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**DEPARTMENT OF HEALTH AND
SOCIAL SERVICES**

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

THEODORE A. MALA, COMMISSIONER

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030

March 8, 1993

Honorable Cynthia Toohey, Co-Chair
House Health, Education and
Social Services Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

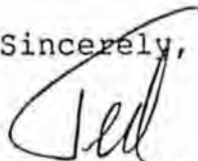
Dear Representative Toohey:

House Bill 178, relating to Medicaid coverage for adopted children, is currently in the House HES Committee. This bill was introduced by the House Labor and Commerce Committee and contains material previously included in HB 65, a bill relating to the financial administration of state government introduced at the request of the Governor. The provisions of HB 178 were removed from the original Governor's bill due to concerns by the House Labor and Commerce Committee that HB 65, as introduced, violated the single subject rule.

At this time the department respectfully requests a hearing on HB 178. Fiscal notes and a position paper have already been provided to the committee.

Your favorable consideration of this request will be appreciated. If you have any questions regarding HB 178, please contact my legislative liaison, Mr. Lindstrom, at 465-3030.

Sincerely,



Theodore A. Mala, MD, MPH
Commissioner

cc: Honorable Con Bunde, Co-Chair
House HESS

Position Paper
HB 178

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

This bill 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 some or all of the costs of medical care provided to these children.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the Department only considers federal participation to be available for the medical care cost for future adoptions.

If adoptive parents with an existing adoption subsidy agreement want to replace that agreement to access Medicaid coverage, the Department will evaluate the child's medical costs and other eligibility criteria pertinent to the option. If the child meets the Medicaid requirements for the option, a new subsidy agreement will be written considering the availability of Medicaid funding.

It is our estimate that this bill will save the state \$17.7 the first year; an amount equal to the federal matching funds received for new adoptions for children with special medical needs. This amount will grow over the following years as new children are placed and existing subsidy agreements are replaced.

POSITION

The Department supports the passage of this bill. 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 new 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: 3/3/93

Recommended by: for Candace Harris, acting
Deborah R. Wing
Director
Div. of Family and Youth Services

Date: 3/3/93

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

Date: 3/4/93

HOUSE COMMITTEE REPORT

(9)

Date Referred: February 24, 1993

FURTHER REFERRALS:

Finance

Date of Committee Action: 3-19-93

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 178

HOUSE BILL NO. 178

MEDICAID FOR CERTAIN CHILDREN

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

- RECOMMENDATIONS: the same title
 be replaced with _____ a new title
- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept Date)

(2) fiscal impact H+SS

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				

[Signature]
 CHAIRMAN'S SIGNATURE



Alaska State Legislature
 House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: 3/19/93

PLACE: Capitol Room 106

SUBJECT OF MEETING:
 HB 171
 HB 178

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Dave W. Williams	DHSS				465-5826	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 171 HB 178
Judy Mathis	Rep Larson				3878	<input type="radio"/> Y <input type="radio"/> N	
Ritnie Sonnen	Hospice + Home Care of Juneau				483- 3113	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 171
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	

LTN1100-R01
03/22/93

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 01
18:11:59

TCN: 30416 DATE & TIME: 03/19/93 15:00 TO 16:00 STATUS:7 STATS. IN

**** ORDER SUMMARY ****

SPONSOR: HHES HOUSE HEALTH, EDUCATION AND SOCIAL SERVI CHAIRS: TOOHEY
PURPOSE: PUB PUBLIC HEARING BUNDE
CONTACT: LYNN TEL#: (907)465-6825
CHAIRING SITE: JUNEAU CAPITOL CAP106

SPONSOR REMARKS(PUB): TESTIMONY:Y ALLOWED 99 MINUTE LIMIT
TCN REQUESTED ON 03/19/93 AND HAS 1 UPDATES

**** AGENDA ****

1. HB 171 MEDICAID COVERAGE FOR HOSPICE CARE

**** PARTICIPATING LIOS ****

* JNU JUNEAU CAPITOL CAP106 LOCATION STAFF
MAT MATSU 165 E PARKS HWY. LOCATION STAFF

PARTICIPANTS IN:JUNEAU

JNU

1	REP	KOTT		TSFY. HB 171
			AK	(907)000-0000
2	REP	VEZEY		TSFY. HB 171
			AK	(907)000-0000
3	REP	G. DAVIS		TSFY. HB 171
			AK	(907)000-0000
4	REP	TOOHEY		TSFY. HB 171
			AK	(907)000-0000
5	REP	OLBERG		TSFY. HB 171
			AK	(907)000-0000
6	REP	BRICE		TSFY. HB 171
			AK	(907)000-0000
7	STAFF	STAFF		OBSV. HB 171
			AK	(907)000-0000
8	STAFF	STAFF		OBSV. HB 171
			AK	(907)000-0000
9	STAFF	STAFF		OBSV. HB 171
			AK	(907)000-0000
10	2	TESTIFY		TSFY. HB 171
			AK	(907)000-0000
11	2	TESTIFY		TSFY. HB 171
			AK	(907)000-0000
12	2	TESTIFY		TSFY. HB 171
			AK	(907)000-0000

PARTICIPANTS IN:MATSU

MAT

1 MS	DORIS	LUM	VALLEY HOSPITAL	TSFY. HB 171
	BOX 1687		PALMER	AK 99645 (907)376-1625

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 178

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act adding children under the age of BRU: Medial Assistance
21 who are eligible for adoption....to the optional Medicaid Component: Medicaid Non Facility
 Sponsor: House Labor & Commerce
 Requestor: _____ COMPONENT SERIAL NO. 0229

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	35.4	40.2	43.0	48.2	53.2	58.2
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	35.4	40.2	43.0	48.2	53.2	58.2

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	17.7	20.1	21.5	24.1	26.6	29.1
1003 GF Match	17.7	20.1	21.5	24.1	26.6	29.1
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	35.4	40.2	43.0	48.2	53.2	58.2

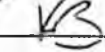
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

ANALYSIS: (Attach a separate page if necessary)

See attached for more.

Prepared by: Dave W. Williams *Dave Williams* 
 Division: Medical Assistance

Phone: 907-465-5826
 Date: 3/2/93

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

Date: 3/4/93

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Fiscal Note Analysis continuation
HB 178

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4 (14 placements X \$2,400 X 1.055 medical inflation rate = \$35,448). There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB178

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act adding children under the age of 21 who are eligible for adoption....to the optional Medicaid BRU: Purchased Services
 Component: Foster Care
 Sponsor: HOUSE LABOR & COMMERCE
 Requestor: _____ COMPONENT SERIAL NO. 0252

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-35.4	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	(35.4)	0.0	0.0	0.0	0.0	0.0

CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(35.4)	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(35.4)	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

ANALYSIS: (Attach a separate page if necessary)

This fiscal note represents a one-time transfer of funding responsibility from DFYS component #0252 to DMA component #0229. See attached analysis for more.

Prepared by: fa Deborah R. Wing, Director Phone: 465-3191
 Division: Family & Youth Services Date: 03/03/93
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 3/4/93
 Agency: Department of Health and Social Services

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