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SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/28/09

FURTHER: Finance

Date of 5-Day Notice: 2/4/09
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/9/09

Health and Social Services Committee considered SENATE BILL NO. 87

SB 87 MEDICAL ASSISTANCE ELIGIBILITY

"An Act expanding medical assistance coverage for eligible children and pregnant women; relating to cost sharing for certain recipients of medical assistance; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DHS		✓			1
DHS		✓			2
DHS		✓			3
DHS		✓			4

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	ELLIS	X			
	Thomas				✓
	PASKVAN	X			
CHAIR:	Davis	X			

Lynda Zaugg

From: Thomas Obermeyer
Sent: Monday, February 09, 2009 8:26 AM
To: Lynda Zaugg; Sen. Bettye Davis; Don Burrell
Subject: FW: SB 13, Denali KidCare/SCHIP program - Senate HESS Hearing Feb 9, 2009 1:30-3:00 AK Time (3:30-5:00pm Mtn time)

From: Jennifer Saunders [mailto:jennifer.saunders@ncsl.org]
Sent: Monday, February 09, 2009 7:50 AM
To: Thomas Obermeyer
Cc: Martha King; Jennifer Breshears
Subject: Re: SB 13, Denali KidCare/SCHIP program - Senate HESS Hearing Feb 9, 2009 1:30-3:00 AK Time (3:30-5:00pm Mtn time)

NCSL staff
attend via teleconf
heaven

Thomas,

Martha King and I will be on the call this afternoon to answer questions.

As we discussed on the phone on Friday, Alaska's SCHIP program is a Medicaid expansion program and therefore must comply with Medicaid's cost-sharing rules as specified under the Deficit Reduction Act of 2005.

The following document summarizes these requirements and I would refer you to the summary on page 1 under the heading "Options for Premiums and Cost-sharing" and the "Important Links" on the bottom of page 2. See the document here: <http://www.cms.hhs.gov/DeficitReductionAct/Downloads/Costsharing.pdf>

Under provisions of the Deficit Reduction Act of 2005, states generally cannot impose cost sharing on children in families with income below 150 percent of the federal poverty guidelines except in certain circumstances. In addition, even at more moderate-income levels, federal rules exempt some special services from any cost sharing requirements.

To create cost sharing requirements that differ from the Medicaid requirements, states can do so by submitting a waiver to and obtaining approval from the Centers for Medicare and Medicaid (CMS) or by creating a stand-alone SCHIP program.

For more information about cost sharing and SCHIP, please see the following CMS website: http://www.cms.hhs.gov/MedicaidGenInfo/05_SCHIP%20Information.asp (Scroll down to see the information under the heading "Cost Sharing.")

Best regards,
 Jennifer

Jennifer B. Saunders, MSW
 Research Analyst
 Health Program
 National Conference of State Legislatures
 7700 East First Place

Lynda Zaugg

From: Don Burrell
Sent: Monday, February 09, 2009 8:48 AM
To: Thomas Obermeyer; Lynda Zaugg
Subject: Support for SB 13 & SB 87

Karen McBride called in today at 8:42am to express her support for both SB 13 & SB 87 which will be heard in H.S.S. this afternoon.

Just passing the word along.

MCBRIDE, KAREN L
8981 RENDON DR
ANCHORAGE AK 99507
District: 30-840 Party: D Sex: F

Don Burrell Jr.

Legislative Aide

Office of Senator Bettye Davis

State Capitol Building, Rm. 30

Juneau, Alaska 99801

P 907-465-3822

F 907-465-3756

don_burrell@legis.state.ak.us

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE
and ALASKA MENTAL HEALTH BOARD

SARAH PALMER GOVERNOR

P.O. BOX 110608
431 N. Franklin Street, Suite 200
JUNEAU, ALASKA 99811-0608
PHONE: (907) 465-8920
FAX: (907) 465-4410
TOLL FREE: (888) 464-8920

February 9, 2009

Senator Bettye Davis, Chair
Senate Health and Social Services Committee
Alaska State Capitol, Room 30
Juneau, Alaska 99801

Re: Support for Expanding Eligibility for Denali KidCare

Senator Davis:

The Alaska Mental Health Board and Advisory Board on Alcohol and Drug Abuse appreciate your recognition of the need for quality health care for Alaska's children. An estimated 19,670 of Alaska's children live in poverty. For them, Denali KidCare is an important safety net – and the way we can insure that our children grown to be healthier and happier adults.

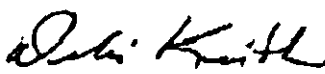
Medicaid-enrolled children who are up-to-date on their well-child checkups through age two years are 48% less likely to experience an avoidable hospitalization. Children with incomplete care are 60% more likely to visit an emergency department for any cause compared to children who are up-to-date on their well-child care. By providing regular preventative care to our children, we save on the cost and trauma of unnecessary hospitalizations.


Denali KidCare is especially important for children with serious emotional disturbances and other mental health needs. In Alaska, more than 75% of children with special health care needs who have Denali KidCare receive the mental health services they need. This is far better than the national rate for uninsured children: only 56.8% of uninsured children with special health care needs receive the necessary mental health services.

Children of families whose income exceeds the current 175% FPIG ceiling, but who still lack resources or insurance to pay for their children's health care, go without necessary health care. The costs of health care have continued to rise, and with that the number of uninsured children who go without care rises. In 2007, nearly 16% of uninsured children in the United States went without necessary care because the costs were prohibitive.

Thank you for your work, and please let us know if the Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse can assist in the effort to pass this important legislation.

Sincerely,


Debi Keith, Chair
AMHB


Lonnie Walters, Chair
ABADA

Differences between SB 87 and the proposed CS for SB 87

1. The CS removes the requirement for a 20% co-pay for families earning above 250% of the federal poverty level (page 5, lines 10-13). This requirement was removed in response to concerns from the Department of Health and Social Services that it would be difficult to administer. Federal regulations prohibit states from collecting more than 5% of an eligible family's income in premiums and co-pays. Since health care providers have up to a year to submit claims to the state, it's challenging for DHSS to know when the 5% threshold has been met. Given that the premiums proposed in SB 87 are significant, it was decided to drop the additional requirement for a co-pay.
2. The effective date of the bill was moved back six months to enable the DHSS to work out any glitches in its new Medicaid payment system, which is scheduled to go on-line on June 2010.
3. Two new sections (6 and 7) were added to the bill. Section 6 states that the Act will only take effect if the U.S. Department of Health and Human Services has approved a revised Denali KidCare Plan from the state and provided sufficient funding for the expanded program. Section 7 requires the commissioner of DHSS to notify the reviser of statutes when the plan has been approved and sufficient funding provided.

*must
have introduced
to the SS -*

26-LS0425R
Mischel
2/3/09

CS FOR SENATE BILL NO. 87()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR WIELECHOWSKI

A BILL

FOR AN ACT ENTITLED

1 **"An Act expanding medical assistance coverage for eligible children and pregnant**
2 **women; relating to cost sharing for certain recipients of medical assistance; and**
3 **providing for an effective date."**

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

5 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **SHORT TITLE.** This Act may be known as the No Child Left Uninsured Act.

8 *** Sec. 2.** AS 47.07.020(b) is amended to read:

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

12 (1) persons eligible for but not receiving assistance under any plan of
13 the state approved under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act,
14 Supplemental Security Income) or a federal program designated as the successor to the

1 aid to families with dependent children program;

2 (2) persons in a general hospital, skilled nursing facility, or
3 intermediate care facility, who, if they left the facility, would be eligible for assistance
4 under one of the federal programs specified in (1) of this subsection;

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

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

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

18 (6) persons in a medical or intermediate care facility whose income
19 while in the facility does not exceed \$1,656 a month but who would not be eligible for
20 an optional state supplementary payment if they left the hospital or other facility;

21 (7) persons under 21 years of age who are receiving active treatment in
22 a psychiatric hospital and who are financially eligible as determined by the standards
23 of the federal program designated as the successor to the aid to families with
24 dependent children program;

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

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

1 (10) persons under 21 years of age not covered under (a) of this section
2 who 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 - 25.23.210;

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

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

12 (B) the department has determined that

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

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

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

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

23 (D) home and community-based services under a waiver
24 approved by the federal government are either not available to them under this
25 chapter or would be inappropriate for them;

26 (12) disabled persons, as described in 42 U.S.C.
27 1396a(a)(10)(A)(ii)(XIII), who are in families whose income, as determined under
28 applicable federal regulations or guidelines, is less than 250 percent of the official
29 poverty line applicable to a family of that size according to the United States
30 Department of Health and Human Services, and who, but for earnings in excess of the
31 limit established under 42 U.S.C. 1396d(q)(2)(B), would be considered to be

1 individuals with respect to whom a supplemental security income is being paid under
2 42 U.S.C. 1381 - 1383c; a person eligible for assistance under this paragraph who is
3 not eligible under another provision of this section shall pay a premium or other cost-
4 sharing charges according to a sliding fee scale that is based on income as established
5 by the department in regulations;

6 (13) persons under 19 years of age who are not covered under (a) of
7 this section and whose household income does not exceed 200 [175] percent of the
8 federal poverty line as defined by the United States Department of Health and Human
9 Services and revised under 42 U.S.C. 9902(2);

10 (14) pregnant women who are not covered under (a) of this section and
11 whose household income does not exceed 200 [175] percent of the federal poverty line
12 as defined by the United States Department of Health and Human Services and revised
13 under 42 U.S.C. 9902(2);

14 (15) persons who have been diagnosed with breast or cervical cancer
15 and who are eligible for coverage under 42 U.S.C. 1396a(a)(10)(A)(ii)(XVIII).

16 * **Sec. 3.** AS 47.07 is amended by adding a new section to read:

17 **Sec. 47.07.022. Extended medical assistance coverage for children; costs.**

18 (a) In addition to the persons specified in AS 47.07.020, a person who resides in the
19 state and who meets the criteria under (b) of this section is eligible for extended
20 medical assistance coverage equivalent to the mandatory and optional services
21 described under AS 47.07.030 if the person submits an annual application and
22 contribution as specified in (c) of this section.

23 (b) The department shall administer a program of extended medical assistance
24 coverage for a person

25 (1) who is under 19 years of age;

26 (2) whose household income is between 200 and 300 percent of the
27 federal poverty guideline as defined by the United States Department of Health and
28 Human Services and revised under 42 U.S.C. 9902(2); and

29 (3) whose parent or legal guardian certifies that the person is not
30 covered under a health insurance policy.

31 (c) The program administered under this section must include an annual

1 application and sliding scale contribution, payable under terms specified in regulations
2 adopted by the department. The regulations must

3 (1) include the option of an assignment of an applicant's permanent
4 fund dividend and the permanent fund dividend of a parent, legal guardian, or other
5 authorized representative of an applicant; and

6 (2) set the annual contribution amount between \$240 and \$1,200,
7 beginning with \$240 for a person whose household income is between 201 percent and
8 225 percent of the federal poverty guideline and increasing progressively based on the
9 person's household income.

10 * Sec. 4. AS 47.07.042(d) is amended to read:

11 (d) In addition to the requirements established under (a) and (b) of this section,
12 the department shall [MAY] require premiums or cost-sharing contributions from
13 recipients who are eligible for benefits under AS 47.07.022. The
14 [AS 47.07.020(b)(13) AND WHOSE HOUSEHOLD INCOME IS BETWEEN 150
15 AND 175 PERCENT OF THE FEDERAL POVERTY LINE. IF THE
16 DEPARTMENT REQUIRES PREMIUMS OR COST-SHARING
17 CONTRIBUTIONS UNDER THIS SUBSECTION, THE] department

18 (1) shall adopt in regulation a sliding scale for those premiums or
19 contributions based on household income;

20 (2) may not exceed the maximums allowed under federal law; and

21 (3) shall implement a system by which the department or its designee
22 collects those premiums or contributions.

23 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 TRANSITION: REGULATIONS. The Department of Health and Social Services may
26 proceed to adopt regulations necessary to implement the changes made by this Act. The
27 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the
28 effective date of secs. 1 - 4 of this Act.

29 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 CONTINGENT EFFECT. Sections 2 - 4 of this Act take effect only if, before

1 January 1, 2011, the United States Department of Health and Human Services has approved
2 all the changes in secs. 2 - 4 and provided sufficient funding for the changes.

3 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 NOTIFICATION OF REVISOR. The commissioner of health and social services shall
6 notify the revisor of statues of whether the United States Department of Health and Human
7 Services has approved and provided funding for all the changes in secs. 2 - 4 of this Act
8 before January 1, 2011.

9 * Sec. 8. Section 5 of this Act takes effect immediately under AS 01.10.070(c).

10 * Sec. 9. Except as provided in sec. 8 of this Act, this Act takes effect January 1, 2011.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 9, 2009

SUBJECT: Sectional Summary (Work Order No. 26-LS0425R)

TO: Senator Bill Wielechowski
Attn: Michele Sydeman

FROM: Jean M. Mischel
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Provides a short title for the bill.

Section 2. Amends optional medical assistance provisions for persons under 19 years of age and for pregnant women to increase an income eligibility standard in relation to the federal poverty guideline.

Section 3. Requires the Department of Health and Social Services to administer a program to extend mandatory and optional medical assistance coverage for persons under 19 years of age whose household income is above sec. 2's limits but below a set percentile range of the federal poverty guideline, and imposes contribution and copayment amounts for the coverage.

Section 4. Requires the Department of Health and Social Services to set premium and cost-sharing contributions for persons under 19 years of age and who meet eligibility criteria under sec. 3.

Section 5. Authorizes the Department of Health and Social Services to adopt regulations needed under the bill before the effective date of the bill.

Section 6. Makes secs. 2 - 4 effective only if the U.S. Department of Health and Social Services approves the changes made by those sections before January 1, 2011.

Senator Bill Wielechowski
February 9, 2009
Page 2

Section 7. Requires the Commissioner of the Department of Health and Social Services to notify the revisor of statutes of federal approval.

Section 8. Provides an immediate effective date for sec. 5.

Section 9. Provides a January 1 2011, effective date for secs. 1 - 4 and secs. 6 - 7.

JMM:ljw
09-075.ljw

ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services
Committee

Co-chair, Resources Committee

Vice chair, Judiciary Committee

World Trade Committee



State Capitol, Rm. 115
Juneau, AK 99801
(907) 465-2435
Fax: (907) 465-6615

716 W. 4th Ave, Ste. 440
Anchorage, AK 99501
(907) 269-0102
Fax: (907) 269-6122

SENATOR BILL WIELECHOWSKI

January, 26 2009

Senator Bettye Davis, Chair
Senate HESS Committee
Room 30, State Capitol
Juneau, Alaska 99801

2/9

I am writing to request a hearing on SB 87, "An act expanding medical assistance coverage for eligible children and pregnant women; relating to cost sharing for certain recipients of medical assistance; and providing for an effective date."

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.

S.B. 87 raises the eligibility limit for participation in Denali KidCare from 175% to 200% of the federal poverty level (FPL). This proposal puts Alaska in line with other states, 41 of which allow participation by families at or above 200% of the FPL. Alaska currently has one of the lowest eligibility rates 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 \$240 annually for a participants living at 201% of the FPL to \$1,200 annually. In addition, a 20 % co-pay would be required for those living at 250% and greater of the FPL. Those with the greatest means would reimburse the state roughly 90% of program costs.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wielechowski".

Senator Bill Wielechowski

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB087
 () Publish Date: _____

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

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB087

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.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB087
() Publish Date: _____

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

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB087

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: _____
Bill Version: SB087
() Publish Date: _____

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

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB087

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: _____
Bill Version: SB087
() Publish Date: _____

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							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES (
-----------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

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	1,179.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

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: Elie Fitzjarrald
Division: Public Assistance

Phone: (907) 465-5847
Date/Time: 2/4/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance Management Services

Date: 2/6/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. SB087

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.

ALASKA STATE LEGISLATURE

Session
State Capitol, Rm. 115
Juneau, AK 99801
(907) 465-2435
Fax: (907) 465-6615

Interim
716 W. 4th Ave, Ste. 540
Anchorage, AK 99501
(907) 269-0120
Fax: (907) 269-0122



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 18,000 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 70% 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.

ALASKA STATE LEGISLATURE

Senator Bill Wielechowski

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



Co-chair, Joint Armed Services Committee

•
Co-chair, Resources Committee

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Vice chair, Judiciary Committee

•
World Trade Committee

Senator_Bill_Wielechowski@legis.state.ak.us

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

- The number of uninsured children in Alaska is estimated to be 17,880 or 9% of the population 18 and under (Urban Institute and Kaiser Commission on Medicaid and the Uninsured).
- 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.

ALASKA STATE LEGISLATURE

Senator Bill Wielechowski

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



Co-chair, Joint Armed Services Committee

Co-chair, Resources Committee

Vice chair, Judiciary Committee

World Trade Committee

Senator_Bill_Wielechowski@legis.state.ak.us

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.

ALASKA STATE LEGISLATURE

Senator Bill Wielechowski

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



Co-chair, Joint Armed Services Committee

•
Co-chair, Resources Committee

•
Vice chair, Judiciary Committee

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World Trade Committee

Senator_Bill_Wielechowski@legis.state.ak.us

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 7,600 children were covered by Denali KidCare as of December 2006.
- Prior to the passage of SB 105 in 2003 (which lowered the eligibility guidelines for the program) 4,992 children with family incomes between 151% and 200% of the federal poverty level (FPL) were covered. Since passage, 3,440 fewer children with family incomes between 151% and 200% of the FPL are enrolled.
- 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-one states allow participation by families at or above 200% of the FPL. Seven have rates at or above 300% of the FPL.
- The federal government currently reimburses 70% of the cost of the Denali KidCare program up to the state's allocated funding level. After that, the reimbursement rate declines to 58%.

- 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



Senator Bill Wielechowski

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

Co-chair, Joint Armed Services Committee

Co-chair, Resources Committee

Vice chair, Judiciary Committee

World Trade Committee

Senator_Bill_Wielechowski@legis.state.ak.us

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, 41 of which allow participation by families at or above 200% of the FPL. Seven states set the limit at or above 300% of the FPL. Alaska currently has one of the lowest eligibility rates 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. Those with the greatest means would reimburse the state 90% of program costs.
- 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.

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Bill boosts health care for children**CHIP: But final approval of measure remains uncertain.**

By GEORGE BRYSON

gbryson@adn.com

(01/15/09 23:45:12)

More than 8,000 uninsured Alaska children could receive new health care benefits if a bill approved by the U.S. House on Wednesday is also approved by the Senate and signed into law next week as expected by then-newly inaugurated President Barack Obama.

The expansion of the State Child Health Insurance Program (CHIP), known in Alaska as Denali KidCare, could provide new health care coverage to more than 4 million uninsured kids nationwide, roughly half of all uninsured American children.

Almost half of the estimated 19,000 uninsured children in Alaska could be covered by the legislation too, according to an analysis by Families USA, a national nonprofit organization that advocates for high-quality, affordable health care for all Americans.

But that assumes that Alaska legislators in Juneau would be willing to provide the 35 percent matching funds for a program that would expand Denali KidCare coverage to families that earn up to 300 percent of the federal poverty level. Currently Alaska only provides coverage to families that earn up to 175 percent of the poverty threshold.

Created in 1997, CHIP provides health coverage to children in working families with incomes that are too high to qualify for Medicaid but too low to make private insurance affordable.

Legislation to reauthorize and expand the program was twice passed by Congress in 2007 -- with all three members of Alaska's congressional delegation voting in favor -- but President Bush vetoed both bills.

Obama, by comparison, released a statement Wednesday applauding House passage of the CHIP legislation and urged the Senate to quickly do the same -- "so that it can be one of the first measures I sign into law when I am president."

Alaska Congressman Don Young this week voted in favor of the House bill. "Economically we are going through some hard times now, and the health of our children should not suffer because of it," Young said.

On the Senate side, Republican Lisa Murkowski and Democrat Mark Begich are both expected to support the bill, which was approved Thursday by the Senate Finance Committee.

In remarks after her vote in favor of expanding the children's health care program a year ago, Murkowski said CHIP was necessary to ensure these children are not left out.

Recently sworn in as the state's junior senator after his close victory over longtime Alaska Sen. Ted Stevens, Begich campaigned on a platform that explicitly called for expanding Denali KidCare, which also provides health care to low-income pregnant women. Passage of the child health bill

would provide \$32.3 billion over four years to continue coverage for seven million children currently covered by the program and to extend coverage to four million more.

Find George Bryson online at adn.com/contact/gbryson or call 257-4318.

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