

SB

109

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: May 14, 2003

FURTHER REFERRALS:

Date of Committee Action: MAY 17, 2003

The RULES Committee considered:

SB 109

SENATE BILL NO. 109

MEDICAID COST CONTAINMENT & PRIORITY LIST

"An Act repealing the statute that sets priorities for the Department of Health and Social Services to apply to administration of the medical assistance program when there are insufficient funds allocated in the state budget for that program; authorizing the department to make cost containment decisions that may include decisions about eligibility of persons and availability of services under the medical assistance program; and providing for an effective date."

Recommends it be replaced with HCS or CS for SB 109 (RLS)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Depts.:
 ADM
 CED
 COR
 CRT
 EED
 DEC
 DFG
 GOV
 HSS
 LEG
 LAW
 LWF
 MVA
 DNR
 DPS
 REV
 DOT
 UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
HSS	1			✓

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>[Signature]</i>	Berkowitz		✓		✓
<i>[Signature]</i>	McBride			✓	
<i>[Signature]</i>	Coughlin				
<i>[Signature]</i>	Morgan			✓	
<i>[Signature]</i>	Kerthold		✓		
<i>[Signature]</i>	Kott			✓	
Chair: <i>[Signature]</i>	Rosenberg		✓		
Chair: <i>[Signature]</i>					

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 109
 (S) Publish Date: 3/6/03
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):
 Title MEDICAID PRIORITIES WHEN FUNDS
INSUFFICIENT

BRU Medical Assistance
 Component Medicaid Services

Sponsor RULES
 Requester GOVERNOR

Component No. 2077

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						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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)*

Under current law, if insufficient funds are allocated to fully-fund the Medicaid program, the department is directed to eliminate optional Medicaid services based on a priority list that is woefully out-of-date. The existing list is not an effective management tool and, if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with broad general authority for the department to undertake cost containment based on three key principles.

Prepared by: Virginia Stonkus Phone 465-1166
 Division Medical Assistance Date/Time 03/03/2003
 Approved by: Joel S. Gilbertson, Commissioner Date 03/04/2003
 Agency Department of Health and Social Services

FISCAL NOTE

FN # 1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. SB 109

ANALYSIS CONTINUATION

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

The imperative of slowing the growth of state funding for Medicaid while at the same time maintaining health care coverage for needy Alaskans is an issue that can no longer be avoided. Passage of this legislation will give the department some of the tools that it needs to meet this challenge.

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



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JUNEAU

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March 5, 2003

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

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 implement cost containment strategies for the Medicaid program.

Under current law, if funds appropriated to the Medicaid program are insufficient for a given fiscal year, the department is directed to eliminate optional Medicaid services based on a priority list that is woefully out-of-date. The existing list is not an effective management tool and if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with authority for the department to undertake cost containment based on three key principles.

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

The Honorable Gene Merriault

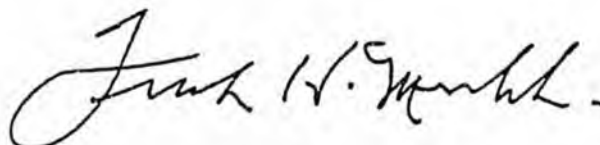
March 5, 2003

Page 2

The imperative of slowing the growth of state funding for Medicaid while at the same time maintaining health care coverage for needy Alaskans is an issue that can no longer be avoided. Passage of this legislation will give the department additional tools to meet this challenge.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, reading "Frank H. Murkowski". The signature is written in a cursive style with a long horizontal stroke at the end.

Frank H. Murkowski
Governor

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

May 14, 2003

Honorable Norman Rokeberg
Chairman
House Rules Committee
Alaska State Capitol; Rm. 4968
Juneau, AK 99801

RE: Request to schedule SB 109 for a floor vote
Floor Manager: Representative Mike Hawker

Dear Representative Rokeberg,

The Department of Health and Social Services respectfully requests that Senate Bill 109, "An Act repealing the statute that sets priorities for the Department of Health and Social Services to apply to administration of the medical assistance program when there are insufficient funds allocated in the state budget for that program; authorizing the department to make cost containment decisions that may include decisions about eligibility of persons and availability of services under the medical assistance program; and providing for an effective date," be placed on the Senate calendar for consideration.

This bill will provide greater flexibility to the Department of Health and Social Services to implement cost containment strategies for the Medicaid program.

Under current law, if insufficient funds are allocated to fully-fund the Medicaid program, the department is directed to eliminate optional Medicaid services based on a priority list that is out-of-date. The existing list is not an effective management tool and, if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with broad general authority for the department to undertake cost containment based on three key principles.

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

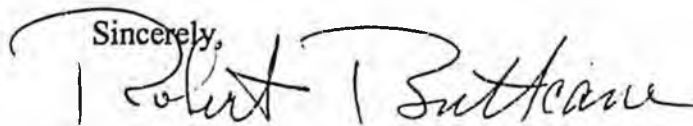
Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

The House Finance Committee heard this bill and passed a committee substitute that added intent language stating that if the department develops a preferred drug list to improve the Medicaid program's efficiency, the department should establish an authorization system that is minimally intrusive to the providers while protecting access to medically necessary medications. Upon passage, this bill would be returned to the Senate for a concurrence vote.

A copy of the CS Draft bill and fiscal note approved by the House Finance Committee and a copy of the Governor's transmittal letter are attached for your reference. Representative Mike Hawker has agreed to speak on behalf of the bill on the floor of the House.

Your favorable consideration of this request would be appreciated.

Sincerely,



Robert Buttane
Acting Assistant to the Commissioner

Cc: Honorable Pete Kott
Speaker of the House

Honorable Mike Hawker
Chairman, Finance Subcommittee on Health and Social Services

Mike Tibbles, Legislative Director
Office of the Governor

John Gaisford, Director
Division of Medical Assistance

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HCS SB109(FIN)

(S) Publish Date: _____

Revision Date/Time (Note if correction): _____

Dept. Affected: Health & Social Services

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INSUFFICIENT

BRU Medical Assistance

Component Medicaid Services

Sponsor RULES

Requester GOVERNOR

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Prepared by: Robert Buttane
 Division: Commissioner's Office
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-1613
 Date/Time: 05/14/03
 Date: 05/14/03

FISCAL NOTE
FN #

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HCS SB109(FIN)

ANALYSIS CONTINUATION

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