing	
	15 Intermed nursing	

not covered under Alaska Medicaid program
 Federally-mandated groups of eligibles--not ranked
 Items with numbers are ranked from most important to least important--no

\$--Federally-mandated categories of service--not ranked
 ¢--Payment rates established by Alaska Legislature
 rankings are indicated for changes in rate schemes

Handwritten:
K...
Send to
Fin

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

1. BACKGROUND

The Alaska Medicaid program was created by the Legislature in 1972 and sections in the statutes were created to list all categories of service and groups of eligibles. The original legislation created a program providing basic medical coverage for individuals eligible for cash payments under the Aid to Families with Dependent Children (AFDC) and the Adult Public Assistance (APA) programs, individuals in long term care facilities, and children under supervision of the Department in foster homes and private child-caring facilities. Since 1972, the Legislature has amend the statutes several times to add new groups of eligibles or categories of service.

The new groups of eligibles added to AS 47.07.020 since 1972 have been institutionalized individuals for whom the state had previously paid all of their cost of care. By adding them to the Medicaid program, the state was able to receive federal funds to partially offset state funds.

The new categories of service added to AS 47.07.030 since 1972 have been fairly low cost services when compared to the total Medicaid program. Several of the new categories of service had the effect of permitting the state to receive federal funds to partially offset state funds being used to provide services.

II. NEED FOR CHANGES IN MEDICAID AND GRM

At this time the Department is anticipating having to make reductions in the Medicaid and General Relief Medical (GRM) programs during FY 83 as the funds requested will not cover expenditures based on historical usage. Since the Medicaid categories of service and groups of eligible are set out in statute, the only flexibility available to the Department is to limit access to services or reduce payment to providers. Since GRM categories of service and eligibility requirements are not in statute, the Department has more flexibility to make program changes. Attachment C breaks down the Medicaid and GRM programs to allow identification of the areas in each program where the Department can make changes to remain within expected FY 83 program budgets without passage of SB 817.

For Medicaid, the Department has proposed: (1) limiting access to providers in an attempt to reduce the amount of services individuals receive; and (2) reducing the rates of payment to hospitals and long term care facilities so that in many cases, payment will be below the amount that would be paid if the Department was paying for the full cost of providing care to Medicaid eligibles.

For GRM, the Department has proposed: (1) limiting GRM eligibility to one two-month period of coverage during any 12 months except for

emergency medical needs; and (2) reducing the rates of payment to hospitals and long term care facilities as proposed under Medicaid. It should also be added that the income and resource limits under the GRM program have not been increased since 1977 and are far below the limits for Medicaid.

SB 817 could be used to permit the Department to make adjustments in the Medicaid and GRM programs if the changes discussed below are made in the bill and in the FY 83 appropriation for the Medicaid and GRM programs. These proposed changes are based on the assumption that one primary goal of the Medicaid and GRM programs should be to provide financial assistance to those persons least able to provide for their own needs.

The present Medicaid program provides coverage for financially needy aged, blind, and disabled individuals through their eligibility for APA. Coverage is also available for financially needy children in AFDC households where there is only one parent. However, because the Alaska AFDC program does not provide financial assistance to families with two employable adults regardless of their financial need, many needy children are not receiving the full range of health care services available under Medicaid. While a limited range of health care services are available under GRM to children in families without other medical resources, few truly needy children are covered by GRM because income and resource standards under GRM are considerably lower than they are for Medicaid.

By passage of SB 817, Medicaid coverage for needy children not in AFDC households would be established. This new Medicaid coverage could be provided without new funds if changes are made in the FY 83 appropriation. The GRM budget request unit should be incorporated in the Medicaid budget request unit and specific intent included giving the Department authority to move funds between components in order to comply with the changes made in the Medicaid program as a result of changes made by SB 817. This change in budgeting would permit the Department to use GRM as the state matching funds needed to earn federal Medicaid funds. Attachment A contains a draft summary sheet for a Medical Assistance BRU to replace the Medicaid and GRM BRUs, with proposed intent language to accomplish this change.

The remaining GRM funds would be used for three things: (1) to eliminate the Medicaid penalty in the FY 83 budget and continue providing Medicaid services at present levels without limiting access to health care services and without reducing the rates of payment to hospitals and long term care facilities; and (2) to absorb Medicaid transportation costs associated with reduction in IHS funding; and (3) to continue the GRM program as an emergency medical assistance program for single employable individuals and employable couples with or without children, to the extent permitted by available funding.

The theory behind the second proposal is based on the Department's experience administering the Catastrophic Illness program. Except in cases of extremely costly medical care, individuals usually have the ability to work out some type of payment agreement with health care providers, often over an extended period of time if there is some reasonable expectation of payment. While it may be desirable for the state to provide that payment on behalf of needy employable individuals, funding limitations often force priorities to be assigned. In the case of state funding for health care services, individuals least able to

provide for themselves should receive a higher priority rating than employable individuals.

III. PROPOSED AMENDMENTS TO SB 817

Section 1 should be amended to eliminate proposed subsection (9). Subsection (9) would add employable adults and, given the present state funding limitations, it would be a better use of scarce resources to provide a full range of health care services, including preventive screening services and dental care, to a maximum number of needy children.

Section 2 would create a Medicaid medically needy program. While this would provide some financial assistance for individuals with income above the level presently covered by Medicaid, it should not be included in SB 817 because it represents new costs. Instead, Section 2 should be limited to adding pregnant women under Medicaid, coverage which is presently provided under GRM for a limited number of individuals could be expanded with funds from the GRM program.

Sections 4 and 5 contain a drafting error which causes the definition of clinic services to be moved from AS 47.07.080, the definitions section, to AS 47.07.030, the section listing services covered under Medicaid. The amended definition of clinic services should remain in the definitions section.

IV. EFFECT OF SENATE BILL NO. 817

Section 1 of the bill amends AS 47.07.020 by adding all children with income below the need standards for payment under the AFDC program, but who are not eligible because they do not meet the definition of dependent children under the AFDC program as discussed above

Section 3 would transfer from GRM to Medicaid the cost of providing the following categories of service to Medicaid eligible individuals: physical and occupational therapy, prescribed drugs, and prosthetic devices and medical supplies. In addition, SB 817 would give the Department increased flexibility in the area of long term care services.

The Department has projected some cost savings resulting from this amendment. Since the Medicaid program permits eligible individuals free choice of medical providers, individuals eligible for Medicaid and the Indian Health Service can choose between private providers and IHS facilities when they seek medical treatment. While experience has shown that the "crossover" to private health care providers under Medicaid is a small percentage of total Medicaid-IHS dual eligibles, changes in IHS funding or policies could result in increased crossover.

With the passage of the Omnibus Reconciliation Act of 1981, Congress provided increased flexibility to states in the management of the Medicaid program. States may now receive federal funds for certain noninstitutional services when these services are provided to keep an individual out of a long term care facility. The following home and community-based services (other than room and board) may be covered

under the long-term care noninstitutional category of service: case management, homemaker and home health aide, personal care, adult day health, habilitation, respite care, and minor physical adaptation to an individual's home.

While there will probably be no cost savings initially by the addition of this new category of services, over the next several years the rate of growth of long term care institutional services should decrease as individuals receive services at home, in residential care facilities, and other less costly living situations rather than in institutions. While the fiscal note does not reflect any increase in cost to implement this provision, it should be clearly stated that the Department be permitted the flexibility to transfer funds between BRUs and to use Medicaid program funds to provide the case management services necessary to make the program work. The Medicaid nursing home budget request for FY 83 is \$21,831,300 so even the deferral of as little as 5 percent of that total could provide over \$1 million for noninstitutional services.

Sections 4 would revise the definition of clinic services to add physician clinics. While this will not add any new private providers to the Medicaid program, it will permit clinics owned by the Indian Health Service to receive 100 percent federally-funded reimbursement under Medicaid. Without a change in statute, these clinic will continue to be barred from collecting approximately \$1,500,000 in federal Medicaid funds. Since IHS in Alaska is experiencing funding problems, these new federal Medicaid funds should permit clinics to continue operating at their historical service levels and help avoid increasing demand for services from private providers which would be covered under Medicaid using state and federal funds rather than federal funds only.

V. DEPARTMENTAL POSITION

The Department supports SB 817 with the amendments to the bill and the Medicaid and GRM FY 83 appropriations proposed by this position paper.

Recommended by: Rod Betit by 1020
Rod Betit, Director
Division of Public
Assistance

Date: 3/19/82

Approved by: Helen U. Beirne
Helen U. Beirne
Commissioner, Dept. of
Health & Social Services

Date: 3-22-82

