

SB395

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/26/92

FURTHER:

DATE TURNED INTO OFFICE: 03/05/92

The Finance Committee considered

SENATE BILL NO. 395

"An Act relating to Medicaid coverage for certain persons under the age of 21 for whom an adoption assistance agreement is in effect; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)  
or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_  
 attaches amendment(s)

- same title  
 new title  
 technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

- do pass  
 do not pass  
 no recommendation  
 individual recommendations

**NEW FISCAL NOTES:** Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes \_\_\_\_\_

appropriation--no fiscal note

**PREVIOUS FISCAL NOTES:** Dept/Date

zero fiscal notes \_\_\_\_\_

fiscal notes (326.1) HESS 02/25/92  
326.1 HESS 02/26/92

DO PASS:

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

*[Signature]*

1. *[Signature]*

Co-Chair: Signature/Recommendation

OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. *[Signature]*

Co-Chair: Signature/Recommendation

**FISCAL NOTE**

No. 1

Bill Version: SB 395

(S) Publish Date: 2-26-92

**STATE OF ALASKA**

**1992 LEGISLATIVE SESSION**

Revision Date: 2/25/92

Department Affected: DH&SS

Title: An Act Relating to Medicaid Coverage .....

BRU: Medical Assistance

Component: Medicaid

Sponsor: Collins

Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 

0	2	2	9
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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	326.1	413.8	523.9	664.2	838.4	1,061.4
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>326.1</b>	<b>413.8</b>	<b>523.9</b>	<b>664.2</b>	<b>838.4</b>	<b>1,061.4</b>

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE FUND SOURCE:</b>	0	0	0	0	0	0
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**FUNDING (Thousands of Dollars)**

GENERAL FUNDS	163.0	206.9	261.9	332.1	419.2	530.7
FEDERAL FUNDS	163.0	206.9	261.0	332.1	419.2	530.7
OTHER FUND SOURCE:	0	0	0	0	0	0
<b>TOTAL</b>	<b>326.1</b>	<b>413.8</b>	<b>523.9</b>	<b>664.2</b>	<b>838.4</b>	<b>1,061.4</b>

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY:	0	0	0	0	0	0

**Estimate of current year impact:**

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Kimberly B. Busch, Director *Kimberly B. Busch* Phone: 907-465-3355

Division: Medical Assistance Date: 2-25-92

Approved by Commissioner: Theodore A. Nala, M.D., M.P.H

Agency: Health and Social Services *Collins* Date: 2/26/92

Distribution (by Preparer: Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies))

## Fiscal Note Attachment

The Division of Family and Youth Services currently pays a direct monthly reimbursement to adoptive parents to pay for the medical needs of an adoptive child with special medical or rehabilitative needs. This bill would authorize Alaska to add the Medicaid option to provide coverage for these state-subsidized adoptive children. Medicaid would then provide for payment of these children's medical needs, eliminating the need for direct reimbursement from the Division of Family and Youth Services and accessing federal Medicaid funding available to the State at a 50 percent match rate.

The Division of Family and Youth Services will spend \$258,192, all from the state general fund, on direct reimbursement to adoptive parents in FY 92. These funds currently provide payment for medical services averaging \$326 per month to 66 special needs adoptive children. With addition of the Medicaid option to cover this group of children, the FY 93 cost shifts to the Division of Medical Assistance Medicaid program. Then adoptive parents will no longer be reimbursed directly for the child's medical expenses, but will be provided with Medicaid coupons for payment of the child's medical services.

The Medicaid cost in FY 93 will be \$326,112, anticipating a 20 percent growth in the current caseload of 66 children and 5.5 percent medical expense inflation rate. This calculation is detailed below:

FY 92: 66 children X \$326 per month = \$21,516 X 12 months = \$258,192

FY 93        \$326 X 5.5% inflation rate = \$344  
66 children X 20% caseload growth = 79  
79 children X \$344 X 12 months = \$326,112 total funds  
                  \$163,056 GF  
                  \$163,056 FED

FY 94 - 98: For future years, we assume the same caseload and inflation growth rates.

Because this is a Medicaid option, the federal government will contribute 50% of the total costs.

Total savings to the State are the amount of Federal funds (\$163,056 in FY 93).

Cross reference: Fiscal note by the Division of Family and Youth Services

FISCAL NOTE

No. 2

Bill Version: SB 395

(S) Publish Date: 2-26-92

STATE OF ALASKA

1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_

Department Affected: \_\_\_\_\_

Title: An Act Relating to Medicaid

BRU: Family & Youth Purchased Services

Coverage: \_\_\_\_\_

Component: Foster Care

Sponsor: Senator Collins

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO.

1	2	5	2
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(326.1)	(413.3)	(523.9)	(664.2)	(338.4)	(1,061)
MISCELLANEOUS						
TOTAL OPERATING	(326.1)	(413.3)	(523.9)	(664.2)	(838.4)	(1,061)

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING (Thousands of Dollars)

GENERAL FUNDS	(326.1)	(413.8)	(523.9)	(664.2)	(838.4)	(1,061.4)
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY:						

Estimate of current year Impact:

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis.

DFYS saves cost of medical portion of program as shown.

50% Federal participation in funding achieved by this method.

Prepared By: Brian Saylor, Acting Director

Phone: 465-3633

Division: Family and Youth Services

Date: 2/25/92

Approved by Commissioner: Theodore A. Mala, MD, MPH

Agency: Department of Health and Social Services

Date: 2/25/92

FISCAL NOTE ATTACHMENT

SB 395: AN ACT RELATING TO MEDICAID COVERAGE

Adoption Assistance Fiscal note

1. DFYS surveyed 1/3 of their 9/91 state subsidized adoption caseload to determine to the portion of the caseload receiving extra funds for medical needs (26 of the 37, or 73%) and the average payment for medical needs per child (\$326 per month).

Current FY 92 caseload is 90 children; 73% with medical needs = 66.

2. 66 children with special medical needs x average monthly payment of \$326 = \$21,516 x 12 months = \$258,192 in FY 92.

To estimate future growth, we considered the fact the DFYS has had a major permanency planning move over the last two years, to address the problem of children remaining in long term foster care without permanent homes. This effort to "catch up" requires a continued growth rate over the next few years, although it is expected to level off within the next three to five years, as the effects of the permanency planning effort reduce the backlog and the family preservation efforts reduce the number of the new cases. The 20% figure is a best estimate based on current growth patterns. The Anchorage CPI of 5.5% is used to estimate growth in costs.

FY 93: 20% caseload growth = 79 (66 x 20%) Avg. month pymt \$326  
x 5.5% cost increase = \$344 x 79 x 12 = \$326,112

FY 94: 79 x 20% = 95            \$344 x 5.5% = \$363            \$363 x 95 x 12  
= \$413,820

FY 95: 95 x 20% = 114            \$363 x 5.5% = \$383            \$383 x 114 x 12  
= 523,944

FY 96: 114 x 20% = 137            \$383 x 5.5% = \$404            \$404 x 137 x 12  
= \$664,176

FY 97: 137 x 20% = 164            \$404 x 5.5% = 426            \$426 x 164 x 12  
= \$838,368

FY 98: 164 x 20% = 197            \$426 x 5.5% = \$449            \$449 x 197 x 12  
= \$1,061,436

NEW BILL IN  
COMMITTEE 2-26-92

## SENATE BILL NO. 395

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR COLLINS

Introduced: 2/12/92  
Referred: HES, Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to Medicaid coverage for certain persons under the age of 21 for whom  
2 an adoption assistance agreement is in effect; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. AS 47.07.020(b) is amended to read:

5 (b) In addition to the persons specified in (a) of this section, the following optional  
6 groups of persons for whom the state may claim federal financial participation are eligible for  
7 medical assistance:

8 (1) persons eligible for but not receiving assistance under any plan of the state  
9 approved under 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with  
10 Dependent Children) or 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental  
11 Security Income);

12 (2) persons in a general hospital, skilled nursing facility, or intermediate care  
13 facility, who, if they left the facility, would be eligible for assistance under one of the federal  
14 programs specified in (1) of this subsection;

1 (3) persons under age 21 who are under supervision of the department, for whom  
2 maintenance is being paid in whole or in part from public funds, and who are in foster homes  
3 or private child-care institutions;

4 (4) aged, blind, or disabled persons, who, because they do not meet income and  
5 resources requirements, do not receive supplemental security income under 42 U.S.C. 1381 -  
6 1383c (Title XVI, Social Security Act), and who do not receive a mandatory state supplement,  
7 but who are eligible, or would be eligible if they were not in a skilled nursing facility or  
8 intermediate care facility, to receive an optional state supplementary payment;

9 (5) persons under age 21 who are in an institution designated as an intermediate  
10 care facility for the mentally retarded and who are financially eligible as determined by the  
11 standards of the federal aid to families with dependent children program;

12 (6) persons in a medical or intermediate care facility whose income while in the  
13 facility does not exceed 300 percent of the supplemental security income benefit rate under 42  
14 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who would not be eligible for an  
15 optional state supplementary payment if they left the hospital or other facility;

16 (7) persons under age 21 who are receiving active treatment in a psychiatric  
17 hospital and who are financially eligible as determined by the standards of 42 U.S.C. 601 - 615  
18 (Title IV-A, Social Security Act, Aid to Families with Dependent Children);

19 (8) persons under age 21 and not covered under (a) of this section[,] who would  
20 be eligible for benefits under the federal aid to families with dependent children program[,]  
21 except that they have the care and support of both their natural and adoptive parents;

22 (9) pregnant women not covered under (a) of this section and who meet the  
23 income and resource requirements of the federal aid to families with dependent children program;

24 (10) persons under age 21 not covered under (a) of this section who the state  
25 has determined cannot be placed for adoption without medical assistance because of special  
26 need for medical or rehabilitative care and for whom there is in effect a state adoption  
27 assistance agreement under AS 25.23.190 - 25.23.240 [REPEALED].

28 \* Sec. 2. AS 47.07.035 is amended by adding a new paragraph to read:

29 (25) individuals under age 21 who the state has determined cannot be placed for  
30 adoption without medical assistance because of special need for medical or rehabilitative care and  
31 for whom there is in effect a state adoption assistance agreement under AS 25.23.190 -

1 25.23.240.

2 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

Position Paper  
SB NO. 395

"An Act relating to Medicaid coverage for certain persons under the age of 21 for whom an adoption assistance agreement is in effect; and providing for an effective date"

SB No. 395 will add a new group to the list in AS 47.07.020 of persons eligible for coverage under Medicaid in Alaska. This new group consists of children under the age of 21 who have special medical needs, who are therefore difficult to place for adoption, and for whom there is in effect a state adoption assistance agreement. The bill would make this new group the last to be eliminated from Medicaid coverage under AS 47.07.035 if there are insufficient appropriations to cover all optional services and groups.

ANALYSIS

At present, adoptive parents of these children are subsidized by the state under AS 25.23.190 -- AS 25.23.210. State money often pays for the cost of medical care provided for these children. Under the federal Medicaid program, a state may select these children as an optional group to be covered by Medicaid. The statutory changes made by the bill would not change the subsidy payments made to the adoptive parents, and there would be no additional requirements imposed on them. The changes would not increase the number of children served, nor the total amount being paid. SB No. 395 would simply allow one-half of the cost of the medical care being paid for by the state to be paid instead with federal money.

Savings to the State in the first full year alone will exceed \$163,000.

POSITION

The Department supports the passage of SB No. 395. Given Alaska's short and long-term revenue picture, it is important that we take advantage of every legitimate opportunity we have to reduce state expenditures by claiming on federal matching funds for the necessary medical services we furnish to needy Alaskans.

Recommended by: Kimberly B. Busch  
Kimberly B. Busch  
Director  
Div. of Medical Assistance

Date:

Approved by:

Theodore A. Mada, MD, MPH  
Theodore A. Mada, MD, MPH  
Commissioner

Date:

26 Feb 92

# Alaska State Legislature

During Session  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-2828

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During Interim  
3111 C Street, Suite 540  
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## Senator Virginia Collins

SB 395

### Medicaid Coverage for Certain Adoptees

SB 395 would allow the state to collect federal Medicaid dollars for those in state custody who need medical care in order to be placed for adoption.

Persons with special medical needs under the age of 21, of whom the state has custody, are difficult to place for adoption. Under AS 25.23.190 - .210 (relating to adoption assistance), the state pays for the cost of care provided these children and young adults.

With the passage of SB 395, federal Medicaid could be used to provide health care coverage for this group.

The bill would also make this group the last to be eliminated from Medicaid coverage if sufficient funding were not available.

SB 395 would not affect the payments made to parents who adopt these children nor would it place additional requirements on them.

The bill does not increase the number of children being served nor does it increase the total amount being paid for their medical care.

In an era of projected declines in state revenues, SB 395 is a revenue generator, saves the state money, and does not require any expenditure of state monies.

