

**HEB**

**178**

8-LS0680K  
Lauterbach  
4/15/93

**SENATE CS FOR HOUSE BILL NO. 178(HES)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

Offered:  
Referred:

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

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

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

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

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

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

14 (2) persons in a general hospital, skilled nursing facility, or intermediate

1 care facility, who, if they left the facility, would be eligible for assistance under one  
2 of the federal programs specified in (1) of this subsection;

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

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

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

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

21 (7) persons under age 21 who are receiving active treatment in a  
22 psychiatric hospital and who are financially eligible as determined by the standards of  
23 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with Dependent  
24 Children);

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

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

1                   (10) persons under age 21 not covered under (a) of this section who  
2 the department has determined cannot be placed for adoption without medical  
3 assistance because of a special need for medical or rehabilitative care and who the  
4 department has determined are hard-to-place children eligible for subsidy under  
5 AS 25.23.190 - 25.23.220;

6                   (11) persons who can be considered under 42 U.S.C. 1396a(e)(3)  
7 (Title XIX, Social Security Act, Medical Assistance) to be individuals with respect  
8 to whom a supplemental security income is being paid under 42 U.S.C. 1381 -  
9 1383c (Title XVI, Social Security Act) because they meet all of the following  
10 criteria:

11                   (A) they are 18 years of age or younger and qualify as  
12 disabled individuals under 42 U.S.C. 1382c(a) (Title XVI, Social Security  
13 Act);

14                   (B) the department has determined that

15                   (i) they require a level of care provided in a hospital,  
16 nursing facility, or intermediate care facility for the mentally  
17 retarded;

18                   (ii) it is appropriate to provide their care outside of  
19 an institution; and

20                   (iii) the estimated amount that would be spent for  
21 medical assistance for their individual care outside an institution is  
22 not greater than the estimated amount that would otherwise be  
23 expended individually for medical assistance within an appropriate  
24 institution;

25                   (C) if they were in a medical institution, they would be  
26 eligible for medical assistance under other provisions of this chapter; and

27                   (D) home and community-based services under a waiver  
28 approved by the federal government are either not available to them under  
29 this chapter or would be inappropriate for them [REPEALED].

30 \* Sec. 2. AS 47.07.030 is amended by adding a new subsection to read:

31 (c) Notwithstanding (b) of this section, the department may offer a service for

1 which the department has received a waiver from the federal government if the  
2 department was authorized, directed, or requested to apply for the waiver by law or by  
3 a concurrent or joint resolution of the legislature. The department shall annually  
4 submit to the legislature its recommendations about where a service offered under this  
5 subsection should be placed on the priority list in AS 47.07.035.

6 \* Sec. 3. AS 47.07.035 is amended to read:

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

- 12 (1) clinical social workers' services;
- 13 (2) psychologists' services;
- 14 (3) chiropractic services;
- 15 (4) advanced nurse practitioner services;
- 16 (5) adult dental services;
- 17 (6) emergency hospital services;
- 18 (7) treatment of speech, hearing, and language disorders;
- 19 (8) optometrists' services and eyeglasses;
- 20 (9) occupational therapy;
- 21 (10) mammography screening;
- 22 (11) prosthetic devices;
- 23 (12) medical supplies and equipment;
- 24 (13) targeted case management services;
- 25 (14) rehabilitative services for substance abusers and emotionally  
26 disturbed or chronically mentally ill adults;
- 27 (15) clinic services;
- 28 (16) physical therapy;
- 29 (17) personal care services in a recipient's home;
- 30 (18) prescribed drugs;
- 31 (19) long-term care noninstitutional services;

- 1 (20) inpatient psychiatric facility services;
- 2 (21) intermediate care facility services for the mentally retarded;
- 3 (22) intermediate care facility services;
- 4 (23) individuals described in AS 47.07.020(b)(11);
- 5 (24) individuals under age 21 who are not eligible for benefits under
- 6 the federal aid to families with dependent children program because they are not
- 7 deprived of one or more of their natural or adoptive parents;
- 8 (25) [(24)] skilled nursing facility services for persons under age 21;
- 9 (26) [(25)] aged, blind, and disabled individuals who, because they do
- 10 not meet the income requirements, do not receive supplemental security income under
- 11 Title XVI of the Social Security Act, but who are eligible, or would be eligible if they
- 12 were not in a skilled nursing facility or intermediate care facility, to receive an
- 13 optional state supplementary payment;
- 14 (27) [(26)] individuals in a hospital, skilled nursing facility, or
- 15 intermediate care facility whose income while in the facility does not exceed 300
- 16 percent of the supplemental security income benefit rate under Title XVI of the Social
- 17 Security Act, but who, because of income, are not eligible for the optional state
- 18 supplementary payment;
- 19 (28) [(27)] individuals under age 21 under supervision of the
- 20 department, for whom maintenance is being paid in whole or in part from public
- 21 money and who are in foster homes or private child-care institutions;
- 22 (29) individuals under age 21 who the department has determined
- 23 cannot be placed for adoption without medical assistance because of a special
- 24 need for medical or rehabilitative care and who the department has determined
- 25 are hard-to-place children eligible for subsidy under AS 25.23.190 - 25.23.220.

26 \* Sec. 4. (a) AS 47.07.020(b)(11), added by sec. 1 of this Act, and AS 47.07.035(23),  
27 amended by sec. 3 of this Act, take effect on the 180th day after the effective date of  
28 Medicaid plan amendments approved by the federal government under which the state would  
29 implement a waiver for home and community-based services under 42 U.S.C. 1396n for  
30 persons who are Medicaid eligible and who would otherwise require a level of care provided  
31 in a hospital, nursing facility, or intermediate care facility for the mentally retarded in the

1 absence of home and community-based services.

2 (b) The Department of Health and Social Services shall notify the revisor of statutes  
3 as to the effective date of the plan amendments referred to in (a) of this section.

4 \* Sec. 5. Section 2 of this Act takes effect immediately under AS 01.10.070(c).

5 \* Sec. 6. Except as provided in secs. 4 and 5 of this Act, this Act takes effect July 1, 1993.

# STATE OF ALASKA

## DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110640  
JUNEAU, ALASKA 99811-0640  
PHONE: (907) 465-3317

April 13, 1993

Honorable Steve Rieger, Chairman  
Senate Health, Education and  
Social Services Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Rieger:

House Bill 178, relating to Medicaid coverage for adopted children, is currently in the Senate Health, Education and Social Services Committee. This bill was introduced by the House Labor and Commerce Committee and contains material previously included in HB 65 and SB 99, bills 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 in the Senate Health, Education and Social Services Committee on HB 178. Attached are two fiscal notes and a position paper which were previously submitted to the House.

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

# POSITION PAPER

STATE OF ALASKA ★ DEPARTMENT OF HEALTH & SOCIAL SERVICES

## 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 PAPER

STATE OF ALASKA ★ DEPARTMENT OF HEALTH & SOCIAL SERVICES

Page 2 of 2  
HB 173

## 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 Deborah R. Wing, acting  
for 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

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. HB179

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						
<b>TOTAL OPERATING</b>	<b>(35.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL</b>						
<b>REVENUE FUND SOURCE</b>						

**FUNDING:**

(Thousands of Dollars)

FUNDING	FY94	FY95	FY96	FY97	FY98	FY99
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						
<b>TOTAL</b>	<b>(35.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

POSITIONS	FY94	FY95	FY96	FY97	FY98	FY99
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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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. 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
<b>TOTAL OPERATING</b>	<b>35.4</b>	<b>40.2</b>	<b>43.0</b>	<b>48.2</b>	<b>53.2</b>	<b>58.2</b>

CAPITAL						
REVENUE FUND SOURCE						

**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						
<b>TOTAL</b>	<b>35.4</b>	<b>40.2</b>	<b>43.0</b>	<b>48.2</b>	<b>53.2</b>	<b>58.2</b>

**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* **VB** Phone: 907-465-5826  
 Division: Medical Assistance Date: 3/2/93  
 Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala* Date: 3/4/93  
 Agency: Department of Health and Social Services

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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.

Position Paper  
SCS HB 178 (HES)

"An Act adding children under the age of 21 who are eligible for adoption ... to the optional Medicaid coverage list...."

Subsidized Adoption

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.

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. This shift in funding source will be accomplished with a one-time transfer of fiscal responsibility from DFYS to DMA.

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.

Eligibility for Children Who Need Long Term Care

The department supports the delivery of health care to children in need of long term care in the environment of the the family's choice. Currently in Alaska, if a child is receiving long term care in an institution, only that child's income is used to determine whether he or she qualifies for Medicaid. However, if that same child lives at home, the income of the child's parents is also considered. As a result, some children who need long term care can qualify for Medicaid in institutions, but not if they live at home.

This bill would amend AS 47.07.020(b) so that children age 18 and younger who would qualify for Medicaid in institutions qualify at home. To qualify, children must: 1) require a level of long term care provided by an institution; 2) be served appropriately outside of the institution; 3) cost no more to serve outside the institution; 4) be eligible for

# PROPOSITION PAPER

STATE OF ALASKA \* DEPARTMENT OF HEALTH & SOCIAL SERVICES

Medicaid were they in institutions; and 5) not qualify for Medicaid home and community-based services under a federally approved waiver.

The department recently received federal approval to offer home and community-based services under waivers, effective July 1, 1993. The waivers allow the state to pay for home and community-based services for Medicaid eligible people who need an institutional level of care and allow people who qualify for Medicaid in an institution to qualify for Medicaid on a waiver, living in the community. While the federal government limits the number of people that a state can serve under waivers, the department anticipates being able to serve all children qualify for the optional coverage added by this bill by the third year of waiver operation.

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 through subsidized adoptions. The department also supports the addition of the children's long term care coverage option to the state's Medicaid program. While the department will use home and community-based waivers to provide Medicaid coverage to children who would qualify for this option, the option extends basic Medicaid coverage to all children who qualify while the waivers are being fully implemented. Once waivers are implemented, the option ensures that eligible children have basic Medicaid coverage regardless of federally-imposed limits on the number of waiver recipients. It will allow some families to obtain Medicaid coverage for their children without requesting any waiver services.

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

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

Recommended by: Deborah R. Wing  
Deborah R. Wing  
Director  
Div. of Family and Youth Services

Date: 4/16/93

Approved by: Jay Luma for  
Theodore A. Mala, MD, MPH  
Commissioner

Date: 4-16-93

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SCS HB 178 (HES)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of BRU: Public Assistance Administration  
21 who are eligible for adoption Component: Eligibility Determination  
 Sponsor: House Labor & Commerce  
 Requestor: Senate HES COMPONENT SERIAL NO. 270

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	46.8	48.2	49.7	51.1	52.7	54.3
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	3.5	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	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>55.8</b>	<b>53.7</b>	<b>55.2</b>	<b>56.6</b>	<b>58.2</b>	<b>59.8</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	27.9	26.8	27.6	28.3	29.1	29.9
1003 GF Match	27.9	26.9	27.6	28.3	29.1	29.9
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>55.8</b>	<b>53.7</b>	<b>55.2</b>	<b>56.6</b>	<b>58.2</b>	<b>59.8</b>

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

SCS HB 178 (HES) expands Medicaid eligibility to cover severely disabled children in home and community-based care. The Division of Medical Assistance estimates that 139 disabled children who do not currently receive Medicaid would become eligible in FY94 under SCS HB 178(HES) and the Governor's amended budget. This caseload would grow to 148 in FY95 and 163 in FY96.

Additional public assistance field eligibility staff would be required to process applications and maintain Medicaid cases for these additional clients. One additional Eligibility Technician I/II would be necessary to cover the increased caseload.

Prepared by: Jan L. Hansen, Director  
 Division: Division of Public Assistance  
 Approved by Commissioner: Theodore K. Malin, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 4/16/93  
 Date: 4-16-93

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Position Title Eligibility Technician II		No. of Positions 1	Range/Step 14B	Bargaining Unit GGU
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District House 15
TYPE of EXPENDITURE		AMOUNT		
Salary		32.8		
Benefits		14.0		
Premium Pay				
Other				
Total Personal Services		46.8		
Travel				
Contractual		5.0		
Commodities		0.5		
Equipment		3.5		
Other				
Total Cost		55.8		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	27.9		
1003	GF Match	27.9		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>SCS HB 178 (HES) expands Medicaid eligibility to cover severely disabled children in home and community-based care. The Division of Medical Assistance estimates that 139 disabled children who do not currently receive Medicaid would become eligible in FY94 under SCS HB 178 (HES) and the Governor's amended budget. This caseload would grow to 148 in FY95 and 163 in FY96.</p> <p>Additional public assistance field eligibility staff would be required to process applications and maintain Medicaid cases for these additional clients. One additional Eligibility Technician I/II would be necessary to cover the increased caseload.</p>				

REQUEST for  
NEW POSITION

AGENCY: Health and Social Services  
 BRU: Public Assistance Administration  
 COMPONENT: Eligibility Determination (270)

FY94

Page 1 of 1

Revised Date:

## FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SCS HB 178 (HES)

Revision Date: 04/16/93 Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of BRU: Medical Assistance  
21 who are eligible for adoption...of the optional Medicaid Component: Medicaid Non-Facility  
 Sponsor: House Labor and Commerce  
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 229

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

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,165.7	692.2	0.0	0.0	0.0	0.0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>1,165.7</b>	<b>692.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

1002 Federal Receipts	582.8	346.1	0.0	0.0	0.0	0.0
1003 GF Match	582.9	346.1	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>1,165.7</b>	<b>692.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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 (FY93) impact: 0.0

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

The fiscal impact of this bill results from adding new Medicaid recipients. Cost calculations are shown on attached page. Cost per recipient and number of new recipients are taken from home and community-based services waiver applications and supporting documents. The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. The cost of serving new eligibles who would also be covered under a waiver is not included in this fiscal note. Some of the cost impact of this bill would be increased if that amendment is not fully funded. The Department has limited experience identifying children living in the community who need an institutional level of care. Any variance with the predicted number of those eligible will impact costs.

The cost impacts of the subsidized adoption provisions of this bill are addressed in a separate fiscal note.

Prepared by: Jon Sherwood  
 Division: Division of Medical Assistance

Phone: 465-3355  
 Date: 04/16/93

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

Date: 5-16-93

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## ANALYSIS (cont.):

Cost Estimate (thousands of dollars)

## FY 94:

FY 94 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$102.2
Number of new recipients, not on waivers, in FY 94 needing hospital or NF level of care:	21
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$102.2 \times 21 \times 50\% =$	<u>\$1,073.1</u>

FY 94 Medicaid service costs per recipient needing ICF/MR level of care:	\$32.9
Number of new recipients, not on waivers, in FY 94 needing ICF/MR level of care:	36
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$32.9 \times 36 \times 50\% =$	<u>\$592.2</u>

Total FY 94 cost of Medicaid services for all new recipients:	
$\$1,073.1 + \$592.2 =$	<u>\$1,665.3</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$1,165.7
Medicaid Facility (30 percent of total costs)	\$499.6

## FY 95

FY 95 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$111.1
Number of new recipients, not on waivers, in FY 95 needing hospital or NF level of care:	6
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$111.1 \times 6 \times 100\% =$	<u>\$666.6</u>

FY 95 Medicaid service costs per recipient needing ICF/MR level of care:	\$35.8
Number of new recipients, not on waivers, in FY 95 needing ICF/MR level of care:	9
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$35.8 \times 9 \times 100\% =$	<u>\$322.2</u>

Total FY 95 cost of Medicaid services for all new recipients:	
$\$666.6 + \$322.2 =$	<u>\$988.8</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$692.2
Medicaid Facility (30 percent of total costs)	\$296.6

## FY 96 - FY 99:

It is assumed that all new eligibles covered under this bill in FY 96 or after would receive coverage under waivers if this bill did not pass.

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SCSHB 178 (HES)

Revision Date: 04/16/93 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: Medial Assistance  
 Component: Medicaid Non Facility  
 Sponsor: House Labor & Commerce  
 Requestor: Senate HESS Committee 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
<b>TOTAL OPERATING</b>	<b>35.4</b>	<b>40.2</b>	<b>43.0</b>	<b>48.2</b>	<b>53.2</b>	<b>58.2</b>

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						
<b>TOTAL</b>	<b>35.4</b>	<b>40.2</b>	<b>43.0</b>	<b>48.2</b>	<b>53.2</b>	<b>58.2</b>

**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. This fiscal note addresses the parts of this bill dealing with "subsidized adoptions". The sections of this bill dealing with the long term care eligibility provisions are addressed in a separate fiscal note on this component.

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

Phone: 907-465-5826  
 Date: 04/16/93

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

Date: 4-16-93

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Fiscal Note Analysis continuation  
Sen CSHB 178 (HES) -- Subsidized Adoption Provisions

"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.

Calculation of Medical Costs for New Placements under the Bill  
and  
Anticipated Federal Revenue to Offset General Fund Spending.

	New Place- ments	X	Base Year Medical Cost	X	Medical Infla- tion Rate	=	Total Annual Medical Costs	÷	2	=	New Federal Revenue & GF Offset
FY 94	14	X	\$2,400	X	1.055	=	\$35,448	÷	2	=	\$17,724
FY 95	16	X	\$2,400	X	1.055	=	\$40,512	÷	2	=	\$20,256
FY 96	17	X	\$2,400	X	1.055	=	\$43,044	÷	2	=	\$21,522
FY 97	19	X	\$2,400	X	1.055	=	\$48,108	÷	2	=	\$24,054
FY 98	21	X	\$2,400	X	1.055	=	\$53,172	÷	2	=	\$26,586
FY 99	23	X	\$2,400	X	1.055	=	\$58,236	÷	2	=	\$29,118

Cross ref: Fiscal note by the Div. of Family and Youth Services

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SCS HB 178 (HES)

Revision Date: 04/16/93 Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of BRU: Medical Assistance  
21 who are eligible for adoption...of the optional Medicaid Component: Medicaid Facilities  
 Sponsor: House Labor and Commerce  
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 230

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	499.6	296.6	0.0	0.0	0.0	0.0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>499.6</b>	<b>296.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE FUND SOURCE						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts	249.8	148.3	0.0	0.0	0.0	0.0
1003 GF Match	249.8	148.3	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>499.6</b>	<b>296.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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 (FY93) impact: 0.0

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

The fiscal impact of this bill results from adding new Medicaid recipients. Cost calculations are shown on attached page. Cost per recipient and number of new recipients are taken from home and community-based services waiver applications and supporting documents. The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. The cost of serving new eligibles who would also be covered under a waiver is not included in this fiscal note. Some of the cost impact of this bill would be increased if that amendment is not fully funded. The Department has limited experience identifying children living in the community who need an institutional level of care. Any variance with the predicted number of those eligible will impact costs.

This fiscal note addresses the long term care eligibility provisions of the bill, the subsidized adoption provisions are addressed in a separate fiscal note.

Prepared by: Jon Sherwood  
 Division: Division of Medical Assistance

Phone: 465-3355  
 Date: 04/16/93

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

Date: 4-16-93

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## ANALYSIS (cont.):

Cost Estimate (thousands of dollars)

## FY 94:

FY 94 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$102.2
Number of new recipients, not on waivers, in FY 94 needing hospital or NF level of care:	21
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$102.2 \times 21 \times 50\% =$	<u>\$1,073.1</u>

FY 94 Medicaid service costs per recipient needing ICF/MR level of care:	\$32.9
Number of new recipients, not on waivers, in FY 94 needing ICF/MR level of care:	36
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$32.9 \times 36 \times 50\% =$	<u>\$592.2</u>

Total FY 94 cost of Medicaid services for all new recipients:	
$\$1,073.1 + \$592.2 =$	<u>\$1,665.3</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$1,165.7
Medicaid Facility (30 percent of total costs)	\$499.6

## FY 95

FY 95 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$111.1
Number of new recipients, not on waivers, in FY 95 needing hospital or NF level of care:	6
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$111.1 \times 6 \times 100\% =$	<u>\$666.6</u>

FY 95 Medicaid service costs per recipient needing ICF/MR level of care:	\$35.8
Number of new recipients, not on waivers, in FY 95 needing ICF/MR level of care:	9
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$35.8 \times 9 \times 100\% =$	<u>\$322.2</u>

Total FY 95 cost of Medicaid services for all new recipients:	
$\$666.6 + \$322.2 =$	<u>\$988.8</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$692.2
Medicaid Facility (30 percent of total costs)	\$296.6

## FY 96 – FY 99:

It is assumed that all new eligibles covered under this bill in FY 96 or after would receive coverage under waivers if this bill did not pass.

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SCS HB 178 (HES)

Revision Date: 04/16/93 Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of BRU: Medical Assistance Administration  
21 who are eligible for adoption...ot the optional Medicaid Component: Claims Processing  
 Sponsor: House Labor and Commerce  
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 243

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

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	25.1	9.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.1</b>	<b>9.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

1002 Federal Receipts	12.5	4.5	0.0	0.0	0.0	0.0
1003 GF Match	12.6	4.5	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>25.1</b>	<b>9.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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 (FY93) impact: 0.0

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

The fiscal impact of this bill results from an increase in claims processing charges due to increasing new recipients. Cost calculations are shown on the attached page. In addition, FY 94 impact include one-time changes to the Medicaid Management Information System to add a new category of eligibility.

The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. Failure to fully fund this amendment would increase the cost of this bill.

This fiscal note addresses the cost of the long term care eligibility provisions of the bill; the subsidized adoption provisions are addressed in another fiscal note.

Prepared by: Jon Sherwood  
 Division: Division of Medical Assistance

Phone: 465-3355  
 Date: 04/16/93

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

Date: 4-16-93

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# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SEN CS HB 178 (HES)

Revision Date: April 16, 1993 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: SENATE HES COMMITTEE 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						
<b>TOTAL OPERATING</b>	<b>(35.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE FUND SOURCE						
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**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						
<b>TOTAL</b>	<b>(35.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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. This fiscal note addresses the "subsidized adoption" provisions of this bill and the long term care provisions are addressed in a separate fiscal note. See attached pages for additional analysis.

Prepared by: Deborah R. Wing, Director *Deborah R. Wing* Phone: 465-3191  
 Division: Family & Youth Services Date: 04/16/93

Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala* Date: 4-16-93  
 Agency: Department of Health and Social Services

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Fiscal Note Analysis continuation  
Sen CSHB 178 (HES) -- Subsidized Adoption Provisions

"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.

Calculation of Medical Costs for New Placements under the Bill  
and  
Anticipated Federal Revenue to Offset General Fund Spending.

	New Place- ments	X	Base Year Medical Cost	X	Medical Infla- tion Rate	= Annual Medical Costs	÷ 2 =	New Federal Revenue & GF Offset
FY 94	14	X	\$2,400	X	1.055	= \$35,448	÷ 2 =	\$17,724
FY 95	16	X	\$2,400	X	1.055	= \$40,512	÷ 2 =	\$20,256
FY 96	17	X	\$2,400	X	1.055	= \$43,044	÷ 2 =	\$21,522
FY 97	19	X	\$2,400	X	1.055	= \$48,108	÷ 2 =	\$24,054
FY 98	21	X	\$2,400	X	1.055	= \$53,172	÷ 2 =	\$26,586
FY 99	23	X	\$2,400	X	1.055	= \$58,236	÷ 2 =	\$29,118

Cross ref: Fiscal note by the Div. of Family and Youth Services