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# FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 451

Revision Date: \_\_\_\_\_ Dept. Affected Health & Social Services  
 Title: An Act Providing Medicaid Coverage BRU: Alcohol & Drug Abuse Services  
for pregnant women... Component: Administration  
 Sponsor: Senate HESS  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 302

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES	45.4	47.1	48.9	50.7	52.6	54.6
TRAVEL	5.0	5.5	6.0	6.6	7.2	7.8
CONTRACTUAL	5.0	5.3	5.7	6.0	6.2	6.5
SUPPLIES	1.0	1.1	1.2	1.3	1.4	1.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>56.4</b>	<b>59.0</b>	<b>61.8</b>	<b>64.6</b>	<b>67.4</b>	<b>70.4</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:**

(Thousands of Dollars)

GENERAL FUND	28.2	29.5	30.9	32.3	33.7	35.2
FEDERAL FUNDS						
OTHER	28.2	29.5	30.9	32.3	33.7	35.2
<b>TOTAL</b>	<b>56.4</b>	<b>59.0</b>	<b>61.8</b>	<b>64.6</b>	<b>67.4</b>	<b>70.4</b>

**POSITIONS:**

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME:						
TEMPORARY						

Estimate of current year impact:

**ANALYSIS:** (Attach a separate page if necessary)

See attached analysis

Prepared by: Suzanne W. Perry *SB*  
 Division: Alcoholism & Drug Abuse

Phone: 465-2071  
 Date: March 20, 1992

Approved by: Commissioner: Theodore A. Mala, MD, MPH *[Signature]*  
 Agency: Department of Health and Social Services

Date: March 20, 1992

Distribution (by preparer):  
 Legislative Finance      OMB  
 Legislative Sponsor      Impacted Agency(ies)  
 Requestor

# Fiscal Note

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. SB 451

Revision Date: _____	Dept. Affected <u>Health &amp; Social Services</u>
Title: <u>An Act Providing Medicaid Coverage for pregnant women...</u>	BRU: <u>Alcohol &amp; Drug Abuse Services</u>
Sponsor: <u>Senate HESS</u>	Component: <u>Alcohol &amp; Drug Abuse Grants</u>
Requestor: _____	COMPONENT SERIAL NO. <u>1239</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING	FY93	FY94	FY95	FY96	FY97	FY98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	<38.1>	<83.8>	<92.2>	<101.4>	<111.6>	<122.7>
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<38.1>	<83.8>	<92.2>	<101.4>	<111.6>	<122.7>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	<38.1>	<83.8>	<92.2>	<101.4>	<111.6>	<122.7>
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<38.1>	<83.8>	<92.2>	<101.4>	<111.6>	<122.7>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

**ANALYSIS:** (Attach a separate page if necessary)

See attached analysis

Prepared by: Suzanne Perry *SP*  
 Division: Alcoholism & Drug Abuse  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health and Social Services *T. Mala*

Phone: 465-2071  
 Date: March 20, 1992  
 Date: March 20, 1992

Distribution (by preparer):  
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 Requestor

SB 451  
Fiscal Note Analysis

There are two primary treatment facilities which regularly treat pregnant women. There is one treatment center which is exclusively for pregnant women, and there is one post-treatment (half-way house) facility for substance abusing women.

The costs of treatment in these facilities are as follows:

1. Juneau Recovery Unit (co-ed facility) \$231/bed/day  
(specialized hospital), average length of stay 90 days
2. Reflections \$96/bed/day  
This is a 12 bed women's only facility. Pregnant women get priority. Average length of stay 90 days
3. Dena A Coy \$125/bed/day  
This is a pregnant women's only 18 bed facility. Average length of stay 200 days (This facility is primarily IHS funded. This refinancing effort would not alter the amount of federal IHS funds)
4. New Dawn (Alaska Women's Resource Center) \$70/bed/day  
This is a 10 bed women's only halfway house or post-treatment facility. Pregnant women get priority if they refuse Dena A Coy or are not accepted for some reason. Average length of stay 120 days.

The average cost is \$130/bed/day if all facilities are included. If only the primary treatment facilities are included, the average cost is \$150/bed/day.

As medicaid will not pay for room and board costs, we estimate treatment costs to be 70% of the total cost. Therefore, of a total cost of \$150/bed/day, \$105 would be medicaid reimbursable.

The assumptions which were used to develop the fiscal impact on grants include the following:

FY 93 -- six months of regulation development, and program training followed by six months of actual client activity.

-- It is estimated that each year would see a 10% increase over the initial year.

-- JRU saw 3 pregnant women during the year with each remaining in treatment for 90 days, their cost would be \$43.7.

-- Reflections saw 6 pregnant women during the year with each remaining in treatment for 90 days, their cost would be \$24.2.

-- Dena A Coy saw 6 pregnant women during the year with each remaining in treatment for 200 days, their cost would be \$105.0.

-- New Dawn (AWRC) saw 6 pregnant women during the year with each remaining in treatment for 120 days, their cost would be \$17.6.

The Division of Alcoholism and Drug Abuse recently began collecting information on pregnancy status of women. It is not possible to determine from available information how many of these women were medicaid eligible.

Substance abuse treatment for pregnant women is a relatively new approach, and targeting medicaid eligible women has not historically been done.

During the transition period, one full year after the regulations are effective, it is anticipated that treatment centers would be required to hire and train additional staff to handle medicaid billings. While this staff would not necessarily be full time, it is anticipated that a part-time person would be necessary. Therefore, a retention of 20% of grant funds would be required. That is, for each \$100 of medicaid to be reimbursed, \$20 of grant funds would not be supplanted, but would be retained.

It is also anticipated that the Division of Alcoholism and Drug Abuse would require a staff specialist in medicaid to assist programs with this effort. This position would be located in Anchorage as three out of four of the programs currently seeing pregnant women are located in Anchorage. This position would be an Administrative Assistant II at a range 14. This position would be able to provide written and on-site technical assistance to all programs seeing pregnant women. The current COLA of 3.6% was used for salaries and 5% used for other costs after FY '93. A figure of \$5.0 was used for travel as this is one half of the travel normally required of a Health Facilities Surveyor. It is anticipated that there would be several trips to Juneau, Fairbanks, and perhaps Bethel to assist programs. Contractual and supplies are standard figures used by the Division for budgeting purposes.

It is anticipated that this position would be Medicaid funded.

**FISCAL NOTE**

**STATE OF ALASKA  
1992 LEGISLATIVE SESSION**

BILL NO. SB NO. 451

Revision Date: \_\_\_\_\_  
Title: An act relating to Medicaid coverage for  
for pregnant women...

Department Affected: DH&SS  
BRU: Medicaid  
Component: Medicaid Non-Facilities

Sponsor: Senate HESS  
Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 

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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	53.5	35.7	37.7	39.8	42.0	44.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	95.3	209.6	230.1	253.1	278.4	306.2
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>148.8</b>	<b>245.3</b>	<b>267.8</b>	<b>292.9</b>	<b>320.4</b>	<b>350.5</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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**FUNDING (Thousands of Dollars)**

GENERAL FUNDS	5.8	22.5	24.5	27.0	29.7	32.7
FEDERAL FUNDS	94.9	139.0	151.1	164.5	179.1	195.1
OTHER FUND SOURCE: IA	38.1	83.8	92.2	101.4	111.6	122.7
<b>TOTAL</b>	<b>148.8</b>	<b>245.3</b>	<b>267.8</b>	<b>292.9</b>	<b>320.4</b>	<b>350.5</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.)  
Three Fiscal notes relate to SB 451. See attached analysis.

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

Division: Medical Assistance Date: 3-24-92

Approved by Commissioner: Theodore A. Mala *T. Mala*

Agency: Department of Health and Social Services Date: 3/24/92

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

FISCAL NOTE ANALYSIS  
SB NO. 451

Substance Abuse Rehabilitation Services for Pregnant Women

SB 451 provides rehabilitative services to approved grantees of the Division of Alcoholism and Drug Abuse, and does not to open those service to the private sector at this time. Initially, this services will cover treatment services (not room and board costs) for Medicaid-eligible pregnant women in all of the 4 grantee residential programs that accept or specialize in pregnant women services.

FY 93 costs include one-time system contractual costs for establishing a new service in the Medicaid Management Information System, report modifications, and providers' manuals and training for a total of \$22.5 (75% federal, 25% state general fund match). Contractual costs-also include an RSA with the Division of Alcoholism and Drug Abuse for the 50% federal matching funds for a position in that division (CF DADA fiscal notes).

Because of the need to modify the system, promulgate regulations, and train providers, a start date of 1/1/93 is assumed for this service. FY 93 costs are estimated to pay for rehabilitative services during 2190 resident days, at a total cost of \$95.3 (50% federal, 50% state general fund match).

FY 94 costs are computed at FY 93 x 2 (for a full 12 months) plus a 10% growth in service as capacity grows in residential treatment facilities and as other grantees offering some pregnant women outpatient therapy services enroll as providers. FY 95 and forward, we assume a 10% growth rate.

Contractual costs for claims processing, at \$6.23 per claim, are estimated at \$2.8 for FY 93, \$6.2 for FY 94, and increasing at 10% per year thereafter. Costs are 75% federal, 25% state general fund.

COSTS	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
Contractual-DADA	28.2	29.5	30.9	32.3	33.7	35.2
Contractual-Claims	25.3	6.2	6.8	7.5	8.3	9.1
Grants/Claims	95.3	209.6	230.1	253.1	278.4	306.2
Total	148.8	245.3	267.8	292.9	320.4	350.5
REVENUE						
Federal	94.9	139.0	151.1	164.5	179.1	195.1
IA-DADA	38.1	83.8	92.2	101.4	111.6	122.7
New Med. SGFM	15.8	22.5	24.5	27.0	29.7	32.7
Total	148.8	245.3	267.8	292.9	320.4	350.5

"New Medicaid SGFM" is the total net new cost to the State of SB No. 451.

FISCAL NOTE ANALYSIS  
SB NO. 451

The potential fiscal advantage to the grants system in DADA is the difference between the Medicaid payments the system receives (grants/claims amount), minus the transferred funds from DADA:

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
Medicaid Payment	95.3	209.6	230.1	253.1	278.4	306.2
Minus IA	38.1	83.8	92.2	101.4	111.6	122.7
Potential Advantage	57.2	125.8	137.9	151.7	166.8	183.5

## SENATE BILL NO. 451

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Introduced: 3/18/92  
 Referred: HES, Finance

## A BILL

## FOR AN ACT ENTITLED

1 "An Act relating to Medicaid coverage for pregnant women; reordering the priorities  
 2 granted to optional services under the Medicaid program; and providing for an effective  
 3 date."

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

5 \* Section 1. AS 47.07.030(b) is amended to read:

6 (b) In addition to the mandatory services specified in (a) of this section, the department  
 7 may offer only the following optional services: case management and nutrition services for  
 8 pregnant women; substance abuse rehabilitative services for pregnant women; personal care  
 9 services in a recipient's home; emergency hospital services; long-term care noninstitutional  
 10 services; medical supplies and equipment; clinic services; inpatient psychiatric facility services  
 11 for individuals age 65 or older and individuals under age 21; psychologists' services; clinical  
 12 social workers' services; prescribed drugs; physical therapy; occupational therapy; chiropractic  
 13 services; low-dose mammography screening, as defined in AS 21.42.375(e); treatment of speech,  
 14 hearing, and language disorders; adult dental services; prosthetic devices and eyeglasses;

1 optometrists' services; intermediate care facility services, including intermediate care facility  
2 services for the mentally retarded; skilled nursing facility services for individuals under age 21;  
3 and reasonable transportation to and from the point of medical care.

4 \* Sec. 2. AS 47.07.035 is amended to read:

5 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the department finds that  
6 the cost of medical assistance for all persons eligible under this chapter will exceed the amount  
7 allocated in the state budget for that assistance for the fiscal year, the department shall eliminate  
8 coverage for optional medical services and optionally eligible groups of individuals in the  
9 following order:

- 10 (1) clinical social workers' services;  
11 (2) psychologists' services;  
12 (3) chiropractic services;  
13 (4) adult dental services;  
14 (5) emergency hospital services;  
15 (6) treatment of speech, hearing, and language disorders;  
16 (7) optometrists' services and eyeglasses;  
17 (8) occupational therapy;  
18 (9) mammography screening;  
19 (10) prosthetic devices;  
20 (11) medical supplies and equipment;  
21 (12) clinic services;  
22 (13) nutritional services for pregnant women;  
23 ~~proposed~~ (14) case management services for pregnant women;  
24 (15) substance abuse rehabilitative services for pregnant women;  
25 (16) physical therapy;  
26 (17) [(14)] personal care services in a recipient's home;  
27 (18) [(15)] prescribed drugs;  
28 (19) [(16)] long-term care noninstitutional services;  
29 (20) [(17)] inpatient psychiatric facility services;  
30 (21) [(18)] intermediate care facility services for the mentally retarded;  
31 (22) [(19)] intermediate care facility services;

*dollar figure  
volume.*

*000711  
000*

1           (23) [(20)] individuals under age 21 who are not eligible for benefits under the  
2 federal aid to families with dependent children program because they are not deprived of one or  
3 more of their natural or adoptive parents;

4           (24) [(21)] skilled nursing facility services for persons under age 21;

5           (25) [(22)] aged, blind, and disabled individuals who, because they do not meet  
6 the income requirements, do not receive supplemental security income under Title XVI of the  
7 Social Security Act, but who are eligible, or would be eligible if they were not in a skilled  
8 nursing facility or intermediate care facility, to receive an optional state supplementary payment;

9           (26) [(23)] individuals in a hospital, skilled nursing facility, or intermediate care  
10 facility whose income while in the facility does not exceed 300 percent of the supplemental  
11 security income benefit rate under Title XVI of the Social Security Act, but who, because of  
12 income, are not eligible for the optional state supplementary payment;

13           (27) [(24)] individuals under age 21 under supervision of the department, for  
14 whom maintenance is being paid in whole or in part from public money and who are in foster  
15 homes or private child-care institutions.

16 \* Sec. 3. AS 47.07.900 is amended by adding a new paragraph to read:

17           (13) "substance abuse rehabilitative services" means services provided by

18                   (A) a drug or alcohol treatment center that is funded with a grant under  
19 AS 47.30.475; or

20                   (B) an outpatient community mental health clinic that has a contract to  
21 provide community mental health services under AS 47.30.520 - 47.30.620.

22 \* Sec. 4. This Act takes effect July 1, 1992.

POSITION PAPER  
SENATE BILL NO. 451

"An Act relating to Medicaid coverage for pregnant women and infants; and reordering the priorities granted to optional services under the Medicaid program; and providing for an effective date."

Analysis:

Section 1 of SB No. 451 would amend AS 47.07.030(b) to add an optional service to Alaska's Medicaid program: substance abuse rehabilitative services for pregnant women.

Section 2 of SB No. 451 would amend 47.07.035 to place case management services and nutritional services for pregnant women 13, and 14, respectively in the list of optional services and optional eligible groups to be deleted in the event that the Medicaid appropriation is insufficient to fund some or all optional services. (Those two services were added to AS 47.07.030 in 1988, but they were not placed in the priority listing of AS 47.07.035 at that time.)

Section 2 would also place substance abuse rehabilitative services for pregnant women as #15 in the priority list of AS 47.07.035. Section 3 amends AS 47.07.900, Definitions, to restrict those services to grantees of the Department in drug and alcohol treatment services and in community mental health centers.

Discussion

Substance abuse rehabilitation services would provide Medicaid reimbursement for some of the therapies and training provided pregnant women through the Division of Alcoholism and Drug Abuse grantees' programs. However, federal restrictions on these services would not allow reimbursement for all treatment activities in these programs. Also, Medicaid federal regulations prevent us from paying for the cost of room and board in residential treatment programs, even though such programs are a most effective way of treating substance-abusing pregnant women.

Our experience with delivering case management services to pregnant women indicates that there is a very substantial need for substance abuse services for them, and there are currently very few services.

SB No. 451 clearly restricts this service to grantees, and it does not open it to private sector participation at this time. We support the restriction. The existing Medicaid services options do not allow for any Medicaid reimbursement of Division of Alcoholism and Drug Abuse services. Adding this new service will allow us to begin to introduce Medicaid federal matching funds into alcoholism and substance abuse services. This kind of refinancing is a key strategy this Department wants to employ as a way of protecting essential programs in the face of declining state revenues.

In the past, and currently, community mental health centers have not usually served pregnant women with the rehabilitation services proposed by this bill. We do not believe the inclusion of community mental health clinics in Section 3 is necessary; it could be deleted without any effects on Medicaid clients.

The Department concurs in the proposed placement of rehabilitation services and case management in the priority listing of AS 47.07.035. However, nutritional services are performed by a tiny number of private registered dietitians who serve pregnant women who have severe nutritional risking factors such as gestational diabetes. Because of Alaska's shortage of dietitians, we do not expect billing for this service to exceed \$20,000 this year. Because of the small number of our clients who would be affected if this service were deleted, and because of the prospects clients have to obtain nutritional help from their physicians, we would argue for a placement of this service at or near the top of the priority list.

Position

We believe SB No. 451 proposes an essential service addition to Medicaid, and that it does so with an intent and cost that is realistic in light of the State's very bleak revenue outlook. We believe it is both cost effective and sound public policy to support services for substance-abusing pregnant women to the maximum extent possible.

We support the passage of this bill.

Recommended by: Kimberly B Busch Date: 3-23-92

Kimberly B. Busch  
Director  
Division of Medical Assistance

Approved by: Theodore A Mala Date: 3/24/92

Theodore A. Mala, MD, MPH  
Commissioner