

SB

87

<target><bill>SB 87</bill><subject>SB
87</subject><comm>SFIN26</comm></target>

ALASKA STATE LEGISLATURE

Session
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Co-chair,
Senate Resources Committee

Co-chair,
Joint Armed Services Committee

Vice chair, Judiciary Committee

Member, World Trade Committee

Senator_Bill_Wielechowski@legis.state.ak.us

SENATOR BILL WIELECHOWSKI

Sponsor Statement for SB 87: No Child Left Uninsured

The intent of SB 87 is to make health insurance accessible to all children in Alaska, while asking those families who can afford it to make a substantial financial contribution towards their coverage. By ensuring that all children have access to health services, SB 87 will reduce costs to the state and its citizens over the long run.

An estimated 20,000 children in Alaska lack health insurance and the number is growing. According to the Robert Wood Johnson Foundation, the number of children covered by private health insurance has declined by 31% in the last decade. The vast majority of these children are from working families.

Uninsured children have much higher health risks than do covered children. They are more likely to develop chronic illnesses such as asthma and diabetes and to suffer from acute conditions such as eye and ear infections. While many lack a regular doctor and don't receive preventative care, they are four times more likely than insured children to use emergency rooms when medical attention is needed.

The high cost of this emergency care is often borne by other Alaskans, including businesses that purchase health insurance for their employees. For example, Providence and Alaska Regional hospitals provided \$89 million in uncompensated care in 2006. These costs are passed on to other hospital users through higher charges for medical services, which ultimately results in increased premiums. These costs could be reduced by insuring that all children have access to health insurance.

SB 87 raises the eligibility limit for participation in the Denali KidCare program to 200% of the federal poverty level (FPL), currently \$36,000/year for a single parent and child. This change puts Alaska in line with other states, 41 of which allow participation by families at or above this level. Roughly 66% of the costs of this program are currently covered by the federal government.

SB 87 would also allow families with incomes up to 300% of the FPL to buy into Denali KidCare using a sliding fee scale for premiums and a 20% co-pay. Those with the greatest means would reimburse the state roughly 90% of its costs. Participants would have to certify that they don't have access to health insurance at work.

With the "No Child Left Uninsured Act," Alaska joins states from Idaho to Illinois that are working to ensure that all children have access to health insurance. Please support this critical legislation.

Senner * PO Box 102264 Anchorage, AK 99510
senfam@acsalaska.net

February 25, 2009

Testimony of Patricia Senner MS, RN, ANP
SB 13 and SB 87
Denali KidCare Eligibility

My name is Patricia Senner and I am a Family Nurse Practitioner working at Covenant House Alaska. I am speaking today in favor of SB 13 and 87. Just yesterday I had a young teenager in my office who was having problems in her home and both her and her mother agreed they needed family counseling. This situation was more complicated than the usual adolescent/parent conflict. I was relieved to see that she had Denali KidCare to cover this counseling until her case manager informed me that her mother had said she had recently received a pay raise and so was probably no longer eligible for Denali KidCare.

This is a classic example of why we need to increase the eligibility criteria for Denali KidCare. If we can get proper care for this young teen we may stave off more serious problems in the future that will cost us much more. Her mother in turn, is being punished for working hard to provide for her family.

If we want to solve our current healthcare crisis we need to work together. Individuals, employers and government alone cannot afford health insurance for everyone. We need to pool our resources to provide these needed services. This is why I support SB 87. It allows families with higher incomes to pool their resources with the government's resources to purchase insurance for children.

Along this line I wanted to bring up the fact that I think the Federal SCHIP program allows for states to buy coverage for children from private insurance companies. For instance I think the state could pay for a parent to have their child covered under their insurance at work. People with low incomes usually don't have insurance at work so for the families with incomes below 200% this probably wouldn't be much help. But as we move to cover families with higher incomes we should include this as an option. Families could buy into Denali KidCare or the state could pay to have the child included on the parents insurance at work. This would be a true partnership between the government, families and employers.

*Senner * PO Box 102264 Anchorage, AK 99510
senfam@acsalaska.net*

February 25, 2009

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United States Senate

WASHINGTON, DC 20510

February 25, 2009

The Honorable Gary Stevens
Senate President
State Capitol, Room 111
Juneau, AK 99801-1182

The Honorable Lyman Hoffman
Co-Chairman, Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chairman, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801-1182

Dear Senators Stevens, Hoffman and Stedman:

As the Alaska Senate this week resumes committee work on Denali KidCare, I urge your support of proposals to increase the number of children and pregnant women eligible for health insurance under this valuable program. One of my first acts as U.S. Senator was to vote in favor of the Children's Health Insurance Program Reauthorization Act of 2009. The measure also was supported by Senator Lisa Murkowski and Congressman Don Young. Now that Congress has reauthorized and funded the Children's Health Insurance Program (CHIP) for the next five years, it is time to give more Alaska families the chance to qualify for basic health care.

The federal legislation authorizes states to offer coverage for families earning up to 300 percent of the federal poverty level (FPL), and some already do. It is troubling that Alaska – recognized in the early days of Denali KidCare as a national leader for its outreach and signup efforts – is now at only 175 percent of FPL and one of the strictest states in the nation for eligibility.

At a minimum, I urge you and your colleagues to restore Alaska's eligibility guidelines to 200 percent. As you know, that step would return Alaska to 2003 levels and immediately qualify an estimated 1,277 additional children and 218 more pregnant women for Denali KidCare. I and many other Alaskans would celebrate that improvement. However, merely restoring the program to where it was six years ago is not exactly a huge victory for Alaska's families. We can and should do better. I support efforts to increase eligibility levels beyond 200 percent of FPL, including the possibility of an effective but equitable co-pay provision for families that can afford to buy into the program. I applaud your Senate and House colleagues on both sides of the political aisle who are working to improve Alaska's program.

Senators Stevens, Hoffman and Stedman
February 25, 2009
Page 2

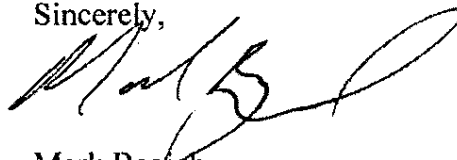
We know the need is great. According to the respected Kaiser Family Foundation, there are more than 21,000 children in Alaska without health insurance. Many are from hard-working families who make too much for regular Medicaid but not enough to afford a private health plan. This results in less preventive care, more sickness and more lost school days. Emergency room visits also increase – last-minute care that is often uncompensated and results in higher insurance premiums and medical costs for everyone.

As you deliberate, let me alleviate concerns about federal support. When President Obama signed the CHIP reauthorization bill earlier this month, he and Congress effectively joined forces to provide states with funding certainty (CHIP is now authorized through FFY2013). That continuity is especially important during these times of economic instability. If families do lose employer-provided health coverage or fall further behind in their efforts to afford private insurance, it is essential that Denali KidCare be available to cover basic health care needs. Coupled with the fact that the federal government is offering financial incentives to states that increase enrollment and will pay up to 70 percent of the total cost of the program (currently estimated at 66 percent in Alaska), this is frankly a very good deal.

Given action by Congress to reauthorize CHIP, the Legislature's obvious interest in this issue and Governor Palin's announced intent to support an expansion of Denali KidCare, it looks as if the stars are finally aligned.

Thank you for your work on this matter. Please feel free to contact me if I can be of assistance.

Sincerely,



Mark Begich
U.S. Senator

Cc: The Honorable Mike Chenault, Speaker of the House
The Honorable Mike Hawker, Co-Chairman, House Finance Committee
The Honorable Bill Stoltze, Co-Chairman, House Finance Committee
Governor Sarah Palin

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 87
(S) Publish Date: 2/11/09

Identifier (file name): SB087-DHSS-MS-02-06-09 Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility RDU: Health Care Services
Component: Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS Component Number: 2077

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims			4,082.1	4,443.0	4,828.5	5,240.1	5,679.8	
Miscellaneous								
TOTAL OPERATING	0.0	0.0	4,082.1	4,443.0	4,828.5	5,240.1	5,679.8	

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

1002 Federal Receipts			2,410.6	2,603.2	2,821.9	3,055.5	3,304.9
1003 GF Match			446.1	614.4	781.2	959.2	1,149.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts SDPR			1,225.4	1,225.4	1,225.4	1,225.4	1,225.4
TOTAL	0.0	0.0	4,082.1	4,443.0	4,828.5	5,240.1	5,679.8

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums and co-payments. The bill makes most provisions effective on July 1, 2010.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Medicaid Services component.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner Phone 334-2520
Division: Health Care Services Date/Time 2/4/09 12:00 AM
Approved by: Alison Elgee, Assistant Commissioner Date 2/6/2009
DHSS Finance Management Services

FISCAL NOTE # 3

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB 87

ANALYSIS CONTINUATION

Health Care Services, Medicaid Services component is allocated 2/3 of the total costs for children (reduced by co-payments), all of the costs for pregnant women, and all of the collections for premiums. The Medicaid services component is responsible for all collections of premiums for the entire Medicaid program.

Summary of All Components:

Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)

Total additional benefit cost/year less premiums & co-payments: \$6,365.6 (\$3,657.2 fed/\$1,483.0 GF/\$1,225.4 SDPR)

Total premiums collected/year: \$1,225.4 SDPR

Total co-payment offset/year: \$547.7

Assumptions:

176-200% FPG (no cost-sharing): 1,277 children; \$1,300 annual benefit cost per person; 65% federal match

176-200% FPG (no cost-sharing): 218 pregnant women; \$2,934 annual benefit cost per person; 50% federal

201-250% FPG (premiums): 851 children; \$2,780 annual benefit cost per person; 50% federal

251-300% FPG (premiums & co-payments): 851 children; \$2,780 annual benefit cost per person; 50% federal

Requiring cost sharing may discourage enrollment. Half as many children in the groups that require premiums or co-payments will enroll compared to the group with no cost sharing. Native families with access to tribal providers will not choose to enroll their children because they can access health care services without paying premiums or making co-payments.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees.

Uninsured children under age 19, between 201% and 300% of the prevailing FPG will be required to pay premiums to the state ranging between \$240 and \$1,200 per year per child. The average premium across all income groups is \$720. Those above 250% FPG will also be responsible for co-payments equal to 20% of the cost of service. Co-payments are payable to the health care provider at the time of service and offset benefit costs. Federal law limits total out-of-pocket expenses to 5% of household income and precludes cost sharing for certain services, such as family planning, hospice and emergency services. The ceiling on cost sharing is not a factor in calculations for this fiscal note. The annual cost per person is expected to be lower than the average out-of-pocket limit; however, some children will likely reach cost sharing limits.

Fund sources are based on historical federal collections. We assume the SCHIP allotment remains at the FFY2009 level. The SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 1,277 children in the 176-200% FPG group. Costs for the remaining children will be reimbursed at the regular Medicaid match rate of 50%. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Collections for premiums are SDPR. Co-payments are offsets to benefits. Benefit cost projections for 2012 through 2015 assume 6.8% annual growth.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: SB 87
(S) Publish Date: 2/11/09

Identifier (file name): SB087-DHSS-PAFS-02-06-09 Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility RDU: Public Assistance
Component: Public Assistance Field Services
Sponsor: Wielechowski
Requester: Senate HSS Component Number: 236

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services	237.0		948.1	948.1	948.1	948.1	948.1
Travel	3.8		15.0	15.0	15.0	15.0	15.0
Contractual	298.1		192.4	192.4	192.4	192.4	192.4
Supplies	3.0		23.5	23.5	23.5	23.5	23.5
Equipment	150.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	691.9	0.0	1,179.0	1,179.0	1,179.0	1,179.0	1,179.0

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

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1002 Federal Receipts	345.9	589.5	589.5	589.5	589.5	589.5
1003 GF Match	346.0	589.5	589.5	589.5	589.5	589.5
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Interagency Receipts						
TOTAL	691.9	0.0	1,179.0	1,179.0	1,179.0	1,179.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Full-time	13.0	13.0	13.0	13.0	13.0	13.0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the income standards for covering children and pregnant women under Denali KidCare to 200% of the federal poverty level (FPL), up from 175%.

This legislation also provides new Medicaid coverage for children in higher income categories. To qualify, children must be under age 19, have no insurance coverage, and their family income must be between 200% and 300% of the FPL. Families will be required to pay premiums to the State of Alaska ranging between \$240 and \$1,200 per year per child. Families with income above 250% of the FPL will also be responsible for co-payments equal to 20% of the cost of their children's medical service, payable to the provider at the time of service.

(continued on next page)

Prepared by: Ellie Fitzjarrald Phone: (907) 465-5847
Division: Public Assistance Date/Time: 2/4/09 12:00 AM
Approved by: Alison Elgee, Assistant Commissioner Date: 2/6/2009
DHSS Finance Management Services

FISCAL NOTE # 4

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB 87

ANALYSIS CONTINUATION

Assumptions:

This fiscal note represents the administrative costs for managing the increase in applications, customer service, and eligibility determinations associated with expanding medical assistance coverage for pregnant women and children up to 200% of poverty, and instituting a new program for higher income groups that includes cost sharing. In addition to determining eligibility based on income and household size, division staff will be required to calculate the amount of the household's premium obligation, make adjustments to premium payments when household income changes, inform households and the Division of Health Care Services of the amount to be collected, confirm payment of the premium before Medicaid benefits are issued and suspend eligibility when premiums are not collected. The casework complexity involved with this Medicaid expansion creates the need for additional eligibility staff and administrative support. Lead staff will be needed to provide outreach to medical providers and community service providers and the public to explain the program, initially and ongoing. An analyst is needed for the development of policy and processes and the creation of systems and supports for expanded medical coverage .

We estimate 13 positions will be needed to support this Medicaid program expansion:

2 Administrative Support Staff to provide customer service, manage phone lines, and clerical support ;

5 Eligibility Technicians to make decisions on applications and calculate premiums;

4 Lead Eligibility Technicians to perform statewide outreach, quality assurance, training on program rules, and other lead worker duties;

1 Eligibility Supervisor to oversee and manage the work of the new staff ; and

1 Public Assistance Analyst for the development and management of the program policy and procedures and creation of systems and supports for the expanded coverage.

Modifications to DPA's Eligibility Information System (EIS) will also be necessary to facilitate the exchange of information between the Division of Public Assistance and the Division of Health Care Services regarding the calculation and payment of premiums .

FY 11- FY15 Total Annual Administrative Costs: \$1,179.0

Personal Services: 13 staff at an annual cost of \$948.1 (includes salary and benefits)

Travel: \$15.0 for statewide outreach activities.

Contractual: \$192.4 annual cost for phones/lease (\$14.8 x 13 staff)=\$192.4.

Supplies: \$23.5 which includes \$12.0 for Denali KidCare identification cards, renewal forms, and notices; \$5.0 for outreach materials; and \$6.5 for office supplies (\$0.5 x 13 staff = \$6.5).

FY10 Start-Up Costs: \$691.9

Personal Services: \$237.0 One quarter year's funding will be needed in FY10 to hire and train staff in order to be able to accept applications and make eligibility determinations effective July 1, 2010.

Travel: \$3.8 to start community , public, and provider awareness about the new program.

Equipment: \$150.0 for one time purchases which include a multi-function printer and personal computers, software, and workstations, and associated costs for 13 staff (\$20.0 plus \$10.0 x 13 = \$150.0).

Contractual: \$298.1 which includes \$250.0 for modifications to DPA's Eligibility Information System (EIS) and \$48.1 for phones and space to locate the additional staff.

Supplies: \$3.0 for printing applications, outreach materials and office supplies.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 87
(S) Publish Date: 2/11/09

Identifier (file name): SB087-DHSS-MAA-02-06-09 Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility RDU: Health Care Services
Component: Medical Assistance Administration
Sponsor: Wielechowski
Requester: Senate HSS Component Number: 242

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	83.0		332.0	332.0	332.0	332.0	332.0	332.0
Travel								
Contractual	159.4		162.6	162.6	162.6	162.6	162.6	162.6
Supplies	7.8		2.6					
Equipment	7.5		2.5					
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	257.7	0.0	499.7	494.6	494.6	494.6	494.6	494.6

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

1002 Federal Receipts	128.9		249.9	247.3	247.3	247.3	247.3	247.3
1003 GF Match	128.8		249.8	247.3	247.3	247.3	247.3	247.3
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	257.7	0.0	499.7	494.6	494.6	494.6	494.6	494.6

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	3.0		4	4	4	4	4
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty levels (FPL) and creates a new category of eligibility for children between 200% and 300% of FPL subject to premiums and copays.

The Division of Health Care Services estimates that it will need a total of 4 FTE's to collect and manage the premium collection and co-pay activities required by SB087.

Continued on Page 2

Prepared by: William Streur, Deputy Commissioner Phone 334-2520
Division: Health Care Services Date/Time _____

Approved by: Alison Elgee, Assistant Commissioner Date 2/6/2009
DHSS Finance Management Services

FISCAL NOTE # 2

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB 87

ANALYSIS CONTINUATION

System enhancements to the MMIS will cost approximately \$150,000. These changes would accommodate the new Federal Poverty Level indicator and co-pay requirements and would be a one time cost in FY2010.

There will be increased referrals to the Department of Law for collections and appeals, this will result in approximately \$125,000 in the contractual line starting in FY2011.

The Division of Health care Services anticipates the the following caseload increase from the passage of SB087:

For 176%-200% FPG (no cost-sharing): 1,277 kids and 218 pregnant women.

For premiums at 201%-300% FPG and co-payments at 251%-300% FPG: 851 kids at 201%-250% FPG and 851 kids from 251%-300% FPG

Total SB87 coverage: 3,197

We estimate two Accounting Technician I's, and a Medical Assistant Administrator I position will be needed to manage this additional work beginning in FY2010. In FY2011 a Medical Assistant Administrator II will be needed. The new extended Medicaid program increases complexity of the eligibility determination work and results in increased contact with applicants and enrollees.

Total Administrative Costs:

The increase in Medicaid applications and caseload creates the need for two Accounting Technician I, a Medical Assistant Administrator I, and a Medical Assistant Administrator II, all located in Anchorage. These annual costs are estimated to be:

2 Accounting Technician I's, \$142.0 (Range 12 at a cost of \$71.0, including benefits, per position).

1 Medical Assistant Administrator I, \$89.0 (Range 16 at a cost of \$89.0, including benefits, per position).

1 Medical Assistant Administrator II, \$101.0 (Range 18 at a cost of \$101.0, including benefits, per position).

It is assumed that one quarter year's personal services funding will be needed in FY10 to hire and train staff, the two Accounting Technician I's and the one Medical Assistant Administrator I in the Accounting and Recovery section, at the cost of \$100.2, in order to be able to accept applications and make eligibility determinations effective July 1, 2010. The Medical Assistant Administrator II will be filled in FY2011.

With the additional caseload, a one time supplies cost will be incurred in FY2010, for computers and software with a cost of \$2.6 for each additional staff for a total of \$7.8 for three staff hired in FY2010 and \$2.6 in FY2011 for the 4th new position. Annual costs for office space, phones and other contractual costs are calculated at a cost of \$9.4, per additional staff for a total of \$37.6 (prorated for 1/4 year in FY2010).

One time costs for office furniture (chairs, cubicle partitions, and cubical furniture) for three positions in FY2010 is estimated at \$2.5 per person for a total of \$7.5. In FY2011 furniture costs is estimated at \$2.5.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 87
(S) Publish Date: 2/11/09

Identifier (file name): SB087-DHSS-BHMS-02-06-09 Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility RDU: Behavioral Health Services
Component: Behavioral Health Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS Component Number: 2660

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims			2,283.6	2,438.8	2,604.7	2,781.8	2,971.0	
Miscellaneous								
TOTAL OPERATING	0.0	0.0	2,283.6	2,438.8	2,604.7	2,781.8	2,971.0	

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

1002 Federal Receipts			1,289.9	1,370.0	1,463.1	1,562.6	1,668.9
1003 GF Match			993.6	1,068.9	1,141.6	1,219.2	1,302.1
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	2,283.5	2,438.9	2,604.7	2,781.8	2,971.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums and co-payments. The bill makes most provisions effective on July 1, 2010.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Behavioral Health Medicaid Services component.

(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner Phone 334-2520
Division: Health Care Services Date/Time 2/4/09 12:00 AM
Approved by: Alison Elgee, Assistant Commissioner Date 2/6/2009
DHSS Finance Management Services

FISCAL NOTE # 1

STATE OF ALASKA

BILL NO. SB 87

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

The Behavioral Health Medicaid Services component is allocated 1/3 of the total benefit costs for children (reduced by co-payments). Benefit costs for pregnant women and collections for premiums are reflected in another component (Medicaid Services).

Summary of All Components:

Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)

Total additional benefit cost/year less premiums & co-payments: \$6,365.6 (\$3,657.2 fed/\$1,483.0 GF/\$1,225.4 SDPR)

Total premiums collected/year: \$1,225.4 SDPR

Total co-payment offset/year: \$547.7

Assumptions:

176-200% FPG (no cost-sharing): 1,277 children; \$1,300 annual benefit cost per person; 65% federal match

176-200% FPG (no cost-sharing): 218 pregnant women; \$2,934 annual benefit cost per person; 50% federal

201-250% FPG (premiums): 851 children; \$2,780 annual benefit cost per person; 50% federal

251-300% FPG (premiums & co-payments): 851 children; \$2,780 annual benefit cost per person; 50% federal

Requiring cost sharing may discourage enrollment. Half as many children in the groups that require premiums or co-payments will enroll compared to the group with no cost sharing. Native families with access to tribal providers will not choose to enroll their children because they can access health care services without paying premiums or making co-payments.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees.

Uninsured children under age 19, between 201% and 300% of the prevailing FPG will be required to pay premiums to the state ranging between \$240 and \$1,200 per year per child. The average premium across all income groups is \$720. Those above 250% FPG will also be responsible for co-payments equal to 20% of the cost of service. Co-payments are payable to the health care provider at the time of service and offset benefit costs. Federal law limits total out-of-pocket expenses to 5% of household income and precludes cost sharing for certain services, such as family planning, hospice and emergency services. The ceiling on cost sharing is not a factor in calculations for this fiscal note. The annual cost per person is expected to be lower than the average out-of-pocket limit, however, some children will likely reach cost sharing limits.

Fund sources are based on historical federal collections. We assume the SCHIP allotment remains at the FFY2009 level. The SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 1,277 children in the 176-200% FPG group. Costs for the remaining children will be reimbursed at the regular Medicaid match rate of 50%. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Collections for premiums are statutory designated program receipts. Co-payments are offsets to benefits. Benefit cost projections for 2012 through 2015 assume 6.8% annual growth.

ALASKA STATE LEGISLATURE



Senator Bill Wielechowski

State Capitol, Rm. 115
Juneau, AK 99801
(907) 465-2435

Co-chair, Joint Armed Services Committee

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Co-chair, Resources Committee

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Vice chair, Judiciary Committee

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World Trade Committee

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Impact of the Uninsured on the Broader Population

- Hospitals often serve as primary care treatment facilities for those without access to other health care. Providence and Alaska Regional Hospitals in Anchorage report providing \$89 million in uncompensated care in 2006. In 2005, the total cost of health care in Alaska for the uninsured (excluding costs paid out-of-pocket by the uninsured) was \$125 million (Families USA).
- These costs are passed on to other Alaskans, businesses and government, raising premiums and out-of-pocket expenses for individuals, employers, and the State of Alaska.
- According to new research, private employers in Alaska pay an average of \$1,466 more per family and \$565 more per individual in health insurance premiums to cover the costs of health care for the uninsured. By 2010, this is expected to increase to \$2,248 per family and \$857 per individual (Families USA).
- The cost to the State of Alaska of providing health insurance for its 14,786 full-time, executive branch employees is estimated to be \$18.9 million higher because health providers shift the cost of caring for the uninsured. (March 2006, Legislative Research Report).
- Some \$17 billion is spent in the U.S. annually on unnecessary hospitalizations, according to a 2004 study in *Pediatrics*. The study, which surveyed parents and doctors of children admitted to the hospital, found that 13-46% of the admissions could have been avoided with better care at home or by primary care physicians.
- Nationally, individuals unable to pay medical bills are filing for bankruptcy at unprecedented rates. Between 1980 and 2001, medically driven bankruptcies increased 23 times (American Medical Association, 2005). Half of the 1.5 million American families that filed for bankruptcy in 2001 cited medical bills as the cause (Health Affairs, Feb. 2005).
- The pay-off from providing health insurance for low-income children is substantial. According to governing.com, "Immunizations, annual visits to a pediatrician, dental care, and screening for vision, hearing and developmental problems are all long-term money savers for the health care system as a whole." For example, every \$1 spent on a mumps/measles/rubella shot, saves \$26, according to Washington State Dept. of Health research.

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World Trade Committee

A Primer on the “No Child Left Uninsured” Act

- The intent of this bill is to make health insurance accessible to all children in Alaska, while asking those families who can afford it to make a meaningful financial contribution towards their coverage.
- The bill raises the eligibility limit for participation in Denali KidCare from 175% to 200% of the federal poverty level (FPL). This was the eligibility limit for the program until 2003, when SB 105 substantially lowered the limit.
- 200% of the FPL is currently \$36,000/year for a single parent and child. The FPL is adjusted annually for inflation.
- This proposal puts Alaska in line with other states, 43 of which allow participation by families at or above 200% of the FPL. Eighteen states set the limit at or above 300% of the FPL. Alaska is currently tied for the second lowest eligibility rate in the nation.
- This bill would also allow families with incomes up to 300% of the FPL to buy into Denali KidCare using a sliding fee scale. Many children from working families in Alaska are unable to afford private insurance and go without coverage, which results in poorer health and greater costs in the long-run.
- Premiums for coverage would range from about \$240-\$1,200 annually depending on income. In addition, a 20% co-pay would be required. (This is still significantly less than the cost of comparable private health insurance.) Parents and/or guardians would have to certify that eligible children do not have other insurance coverage.
- Several states have taken steps in recent years to ensure that all children have access to health insurance. For example, in Connecticut, uninsured children from families making 300% or more of the FPL can buy into “All Kids.” In Illinois, coverage is available to any child that has been uninsured for 12 months or more, with the cost determined on a sliding scale basis. Similar proposals under are under consideration in Oregon, Wisconsin, Washington, California and New Mexico, among other states.

ALASKA STATE LEGISLATURE

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Background on Denali KidCare

- Denali KidCare provides health insurance for children through age 18 and pregnant women who meet income guidelines. There is no cost for eligible children, teens and pregnant women. However, youth who are 18 may be required to pay a limited amount for some services.
- Denali KidCare pays for doctor's visits; eye exams and glasses; dental cleanings and fillings; hearing tests and aids; hospital care; speech, physical and mental health therapy; substance abuse treatment; lab tests; prescription drugs; and other care.
- Roughly 7,500 children are covered by Denali KidCare.
- The cost per child of providing this coverage is about \$1,300/year.
- In recent calls to private insurers, the cost of a health insurance plan for a family of 3 (pregnant woman with two children) ranged from \$8,000-\$17,000 annually. Unlike Denali KidCare, this coverage comes with a \$500 deductible, 20% co-pay, and no vision, dental or hearing benefits.
- **Alaska has one of the lowest program eligibility rates in the nation (175% of the FPL).** Forty-four states allow participation by families at or above 200% of the FPL. Nineteen have rates at or above 300% of the FPL.
- The federal government currently reimburses 66% of the cost of the Denali KidCare program up to the state's allocated funding level. After that, the reimbursement rate declines to 50%.
- In fiscal year 2006, the cost of Denali KidCare (also known as the State Children's Health Insurance Program) was \$25.9 million, of which \$18.2 million was paid by the federal government.

Why Coverage for Pregnant Women is Important:

- Alaska has one of the nation's highest documented pregnancy-associated mortality ratios – 58 per 100,000 live births during 1990-1999 (DHSS). National data indicate that women who receive no prenatal care are at increased risk of pregnancy-related death.
- Only 58% of women in Alaska receive adequate prenatal care, compared with 75% nationally.
- Mothers having late or no prenatal care are more likely to have low birth weight or pre-term infants and are at increased risk for pregnancy-related mortality and complications of childbirth (DHSS).
- The average cost of hospital care for a premature baby was \$75,000 in 2001, compared with \$1,300 for a healthy, full-term infant. The March of Dimes Prenatal Data Center reports that premature babies cost about \$13.1 billion annually.

ALASKA STATE LEGISLATURE

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Falling Through the Cracks: The Unmet Health Needs of Alaska's Uninsured Children

- The number of uninsured children in Alaska is estimated to be 19,638 or 10% of the population 18 and under (U.S. Census).
- Over the last decade, Alaska has seen a large decline (31%) in the number of children covered by private health insurance (Robert Wood Johnson Foundation).
- Nationally, more than 80% of uninsured children are from working families (Kaiser Commission on Medicaid and the Uninsured).
- Uninsured children have much higher health risks than do covered children. They receive less preventative care and are diagnosed at more advanced stages of illness (Kaiser Commission on Medicaid and the Uninsured).
- Uninsured children are more likely to develop viral soar throats, eye and ear infections, serious dental problems, and chronic conditions such as asthma and diabetes. They are more than 5 times as likely as insured children to have an unmet need for medical care and 9 times more likely not to have a regular doctor. They are also 4 times more likely to use emergency rooms (*Pediatrics* 105 and 113; *Care for Children, New England Journal of Medicine* 330; The Urban Institute).
- Almost 1/3 of uninsured children received no medical treatment during a 1-year period between 2002 and 2003 (*Health Affairs* 23, no. 5, September/October 2004).
- Uninsured children are 25% more likely to miss school than insured children (Children's Defense Fund Minnesota). Continued illness affects school performance and, in the long run, workforce participation (Southern Institute on Children and Families). A National Institute of Medicine study indicates that lack of insurance results in lost national economic productivity of \$65-\$130 billion annually.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 087 (FIN)
() Publish Date: _____

Identifier (file name): SB087CS(FIN)-DHSS-MAA-02-24-09 Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility RDU: Health Care Services
Component: Medical Assistance Administration
Sponsor: Wielechowski
Requester: Senate HSS Component Number: 242

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services			129.1	172.0	172.0	172.0	172.0	
Travel								
Contractual			226.6	143.8	143.8	143.8	143.8	
Supplies			5.2					
Equipment			5.0					
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	365.9	315.8	315.8	315.8	315.8	315.8

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

1002 Federal Receipts			238.7	206.0	206.0	206.0	206.0
1003 GF Match			127.2	109.8	109.8	109.8	109.8
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	365.9	315.8	315.8	315.8	315.8

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time			2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill raises the income level for existing categories of pregnant women and children under Denali KidCare to 200% of federal poverty levels (FPL) and creates a new category of eligibility for children between 200% and 300% of FPL subject to premiums payments.

The Division of Health Care Services estimates that it will need a total of 2 FTE's to collect and manage the premium collection activities required by SB087.

Continued on Page 2

Prepared by: William Streur, Deputy Commissioner Phone 334-2520
Division: Health Care Services Date/Time 2/24/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner Date 2/24/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSSB087(FIN)

ANALYSIS CONTINUATION

The Division of Health Care Services estimates that it will need a total of 2 FTE's to collect and manage the premium collection activities required by SB087. The new extended Medicaid program increases complexity of the eligibility determination work and results in increased contact with applicants and enrollees.

The Division of Health care Services anticipates the following caseload increase from the passage of SB087: For 176%-200% FPG (no cost-sharing): 1,277 kids and 218 pregnant women. For premiums at 201%-300% FPG : 851 kids at 201%-250% FPG and 851 kids from 251%-300% FPG

Total SB87 coverage: 3,197

Medicaid Management Information System (MMIS) Enhancements:

System enhancements to the MMIS will cost approximately \$150,000. These changes would accommodate the new Federal Poverty Level indicator and premium requirements and would be a one time cost in FY2011.

Legal Costs:

There will be increased referrals to the Department of Law for collections and appeals. This will result in approximately \$62.5 in the contractual line starting in FY2011 (one-half fiscal year) and approximately \$125.0 annually.

Administrative Costs:

The increase in Medicaid applications and caseload creates the need for one Accounting Technician I and a Medical Assistance Administrator II, all located in Anchorage. The annual costs are estimated to be:

1 Accounting Technician I, \$71.0 (Range 12 at a cost of \$71.0, including benefits, per position), \$53.3 in FY2011 (three-quarters of FY2011); and 1 Medical Assistant Administrator II, \$101.0 (Range 18 at a cost of \$101.0, including benefits, per position), \$75.8 for FY2011 (three-quarters of FY2011).

With the additional caseload, a one time supplies cost will be incurred in FY2011, for computers and software with a cost of \$2.6 for each additional staff for a total of \$5.2 for two staff hired in FY2011. Annual costs for office space, phones and other contractual costs are calculated at a cost of \$9.4 per additional staff for a total of \$18.8, \$14.1 for FY2011 (three-quarters of FY2011).

One time costs for office furniture (chairs, cubicle partitions, and cubical furniture) for two positions in FY2011 is estimated at \$2.5 per person for a total of \$5.0.

The department recognizes that this is a new program with untested parameters. It may be necessary to request additional positions through the normal budgetary process if experience shows additional work effort is required.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB087(FIN)
() Publish Date: _____

Identifier (file name): SB087CS(FIN)-DHSS-BHMS-02-24-09 Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility RDU: Behavioral Health Services
Component: Behavioral Health Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS Component Number: 2660

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims			1,236.3	2,640.8	2,820.4	3,012.2	3,217.0
Miscellaneous							
TOTAL OPERATING	0.0	0.0	1,236.3	2,640.8	2,820.4	3,012.2	3,217.0

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

1002 Federal Receipts			829.0	1,470.8	1,570.9	1,677.7	1,791.8
1003 GF Match			407.3	1,170.0	1,249.5	1,334.5	1,425.2
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	1,236.3	2,640.8	2,820.4	3,012.2	3,217.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums. This fiscal note assumes that enrollment and benefits will begin January 1, 2011, and that the projected enrollment will be complete within 12 months.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Behavioral Health Medicaid Services component.
(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner Phone 334-2520
Division: Health Care Services Date/Time 2/24/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner Date 2/24/2009
DHSS Finance & Mangement Services

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSSB087(FIN)

ANALYSIS CONTINUATION

The Behavioral Health Medicaid Services component is allocated 1/3 of the total benefit costs for children. Benefit costs for pregnant women and collections for premiums are reflected in another component (Medicaid Services). Benefit costs in FY2011 for this component, prorated for implementation January 1, will be \$1,236.3 (\$829.0 fed/\$407.3 GF).

Summary of Benefits for All Components, first 12 months:

Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)
Total additional benefit cost/year: \$8,158.5 (\$5,442.1.2 fed/\$2,716.4 GF)
Total premiums collected/year: \$1,225.4 Statutory Designated Program Receipts (SDPR)

Annualized enrollment and per child costs for first 12 months:

176-200% FPG (no cost-sharing): 1,277 children; \$1,504 annual benefit cost per person
176-200% FPG (no cost-sharing): 218 pregnant women; \$3,396 annual benefit cost per person
201-300% FPG (premiums): 1,702 children; \$3,230 annual benefit cost per person

This fiscal analysis assumes that nearly 3200 individuals will enroll in the first 12 months. For children in the 201-300% group, some parents or guardians may be discouraged from enrolling eligible children due to the burden of premium costs. Native families with incomes above 200% FPG and with access to tribal providers will likely not choose to enroll their children because they can access health care services without paying premiums.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees. Benefit cost projections are based on FY2008 average annual per child cost, inflated 5% annually until the first year of implementation. After implementation we assume 6.8% annual growth, which includes inflation and projected trends in population and utilization.

Uninsured children under age 19, between 201% and 300% FPG will be required to pay premiums to the state ranging between \$240 and \$1,200 per year per child. The average premium across all income groups is \$720.

Fund sources are based on historical federal reimbursement rates. We assume the SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 2,979 children. The FFY2009 allotment is the only amount that is already appropriated. There is some degree of uncertainty if the full amount needed will be available, but it appears likely the SCHIP allotment will remain at or above the FFY2009 level. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Federal financial participation applies to revenues as well as expenditures, therefore, the federal government receives 65% of the premiums collected.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB087(FIN)
() Publish Date: _____

Identifier (file name): SB087CS(FIN)-DHSS-MS-02-24-09 Dept. Affected: Health & Social Services
Title: Medical Assistance Eligibility RDU: Health Care Services
Component: Medicaid Services
Sponsor: Wielechowski
Requester: Senate HSS Component Number: 2077

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims			2,842.9	6,072.5	6,485.4	6,926.4	7,397.4	
Miscellaneous								
TOTAL OPERATING	0.0	0.0	2,842.9	6,072.5	6,485.4	6,926.4	7,397.4	

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES (612.7	1,225.4	1,225.4	1,225.4	1,225.4
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts			1,492.3	3,205.4	3,477.5	3,768.1	4,078.5
1003 GF Match			737.9	1,641.7	1,782.5	1,932.9	2,093.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts SDPR			612.7	1,225.4	1,225.4	1,225.4	1,225.4
TOTAL	0.0	0.0	2,842.9	6,072.5	6,485.4	6,926.4	7,397.4

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill raises the income level for existing categories of pregnant women and children under Denali Kidcare to 200% of federal poverty guidelines (FPG) and creates a new category of eligibility for children between 200 and 300% of FPG subject to premiums. This fiscal note assumes that enrollment and benefits will begin January 1, 2011, and that the projected enrollment will be complete within 12 months.

More than 200 pregnant women and nearly 3,000 children will qualify for medical assistance under this bill. This fiscal note represents the portion of benefit costs paid through the Medicaid Services component and all the premiums collected.
(continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner Phone 334-2520
Division: Health Care Services Date/Time 2/24/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner Date 2/24/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSSB087(FIN)

ANALYSIS CONTINUATION

Health Care Services, Medicaid Services component is allocated 2/3 of the total costs for children, all of the costs for pregnant women, and all of the collections for premiums. The Medicaid services component is responsible for all collections of premiums for the entire Medicaid program. Benefit costs in FY2011 for this component, prorated for implementation January 1, will be \$2,842.9. Premiums (prorated) will require an appropriation of \$612.7 SDPR authority. Federal and GF revenues for this component in 2010, after offset for premiums, will be \$1,492.3 Fed and \$737.9 GF.

Summary of Benefits for All Components, first 12 months:

Total additional enrollment/year: 3,197 (2,979 children and 218 pregnant women)
Total additional benefit cost/year: \$8,158.5 (\$5,442.1.2 fed/\$2,716.4 GF)
Total premiums collected/year: \$1,225.4 Statutory Designated Program Receipts (SDPR)

Annualized enrollment and per child costs for first 12 months:

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This fiscal analysis assumes that nearly 3,200 individuals will enroll in the first 12 months. For children in the 201-300% group, some parents or guardians may be discouraged from enrolling eligible children due to the burden of premium costs. Native families with incomes above 200% FPG and with access to tribal providers will likely not choose to enroll their children because they can access health care services without paying premiums.

Children in the 176-200% FPG group are assumed to have an annual average cost similar to those in 151-175% FPG. Children above 200% are assumed to have an average cost similar to all Denali KidCare enrollees. Benefit cost projections are based on FY2008 average annual per child cost, inflated 5% annually until the first year of implementation. After implementation we assume 6.8% annual growth, which includes inflation and projected trends in population and utilization.

Uninsured children under age 19, between 201% and 300% FPG will be required to pay premiums to the state ranging between \$240 and \$1,200 per year per child. The average premium across all income groups is \$720.

Fund sources are based on historical federal reimbursement rates. We assume the SCHIP allotment, which receives 65% federal match, is sufficient to fund costs for the additional 2,979 children. The FFY2009 allotment is the only amount that is already appropriated. There is some degree of uncertainty if the full amount needed will be available, but it appears likely the SCHIP allotment will remain at or above the FFY2009 level. Pregnant women are not eligible for SCHIP and all their costs will be reimbursed at 50%. Federal financial participation applies to revenues as well as expenditures, therefore, the federal government receives 65% of the premiums collected.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSSB 087 (FIN)
 () Publish Date: _____

Identifier (file name): SB087CS(FIN)-DHSS-PAFS-02-24-09 Dept. Affected: Health & Social Services
 Title: Medical Assistance Eligibility RDU: Public Assistance
 Component: Public Assistance Field Services
 Sponsor: Wielechowski
 Requester: Senate HSS Component Number: 236

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required		Information				
	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services	69.2		518.6	660.7	660.7	660.7	660.7
Travel			2.5	5.0	5.0	5.0	5.0
Contractual	198.6		212.4	183.2	183.2	183.2	183.2
Supplies	0.4		12.0	21.5	21.5	21.5	21.5
Equipment	10.0		100.0				
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	278.2	0.0	845.5	870.4	870.4	870.4	870.4

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

1002 Federal Receipts	180.8		549.6	565.8	565.8	565.8	565.8
1003 GF Match	97.4		295.9	304.6	304.6	304.6	304.6
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	278.2	0.0	845.5	870.4	870.4	870.4	870.4

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	1.0		9.0	9.0	9.0	9.0	9.0
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the income standards for covering children and pregnant women under Denali KidCare to 200% of the federal poverty level (FPL), up from 175%.

This legislation also provides new Medicaid coverage for children in higher income categories. To qualify, children must be under age 19, have no insurance coverage, and their family income must be between 200% and 300% of the FPL. Families will be required to pay premiums to the State of Alaska ranging between \$240 and \$1,200 per year per child.

(continued on next page)

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 Division: Public Assistance Date/Time: 2/23/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner Date: 2/24/2009
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSSB087(FIN)

ANALYSIS CONTINUATION

This fiscal note represents the administrative costs for managing the increase in applications, customer service, and eligibility determinations associated with expanding medical assistance coverage for pregnant women and children up to 200% of poverty, and administering a new program to provide coverage to children in higher income families. In addition to making routine eligibility determinations, the new program will require division staff to calculate premiums and make adjustments to them when household income changes, communicate premium obligations to eligible families and to the Division of Health Care Services, confirm payment of premiums before Medicaid benefits are issued, and suspend coverage when premiums are not collected. The casework complexity involved with this Medicaid expansion creates the need for additional eligibility staff and administrative support.

Assumptions:

States have some flexibility for setting Medicaid premium and payment collection policies. In completing this fiscal analysis we assumed premiums will be calculated at time of enrollment, and will only be adjusted or ended if a household reports a reduction in income. We also assumed a child's Medicaid coverage will be suspended if the household fails to pay their premium payments for two consecutive months, and that any unpaid premiums must be paid before Medicaid coverage is reinstated.

We estimate 9 positions will be needed to support this Medicaid program expansion:

- 1 Administrative Clerk III to provide customer service, manage phone lines, and perform clerical support;
- 5 Eligibility Technicians to make decisions on applications, calculate premium payments, and act on changes in household income or other factors affecting a household's eligibility for coverage such as leaving the state;
- 1 Lead Eligibility Technician to perform quality assurance, training on program rules, and other lead worker duties;
- 1 Eligibility Supervisor to oversee and manage the work of the new staff; and
- 1 Program Coordinator for the development and administration of program policy and processes, the creation of systems and supports for the new expanded program, and to perform outreach.

FY2010 Administrative Costs \$278.2

FY2010 costs include start-up funds to hire the Program Coordinator in October 2009 to begin development of the program, establish a plan for outreach, and submit the revised state plan to the federal Dept. of Health & Human Services, Center for Medicare and Medicaid Services (CMS) for approval. FY2010 start-up costs also include funding to begin making modifications to DPA's Eligibility Information System (EIS) that are needed to add premiums to the eligibility process and facilitate the system exchange of information between the Division of Public Assistance and the Division of Health Care Services regarding the calculation and payment of premiums.

FY2011 Administrative Costs \$845.5

FY2011 costs include 9 months of funding to hire and train the eligibility staff, including one-time purchases of equipment for the new positions. FY2011 costs also include funding for final modifications to EIS, outreach, media advertising, supplies, information technology, telecommunications, office space, and phones.

FY2012 - FY2015 Administrative Costs \$870.4

Administrative Costs for FY2012 through FY2015 include annual costs for 9 positions, including associated supply costs. These annual costs also include continued funding for outreach and media advertising, information technology, telecommunications, office space, and phones.