

**HB**

**152**

**HFIN**

**FILE**



# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 152  
 ( H ) Publish Date: 3/5/03  
 Dept. Affected: Health & Social Services  
 BRU Medical Assistance Admin  
 Component Health Purchasing Group

Revision Date/Time (Note if correction):  
 Title MEDICAID FACILITY PAYMENT RATES

Sponsor RULES  
 Requester GOVERNOR

Component No. 243

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	( 6.5)	( 6.5)	( 7.0)	( 7.5)	( 8.0)	( 8.0)
Contractual	( 3.1)	( 3.1)	( 3.2)	( 3.5)	( 3.6)	( 3.6)
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 9.6)</b>	<b>( 9.6)</b>	<b>( 10.2)</b>	<b>( 11.0)</b>	<b>( 11.6)</b>	<b>( 11.6)</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	( 4.8)	( 4.8)	( 5.1)	( 5.5)	( 5.8)	( 5.8)
1003 GF Match	( 4.8)	( 4.8)	( 5.1)	( 5.5)	( 5.8)	( 5.8)
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 9.6)</b>	<b>( 9.6)</b>	<b>( 10.2)</b>	<b>( 11.0)</b>	<b>( 11.6)</b>	<b>( 11.6)</b>

Estimate of any current year (FY2003) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill would eliminate the need for expenditures that support commission members' travel, per diem and other related support costs; and contractual funding for issuing public notices and court reporting services.

Prepared by: Virginia Stonkus  
 Division Medical Assistance  
 Approved by: Joel S. Gilbertson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-1166  
 Date/Time 03/03/2003  
 Date 03/03/2003

FRANK H. MURKOWSKI  
GOVERNOR

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OFFICE OF THE GOVERNOR  
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HB152  
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March 5, 2003

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill to provide greater flexibility to the Department of Health and Social Services to set Medicaid payment rates for Alaska's hospitals, nursing home and other health care facilities.

The proposed bill would eliminate the Medicaid Rate Advisory Commission and place the responsibility for calculating and setting Medicaid payment rates for health care facilities under the general authority of the Department of Health and Social Services.

Historically, the Medicaid facility rate setting process has been extremely cumbersome and costly for both the state and health care facilities. The current rate-setting process is both a barrier to effective cost containment as well as problematic for assuring adequate reimbursement for Alaska's diverse mix of health care facilities.

Passage of this legislation will allow the department to develop in regulation a more flexible, cost-effective rate setting process that will, for the first time, allow the department to explicitly take into account the appropriations made by the legislature for the Medicaid program when setting rates.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski  
Governor

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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March 20, 2003

Honorable Bill Williams  
Co-Chair  
House Finance Committee  
Alaska State Capitol; Rm. 515  
Juneau, AK 99801

Dear Representative Williams,

The Department of Health and Social Services respectfully requests a hearing in the House Finance Committee on House Bill 152 "An Act relating to payment rates under the Medicaid program for health facilities and to budgeting, accounting, and reporting requirements for those facilities; abolishing the Medicaid Rate Advisory Commission; and providing for an effective date."

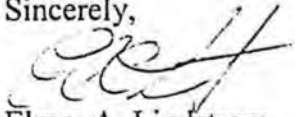
This bill will provide greater flexibility to the Department of Health and Social Services to set Medicaid payment rates for Alaska's hospitals, nursing homes and other health care facilities. Changes in federal law in the past few years providing more flexibility in rate setting have not been taken advantage of in Alaska due to our own inflexible statute.

The proposed bill would eliminate the Medicaid Rate Advisory Commission (MRAC). Since the MRAC currently acts in an advisory capacity and the Commissioner has ultimate authority to set rates, elimination of the Commission and its attendant costs is appropriate.

Passage of this legislation will allow the department to develop in regulation a more flexible, cost-effective rate setting process that will, for the first time, allow the department to explicitly take into account the appropriations made by the legislature for the Medicaid program when setting rates. A fiscal note should be on file with the committee.

Your favorable consideration of this request will be appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read 'E. Lindstrom', written over a light-colored background.

Elmer A. Lindstrom  
Special Assistant to the Commissioner

Cc: Mike Tibbles, Legislative Director  
Office of the Governor

Virginia Stonkus, Acting Director  
Division of Medical Assistance