

SB

193

<TARGET><BILL>SB 193</BILL><SUBJECT>SB
193</SUBJECT><COMM>SHSS30</COMM></TARGET>

Alaska State Legislature

SENATOR PETE KELLY

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Sponsor Statement – Senate Bill 193

“An Act requiring the Department of Health and Social Services to apply for a waiver to establish work requirements for certain adults who are eligible for the state medical assistance program.”

On January 11, 2018, the Centers for Medicare & Medicaid Services (CMS) announced a new policy to assist states in their efforts to improve Medicaid enrollee health and well-being through incentivizing work and community engagement among the able-bodied Medicaid beneficiaries. This is the first time the federal government has been willing to give States latitude on implementing any type of work requirements for the Medicaid program that is managed jointly by the Federal government and the states.

SB 193 directs the Department of Health and Social Services to apply for a section 1115 waiver of the Social Security Act to establish a work requirement for able-bodied adults who are not exempt (page 1, lines 6-9). To maintain eligibility in the Medicaid program, able-bodied participants would be required to participate in work activities for at least 20 hours each week and submit proof of employment. Individuals would also meet this requirement by participating in education or training programs, volunteering, or engaging in subsistence activities for the required 20 hours. Good health is not just about physical health. A job, educational program, or volunteering is one more step on the journey to overall health and recovery for individuals. This new policy will allow recipients to be part of a larger work and volunteer community. A modest work requirement is not a punishment, but a boost to greater individual success.

The guidance letter from CMS supports states' efforts to align already existing work requirements in the Temporary Assistance to Needy Families (TANF) program. SB 193 follows that guidance by using exemptions found in AS 47.27.035 as the baseline exemptions (page 2, lines 6 – 19). As required by CMS, a person who is enrolled in and compliant with work requirements in TANF or the Supplemental Nutrition Assistance Program (SNAP), also known commonly as food stamps, must automatically be considered compliant with the Medicaid work requirements (page 2, lines 2-5).

SB 193 will not hinder access to treatment for substance abuse disorders by ensuring the work requirements do not prevent an individual from seeking treatment (page 2, lines 20-22).

As a matter of due process for participants, SB 193 requires a 90-day period of non-compliance of the work requirement before any Medicaid benefits are terminated.

The safety net programs of Alaska are there to catch people when they fall, but more importantly our programs should be a launching pad for independence, self-sufficiency, and a better quality of life for all participants.

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Sectional Analysis – Senate Bill 193

“An Act requiring the Department of Health and Social Services to apply for a waiver to establish work requirements for certain adults who are eligible for the state medical assistance program.”

Section 1:

Amends AS 47.07.036 to direct the DHSS to apply for a section 1115 waiver of the Social Security Act to establish a work requirement for adults in the Medicaid program who not meet the criteria to be exempted.

The waiver must include the following:

- (1) Requires an able-bodied Medicaid recipient to participate in work activities for a minimum of 20 hours each week. Actively seeking employment, participating in an education or training program, volunteering, or engaging in subsistence activities also are counted towards the 20-hour requirement.
- (2) If a Medicaid recipient is also receiving benefits under Alaska Temporary Assistance Program and in compliance with the work requirements listed under AS 47.27.035, then they automatically meet the work requirement for Medicaid.
- (3) Exempt Medicaid recipients who are:
 - a. Children or elderly (Under 18 years old and over 65 years old)
 - b. The parent or caretaker of a dependent child of up to 12 months of age and the parent or caretaker is providing home care for the child
 - c. The parent or caretaker of a child experiencing a disability and the parent or caretaker is providing home care for the children
 - d. The caretaker of a relative who is experiencing a disability and requires 24-hour care
 - e. The parent or caretaker of a child under six years of age and the parent or caretaker demonstrated that appropriate child care is not available
 - f. Unable to work for medical reasons, as determined by a licensed medical professional
- (4) Ensure that the work requirement does not impact a Medicaid recipient from obtaining substance abuse treatment
- (5) A notification to all Medicaid receipts once the waiver is approved, and a 90 day notice of non-compliance with the work requirement before benefits are terminated.

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 2/19/18

*Updated rept
w/ additional
fiscal note #8*

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 3-26-18

Health and Social Services Committee considered SENATE BILL NO. 193

SB 193-MED. ASSISTANCE WORK REQUIREMENT

"An Act requiring the Department of Health and Social Services to apply for a waiver to establish work requirements for certain adults who are eligible for the state medical assistance program."

and recommends:

- be replaced with CS SB 193 (HSS) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
ADM	✓			1
DHS	✓			2
DHS	✓			3
DHS	✓			4
DHS	✓			5

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note *Continued →*

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Begich		✓		
	VanImhof			✓	
	Miceene	✓			
	Giessel	✓			
	Wilson	✓			
CHAIR:	Wilson	✓			

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Senate Bill 193

"An Act requiring the Department of Health and Social Services to apply for a waiver to establish work requirements for certain adults who are eligible for the state medical assistance program."

Explanation of Changes

Version D to Version J

- Page 2, Line 1
 - Added "caregiving" to be consistent in language with exemptions
- Page 2, Lines 19 – 21
 - Added exemptions to be consistent with ATAP and the CMS guidance letter. The exemptions include:
 - (G) pregnant
 - (H) currently receiving unemployment insurance benefits
 - (I) participating in a tribal work program
- Page 2, Lines 22 – 27
 - Added a new subsection (4) with temporary exemptions to be consistent with ATAP. The exemptions include:
 - (A) experiencing a family hardship outside of the control of the parent or caretaker, such as death in the family or immediate crisis, for the duration of the hardship
 - (B) a victim of domestic violence
- Conforming changes to subsection numbering

CS FOR SENATE BILL NO. 193(HSS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH AND SOCIAL SERVICES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS KELLY, Hughes, Wilson, Micciche, Giessel

A BILL
FOR AN ACT ENTITLED

1 **"An Act requiring the Department of Health and Social Services to apply for a waiver to**
2 **establish work requirements for certain adults who are eligible for the state medical**
3 **assistance program."**

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

5 *** Section 1.** AS 47.07.036 is amended by adding a new subsection to read:

6 (h) The department shall apply for a section 1115 waiver under 42 U.S.C.
7 1315 to establish a work requirement for adults who are eligible for medical assistance
8 under AS 47.07.020 and who do not meet the criteria for an exemption described in
9 (3) of this subsection. The application for the waiver must include a plan to

10 (1) require a recipient subject to the work requirement to demonstrate,
11 as a condition of eligibility for medical assistance, that the recipient is participating in
12 work activities for a minimum of 20 hours each week by submitting proof of
13 employment or, if the recipient is not employed, proof that the recipient is actively
14 seeking employment, participating in an educational or training program intended to

1 lead to employment, volunteering, engaging in subsistence activities, or caregiving;

2 (2) allow a recipient to meet the work requirement described in this
3 subsection by demonstrating that the recipient participates in the Alaska temporary
4 assistance program and is in compliance with the work activities requirement
5 described in AS 47.27.035;

6 (3) exempt a recipient from the work requirement described in this
7 subsection only if the recipient is

8 (A) under 18 years of age or 65 years of age or older;

9 (B) the parent or caretaker of a dependent child of up to 12
10 months of age and the parent or caretaker is providing home care for the child;

11 (C) the parent or caretaker of a child experiencing a disability
12 and the parent or caretaker is providing home care for the child;

13 (D) the caretaker of a relative who is experiencing a disability
14 and requires 24-hour care;

15 (E) the parent or caretaker of a child under six years of age and
16 the parent or caretaker demonstrates that appropriate child care is not available;

17 (F) unable to work for medical reasons, as determined by a
18 licensed medical professional;

19 (G) pregnant;

20 (H) currently receiving unemployment insurance benefits; or

21 (I) participating in a tribal work program;

22 (4) temporarily exempt a recipient from the work requirement
23 described in this subsection only if the recipient is

24 (A) experiencing a family hardship outside of the control of the
25 parent or caretaker, such as a death in the family or an immediate crisis, for the
26 duration of the hardship;

27 (B) a victim of domestic violence;

28 (5) ensure that the work requirement does not prevent a recipient with
29 a substance abuse disorder from obtaining appropriate treatment for the substance
30 abuse disorder;

31 (6) notify all medical assistance recipients of the work requirement as

1 soon as practicable if the waiver is approved and, not less than 90 days after providing
2 notice of the work requirement, terminate medical assistance coverage for recipients
3 who become ineligible as a result of noncompliance with the work requirement.



SMD: 18-002

**RE: Opportunities to
Promote Work and
Community Engagement
Among Medicaid
Beneficiaries**

January 11, 2018

Dear State Medicaid Director:

The Centers for Medicare & Medicaid Services (CMS) is announcing a new policy designed to assist states in their efforts to improve Medicaid enrollee health and well-being through incentivizing work and community engagement among non-elderly, non-pregnant adult Medicaid beneficiaries who are eligible for Medicaid on a basis other than disability.¹ Subject to the full federal review process, CMS will support state efforts to test incentives that make participation in work or other community engagement a requirement for continued Medicaid eligibility or coverage for certain adult Medicaid beneficiaries in demonstration projects authorized under section 1115 of the Social Security Act (the Act). Such programs should be designed to promote better mental, physical, and emotional health in furtherance of Medicaid program objectives. Such programs may also, separately, be designed to help individuals and families rise out of poverty and attain independence, also in furtherance of Medicaid program objectives.²

This guidance describes considerations for states that may be interested in pursuing demonstration projects under section 1115(a) of the Act that have the goal of creating incentives for Medicaid beneficiaries to participate in work and community engagement activities. It addresses the application of CMS' monitoring and evaluation protocols for this type of demonstration and identifies other programmatic and policy considerations for states, to help them design programs that meet the objectives of the Medicaid program, consistent with federal statutory requirements.

¹ States will have the flexibility to identify activities, other than employment, which promote health and wellness, and which will meet the states' requirements for continued Medicaid eligibility. These activities include, but are not limited to, community service, caregiving, education, job training, and substance use disorder treatment.

² Section 1901 of the Social Security Act authorizes appropriations to support State Medicaid programs: "For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care[.]"

Health Benefits of Community Engagement, including Work and Work Promotion

While high-quality health care is important for an individual's health and well-being, there are many other determinants of health. It is widely recognized that education, for example, can lead to improved health by increasing health knowledge and healthy behaviors.³ CMS recognizes that a broad range of social, economic, and behavioral factors can have a major impact on an individual's health and wellness, and a growing body of evidence suggests that targeting certain health determinants, including productive work and community engagement, may improve health outcomes. For example, higher earnings are positively correlated with longer lifespan.⁴ One comprehensive review of existing studies found strong evidence that unemployment is generally harmful to health, including higher mortality; poorer general health; poorer mental health; and higher medical consultation and hospital admission rates.⁵ Another academic analysis found strong evidence for a protective effect of employment on depression and general mental health.⁶ A 2013 Gallup poll found that unemployed Americans are more than twice as likely as those with full-time jobs to say they currently have or are being treated for depression.⁷ Other community engagement activities such as volunteering are also associated with improved health outcomes^{8,9}, and it can lead to paid employment.

CMS, in accordance with principles supported by the Medicaid statute, has long assisted state efforts to promote work and community engagement and provide incentives to disabled beneficiaries to increase their sense of purpose, build a healthy lifestyle, and further the positive physical and mental health benefits associated with work. CMS supports state efforts to enable eligible individuals to gain and maintain employment. Optional Medicaid programs such as the Medicaid Buy-In, for example, allow workers with disabilities to have higher earnings and maintain their Medicaid coverage. For beneficiaries who are able to work but have been unable to find employment, some states encourage employment through concurrent enrollment in state-sponsored job training and work referral, either automatically or at the option of the Medicaid beneficiary. A number of states have also initiated programs to connect non-disabled Medicaid beneficiaries to existing state workforce programs.

States also provide a range of employment supports to individuals receiving home and community based services under section 1915(c) waivers or section 1915(i) state plan services. These include habilitation services designed to "assist individuals in acquiring, retaining and improving the self-help, socialization, and adaptive skills necessary to reside successfully in

³ Bartley, M and Plewis, I. (2002) Accumulated labor market disadvantage and limiting long term illness. *International Journal of Epidemiology* 31:336-41.

⁴ Chetty R, Stepner M, Abraham S, et al. The association between income and life expectancy in the United States, 2001-2014. *JAMA*. 2016; 315(16):1750-1766.

⁵ Waddell, G. and Burton, A.K. *Is Work Good For Your Health And Well-Being?* (2006) EurErg Centre for Health and Social Care Research, University of Huddersfield, UK

⁶ Van der Noordt, M, Jzelenberg, H, Droomers, M, and Proper, K. Health effects of employment: a systemic review of prospective studies. *BMJournals. Occupational and Environmental Medicine*. 2014: 71 (10).

⁷ Crabtree, S. In U.S., Depression Rates Higher for Long-Term Unemployed. (2014). Gallup. <http://news.gallup.com/poll/171044/depression-rates-higher-among-long-term-unemployed.aspx>

⁸ United Health Group. *Doing good is good for you. 2013 Health and Volunteering Study.*

⁹ Jenkins, C. Dickens, A. Jones, K. Thompson-Coon, J. Taylor, R. and Rogers, M. Is volunteering a public health intervention? A systematic review and meta-analysis of the health and survival of volunteers *BMC Public Health* 2013. 13 (773)

home and community based settings."¹⁰ These activities have been historically focused on services and programs for individuals with disabilities and receipt of these supports is not a condition of eligibility or coverage.

The successes of all these programs suggest that a spectrum of additional work incentives, including those discussed in this letter, could yield similar outcomes while promoting these same objectives.

New Opportunity for Promoting Work and Other Community Engagement for Non-Elderly, Non-Pregnant Adult Beneficiaries Who Are Eligible for Medicaid on a Basis Other than Disability

On March 14, 2017, the Department of Health and Human Services (HHS) and CMS issued a letter to the nation's governors affirming the continued commitment to partner with states in the administration of the Medicaid program. In the letter, we noted that CMS will empower states to develop innovative proposals to improve their Medicaid programs. Demonstration projects under section 1115 of the Act give states more freedom to test and evaluate approaches to improving quality, accessibility, and health outcomes in the most cost-effective manner. CMS is committed to allowing states to test their approaches, provided that the Secretary determines that the demonstrations are likely to assist in promoting the objectives of the Medicaid program.

Some states are interested in pursuing demonstration projects to test the hypothesis that requiring work or community engagement as a condition of eligibility, as a condition of coverage, as a condition of receiving additional or enhanced benefits, or as a condition of paying reduced premiums or cost sharing, will result in more beneficiaries being employed or engaging in other productive community engagement, thus producing improved health and well-being. To determine whether this approach works as expected, states will need to link these community engagement requirements to those outcomes and ultimately assess the effectiveness of the demonstration in furthering the health and wellness objectives of the Medicaid program.¹¹

Today, CMS is committing to support state demonstrations that require eligible adult beneficiaries to engage in work or community engagement activities (e.g., skills training, education, job search, caregiving, volunteer service) in order to determine whether those requirements assist beneficiaries in obtaining sustainable employment or other productive community engagement and whether sustained employment or other productive community engagement leads to improved health outcomes. This is a shift from prior agency policy regarding work and other community engagement as a condition of Medicaid eligibility or coverage,¹² but it is anchored in historic CMS principles that emphasize work to promote health and well-being.

We look forward to working with states interested in testing innovative approaches to promote work and other community engagement, including approaches that make participation a condition of eligibility or coverage, among working-age, non-pregnant adult Medicaid beneficiaries who qualify for Medicaid on a basis other than a disability. Consistent with section

¹⁰ Social Security Act, section 1915(c)(5)(A)

¹¹ <https://www.medicaid.gov/medicaid/section-1115-demo/about-1115/index.html>

¹² <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/?entry=29927>

1115(a) of the Act, demonstration applications will be reviewed on a case-by-case basis to determine whether the proposed approach is likely to promote the objectives of Medicaid. CMS is also committed to ensuring state accountability for the health outcomes produced by the program, and demonstration projects approved consistent with this guidance will be required to conduct outcomes-based evaluations, based on evaluation designs subject to CMS approval. We note that approved demonstration projects that promote positive health outcomes may also achieve the additional goal of the Medicaid program to promote independence.

State Flexibility in Program Design

In its work with states, CMS has identified a number of issues for states to consider as they develop programs to promote work and other forms of community engagement among Medicaid beneficiaries. Each state is different, and states are in the best position to determine which approaches are most likely to succeed, based on their specific populations and resources. In drafting demonstration project applications, states should articulate the reasoning behind their proposal. While CMS will evaluate each demonstration project application on its own merits, we believe the following considerations will facilitate states' work to develop proposals and allow them to focus their resources on permissible areas of innovation while allowing CMS to maintain its oversight and fiduciary responsibilities.

Alignment with Other Programs

Many states already have systems in place for implementing employment and community engagement programs. For instance, beginning in 1996, welfare reform provided states with more flexibility to manage their state welfare programs under the Temporary Assistance for Needy Families (TANF) program consistent with the four statutory purposes of TANF. Supplemental Nutrition Assistance Program (SNAP) rules require all recipients to meet work requirements unless they are exempt. Exemptions may include, but are not limited to age, disability, responsibility for a dependent, participation in a drug addiction or alcohol treatment and rehabilitation program, or another state-specified reason.

CMS supports states' efforts to align SNAP or TANF work or work-related requirements with the Medicaid program as part of a demonstration authorized under section 1115 of the Act, where such alignment is appropriate and consistent with the ultimate objective of improving health and well-being for Medicaid beneficiaries. Based on states' experiences with their TANF or SNAP employment programs, they may wish to consider aligning Medicaid requirements with certain aspects of the TANF or SNAP programs, such as:

- Excepted populations (e.g., pregnant women, primary caregivers of dependents, individuals with disabilities or health-related barriers to employment, individuals participating in tribal work programs, victims of domestic violence, other populations with extenuating circumstances, full time students);
- Protections and supports for individuals with disabilities and others who may be unable to meet the requirements;
- Allowable activities (e.g., subsidized and unsubsidized employment, educational and vocational programs, job search and job readiness, job training, community service, caregiving, and other allowable activities under TANF or SNAP) and required hours of participation (e.g., hours/week, including hours completed under TANF or SNAP);

- Changes to requirements or allowable activities due to economic or environmental factors (e.g., unemployment rate in affected areas);
- Enrollee reporting requirements (e.g., frequency and method for reporting work activities); or
- The availability of work support programs (e.g., transportation or child care) for individuals subject to work and community engagement requirements.

CMS will consider the extent to which proposed Medicaid community engagement or work requirements align with features of the TANF or SNAP programs and whether that alignment is consistent with Medicaid objectives. For example, aligning certain requirements across these programs would streamline eligibility and could reduce the burden on both states and beneficiaries and maximize opportunities for beneficiaries to meet the requirements. Many states have already developed or are developing integrated eligibility systems, and have taken advantage of the waiver of OMB Circular A-87 cost allocation rules (available through CY 2018) to support the integration of eligibility systems between health and human services programs. These integrated systems may be poised to allow for alignment of eligibility requirements for a segment of the Medicaid population, and to facilitate implementation of streamlined application and verification processes. Where additional information technology systems enhancements are required to support Medicaid demonstration activities, costs will be expected to be reasonable and comply with Medicaid statute and regulations. Federal Medicaid funding will be limited to allowable activities directly linked to Medicaid beneficiaries.

Individuals enrolled in and compliant with a TANF or SNAP work requirement, as well as individuals exempt from a TANF or SNAP work requirement, must automatically be considered to be complying with the Medicaid work requirements. To the degree that specific good cause exemptions exist in a state TANF or SNAP program, the state should make a reasonable effort to incorporate similar exemptions within a framework for a Medicaid community engagement and work requirement. States should also describe how they will communicate to beneficiaries any differences in program requirements that individuals will need to meet in the event they transition off of SNAP or TANF but remain subject to a Medicaid community engagement or work requirement.

Populations Subject to Work Promotion/Community Engagement Requirements

States should clearly identify the eligibility groups subject to the work and community engagement requirements and included in the demonstration. States may consider submitting for CMS consideration a proposal to tailor such requirements to adults within specific eligibility groups or sub-populations within the eligibility group. CMS recognizes that adults who are eligible for Medicaid on a basis other than disability (i.e. classified for Medicaid purposes as “non-disabled”) will be subject to the work/community engagement requirements as described in this guidance. These individuals, however, may have an illness or disability as defined by other federal statutes that may interfere with their ability to meet the requirements. States must comply with federal civil rights laws, ensure that individuals with disabilities are not denied Medicaid for inability to meet these requirements, and have mechanisms in place to ensure that reasonable modifications are provided to people who need them. States must also create exemptions for individuals determined by the state to be medically frail and should also exempt

from the requirements any individuals with acute medical conditions validated by a medical professional that would prevent them from complying with the requirements.

States are required, in the design and administration of Medicaid demonstration projects, to comply with all applicable federal civil rights laws, including the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, Section 1557 of the Affordable Care Act, Title VI of the Civil Rights Act, the Age Discrimination Act, and other applicable statutes. The federal disability rights laws are of particular importance, given the broad scope of protection under these laws and the fact that disabilities can affect an individual's ability to participate in work and community engagement activities. States may not impose such requirements on individuals classified as "disabled" for Medicaid eligibility purposes.

CMS recognizes that individuals who are eligible for Medicaid on a basis other than disability (and are therefore classified for Medicaid purposes as "non-disabled") may have a disability under the definitions of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, or section 1557 of the Affordable Care Act. States should include, in their proposals, information regarding their plans for compliance with these requirements, including provision of reasonable modifications in work or community engagement requirements. The reasonable modifications must include exemptions from participation where an individual is unable to participate for disability-related reasons, modification in the number of hours of participation required where an individual is unable to participate for the required number of hours, and provision of support services necessary to participate, where participation is possible with supports. States may not receive Federal Medicaid match for such supportive services for individuals enrolled in these Medicaid demonstrations. In addition, States should evaluate individuals' ability to participate and the types of reasonable modifications and supports needed. CMS, in consultation and coordination with the HHS Office for Civil Rights, is available to assist states in designing projects that comply with the civil rights laws.

CMS also recognizes that many states currently face an epidemic of opioid addiction, which has been declared a national public health emergency by the Secretary. States will therefore be required to take certain steps to ensure that eligible individuals with opioid addiction and other substance use disorders (who may not be defined as disabled for Medicaid purposes but may be protected by disability laws) have access to appropriate Medicaid coverage and treatment services. States must make reasonable modifications for these individuals, consistent with states' obligations under civil rights laws described above, and specifically identify such modifications in their demonstration applications. Such modifications may include counting time spent in medical treatment towards an individual's work/community engagement requirements, or exempting individuals participating in intensive medical treatment (e.g. inpatient treatment or intensive outpatient treatment) for substance use disorder from the work/community engagements requirements. CMS will also consider other reasonable modifications that states may design and propose in furtherance of their obligations under disability laws. Finally, states should identify, in their demonstrations, other strategies to support such individuals in meeting the requirements, and in obtaining access to treatment when they are ready.

Range of community engagement activities

We encourage states to consider a range of activities that could satisfy work and community-engagement requirements. Career planning, job training, referral, and job support services offered should reflect each person's employability and potential contributions to the labor market. As many Medicaid beneficiaries live in areas of high unemployment, or are engaged as caregivers for young children or elderly family members, states should consider a variety of activities to meet the requirements for work and community engagement, including volunteer and tribal employment programs, in addition to the activities identified to meet the requirements under SNAP or TANF.

Beneficiary supports

States will be required to describe strategies to assist beneficiaries in meeting work and community engagement requirements and to link individuals to additional resources for job training or other employment services, child care assistance, transportation, or other work supports to help beneficiaries prepare for work or increase their earnings. However, this demonstration opportunity will not provide states with the authority to use Medicaid funding to finance these services for individuals. Nothing in this letter changes the types of services eligible for Federal match; states may only receive Federal Medicaid match for allowable services in accordance with statute.

CMS expects that states will design their programs consistent with statutory and regulatory procedural requirements, including through provisions to ensure Medicaid beneficiaries' due process rights are protected. States are encouraged to include procedures that allow for an assessment of individuals' disabilities, medical diagnosis, and other barriers to employment and self-sufficiency in order to identify appropriate work and community engagement activities and services, supports, and any reasonable modifications necessary for those individuals to participate in work and community engagement activities and attain long-term employment and self-sufficiency.

Attention to market forces and structural barriers

CMS recognizes that States will need flexibility to respond to the local employment market by phasing in and/or suspending program features, as necessary. A state may need time to establish supports for beneficiaries in regions with limited employment opportunities, for example, or localities facing particular economic stress or lack of viable transportation. The state should describe its plan for assessing and addressing these and related issues in its demonstration application. In addition, the state should consider whether other circumstances may arise that could prevent individuals from complying with a community engagement and work requirement. States should detail how they would support individuals in meeting program requirements during those periods, which may include incorporation of good cause exemptions similar to those used in SNAP and TANF.

Transparency

CMS remains committed to supporting reasonable public input processes that provide states an opportunity to consider the views of Medicaid beneficiaries, applicants, and other stakeholders and gather input that may support continuous improvement of the program. Demonstration projects under section 1115 of the Act intended to promote work and other community

engagement are subject to all relevant public notice and transparency requirements, including those described in 42 C.F.R. Part 431, subpart G. Where applicable, states will also be required to comply with tribal consultation requirements and describe how they are responding to comments received through the tribal consultation process.

Budget Neutrality

To promote long-term sustainability of the Medicaid program for states and the federal government, we will continue to require states to demonstrate that projects authorized under section 1115 of the Act are budget neutral. CMS will work with states to identify those components of the demonstration that will be included in budget neutrality calculations and provide technical assistance as needed in determining budget neutrality. States will not be permitted to accrue savings from a reduction in enrollment that may occur as a result of using this section 1115 authority. States will be required to document the financial performance of the demonstration and track expenditures to ensure the demonstration does not exceed established budget neutrality limits. States will provide updated budget neutrality workbooks with every required monitoring report, and the specific reporting requirements for monitoring budget neutrality will be set forth in the demonstration special terms and conditions (STCs).

Monitoring and Evaluation

CMS remains committed to ensuring state accountability for the health and well-being of Medicaid enrollees. Monitoring and evaluation are important for understanding these outcomes and the impacts of the state innovations being demonstrated. We are undertaking efforts to help states monitor the elements of their programs, while giving them the flexibility to adapt to changing conditions in their states. States will be required to develop monitoring plans and submit regular monitoring reports describing progress made in implementing their requirements for work and other community engagement activities. We will also undertake our own monitoring and technical assistance efforts through regular communications with states and will review written reports from states on a quarterly basis.

Monitoring

States approved to implement work and other community engagement requirements for Medicaid beneficiaries will submit to CMS a draft of proposed metrics for quarterly and annual monitoring reports, and CMS will work with the state to jointly identify metrics for these reports. Metrics will reflect the major elements of the demonstration, including but not limited to data that applies to the work and other community engagement initiatives. CMS will combine these programmatic metrics with general metrics aimed at monitoring beneficiary enrollment and termination for failure to meet program requirements, access to services for both beneficiaries and individuals terminated for failure to meet the requirements, and the overall functioning of the demonstration.

States will be subject to other monitoring and reporting requirements, consistent with regulations in 42 C.F.R. § 431.420 and § 431.428. State reports will be required to provide sufficient information to document key challenges, underlying causes of those challenges, and strategies for addressing those challenges, as well as key achievements and the conditions and efforts that lead to those successes. Specific details related to monitoring and reporting for each state's demonstration will be discussed with states and described in the demonstration STCs.

Evaluation

States will also be required to evaluate health and other outcomes of individuals that have been enrolled in and subject to the provisions of the demonstration, and will be required to conduct robust, independent program evaluations. Evaluations must be designed to determine whether the demonstration is meeting its objectives, as well as the impact of the demonstration on Medicaid beneficiaries and on individuals who experience a lapse in eligibility or coverage for failure to meet the program requirements or because they have gained employer-sponsored insurance. A draft evaluation design should be submitted with the application, and the final evaluation design will be submitted for CMS approval no more than 180 days after demonstration approval.

Evaluation designs will be expected to include a discussion of the evaluation questions and hypotheses that the state intends to test, including the hypothesis that requiring certain Medicaid beneficiaries to work or participate in other community engagement activities increases the likelihood that those Medicaid beneficiaries will achieve improved health, well-being, and (if the State designs its program to pursue this additional goal) independence as contemplated in the objectives of Medicaid. Evaluation designs will be expected to include analysis of how this requirement affects beneficiaries' ability to obtain sustainable employment, the extent to which individuals who transition from Medicaid obtain employer sponsored or other health insurance coverage, and how such transitions affect health and well-being.

The hypothesis testing should include, where possible, assessment of both process and outcome measures, and proposed measures should be selected from nationally-recognized sources and national measures sets, where possible. The evaluation design should use both quantitative and qualitative methods, and will need to identify comparison groups and appropriate statistical analyses to evaluate the impact of the demonstration. Evaluation designs should also include descriptions of multiple data sources to be used, including but not limited to multiple stakeholder perspectives, surveys of beneficiaries (both enrolled and those no longer enrolled as a result of the implementation of program requirements), claims data, and survey data (such as Consumer Assessment of Healthcare Providers and Systems (CAHPS)).

To the extent permitted by federal and state privacy laws, states should be prepared to track and evaluate health and community engagement outcomes both for those who remain enrolled in Medicaid, and those who are subject to the requirements but lose or experience a lapse in eligibility or coverage during the course of the demonstration, and provide details on how they will track these outcomes in their demonstration evaluation designs. Ongoing monitoring and evaluation efforts will help CMS learn more about the challenges and successes states experience while implementing innovative policies to increase productive community engagement, which we will then be able to share with other states looking to achieve similar goals related to their residents' well-being.

We hope this information is helpful, and we look forward to continuing to work with states to implement innovative solutions to improve their Medicaid programs. Questions and comments regarding this policy may be directed to Judith Cash, Acting Director, State Demonstrations Group, CMCS, at 410-786-9686.

Sincerely,

/s/

Brian Neale
Director

Cc:

National Association of Medicaid Directors

National Academy for State Health Policy

National Governors Association

American Public Human Services Association

Association of State and Territorial Health Officials

Council of State Governments

National Conference of State Legislatures

Academy Health

National Association of State Alcohol and Drug Abuse Directors



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

Office of the Commissioner

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March 14, 2018

The Honorable David Wilson
Chair, Senate Health & Social Services Committee
Alaska Senate
Alaska State Capitol, Room 508

Dear Senator Wilson:

This letter presents the summary of the SB 193 fiscal notes requested by the SHSS committee during the March 12, 2018 hearing on the bill. A summary table is provided on the following page. At the highest level, the combined fiscal notes project a 6-year UGF cost of \$78.8 million and a decrease in federal receipts totaling \$175.0 million. The decrease in federal revenue would result from individuals losing Medicaid for non-compliance with work requirements, the majority of whom would be covered under expansion and primarily federally funded.

Background

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in new activities to come into compliance with work requirements. The department analyzed FY 2017 Medicaid enrollee data and found that in that year 10.5% of total enrollees were not in working households and also would not have been exempt from the requirements under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines.

The department's analysis comports with a national actuarial analysis recently published in a Society of Actuaries periodical (Clarkson, J., Schipp, A., and Damler, R. (Jan 2018). Medicaid Work Requirements: Overview of Policy and Fiscal Considerations. *In the Public Interest*, (Issue 16), 6-11.). That analysis found that 10% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be neither exempt nor already working, and would be required to engage in new activities to comply with work requirements.

SB 193 Fiscal Note Summary

AGENCY/Appropriation/Allocation	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	6-Year Total
DHSS/Public Assistance							
Quality Control	20.0	490.2	591.1	704.0	686.0	684.0	3,175.3
Public Assistance Field Services	173.0	6,542.0	5,736.7	5,565.0	5,655.0	5,565.0	29,236.7
Work Services	115.0	21,331.0	20,076.0	18,821.0	18,821.0	18,821.0	97,985.0
DHSS/Medicaid Services							
Health Care Medicaid Services	0.0	(25,768.1)	(34,357.4)	(42,946.8)	(42,946.8)	(42,946.8)	(188,965.9)
Behavioral Health Medicaid Services	0.0	(4,634.5)	(6,179.4)	(7,724.2)	(7,724.2)	(7,724.2)	(33,986.5)
Adult Preventative Dental Medicaid Services	0.0	(494.3)	(659.1)	(823.9)	(823.9)	(823.9)	(3,625.1)
DOA/Centralized Administrative Services							
Office of Administrative Hearings	0.0	338.9	451.8	564.6	564.6	564.6	2,484.5
DOLWD/Employment and Training Services							
Workforce Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTALS	308.0	(2,194.8)	(14,340.3)	(25,840.3)	(25,768.3)	(25,860.3)	(93,696.0)
FUNDING SOURCE							
Federal Receipts	154.0	(22,741.1)	(31,577.8)	(40,292.9)	(40,256.9)	(40,302.9)	(175,017.6)
GF Match	154.0	(1,123.6)	(3,290.3)	(4,933.0)	(4,897.0)	(4,943.0)	(19,032.9)
GF	0.0	21,331.0	20,076.0	18,821.0	18,821.0	18,821.0	97,870.0
I/A Rcpts (Other)	0.0	338.9	451.8	564.6	564.6	564.6	2,484.5
TOTALS	308.0	(2,194.8)	(14,340.3)	(25,840.3)	(25,768.3)	(25,860.3)	(93,696.0)
TOTALS w/o I/A Rcpts (an inter-agency transfer)	308.0	(2,533.7)	(14,792.1)	(26,404.9)	(26,332.9)	(26,424.9)	(96,180.5)
Undesignated General Fund Subtotal	154.0	20,207.4	16,785.7	13,888.0	13,924.0	13,878.0	78,837.1
Positions (Full-Time)	0	53	51	50	50	50	

Guide to Fiscal Notes

- There are eight Fiscal Notes: six from the Department of Health & Social Services (DHSS), one from the Department of Administration (DOA) Office of Administrative Hearings, and 1 from the Department of Labor & Workforce Development (DOLWD) Workforce Services.
- Six DHSS Fiscal Notes
 - Three Medicaid Services Allocation-Level Fiscal Notes: Reflect decreased Medicaid spending that would result from individuals removed from or denied Medicaid due to non-compliance with work requirements.
 - Three Public Assistance Allocation-Level Fiscal Notes
 - Quality Control: Includes one new FTE and associated costs for the Division of Public Assistance, plus funding for RSAs to the Office of Administrative Hearings and Department of Law, to handle increase in Fair Hearing requests from individuals denied Medicaid.
 - Public Assistance Field Services: Includes 49 new FTEs (beginning in year 2, declining to 45 by year-6) and associated costs, primarily for Employment Services Technicians to work with recipients to assist them with meeting the requirements, but also for Eligibility Technicians to process case closures for recipients removed due to non-compliance, and also associated support staff. Also includes contract funds for 1115 waiver development including actuarial support, and for independent project monitoring and evaluation required by CMS under the 1115 waiver process.

- Work Services: Funds supportive services to assist beneficiaries in meeting work and community engagement requirements. Includes funds for regulations and notice publication in the first year.
- Two Fiscal Notes from other agencies:
 - DOA: Provides I/A receipt authority and two (increasing to three by year-6) new FTEs for the Office of Administrative Hearings to receive funding from DHSS to process Fair Hearing requests from individuals denied Medicaid for non-compliance.
 - DOLWD: Zero Fiscal Note, projecting no fiscal impact to the department.

Assumptions

The department estimates that in FY 2019 10.5% of total Medicaid enrollment will be 25,095, which is the estimated number of Medicaid enrollees who will be required to engage in new activities to come into compliance with the work requirements.

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- Children under the age of 18
- Adults 65 and over
- Disabled adults
- Pregnant women
- Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- Caretaker of a disabled relative who requires 24-hour care
- Parent/caretaker for a child under age 6 if appropriate child care is not available
- Alaska Temporary Assistance Program (ATAP) participants
- Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- Adults participating in substance abuse treatment programs

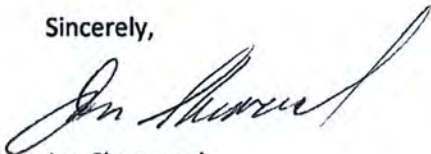
Cost and savings estimates are based on the following assumptions:

- Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year
- Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.
- In the future, compliance will be evaluated at application, recertification, and reports of change
- 10.5% of total enrollees would be required to engage in new activities to come into compliance with the work requirement.

- Eventually 25% of the enrollees impacted by work requirements would not comply and would be removed from or denied Medicaid, beginning with 15% in FY2020, 20% in FY2021, and 25% in FY 2022 and beyond.
- Of those who do not comply and are denied or removed:
 - two-thirds would be in the Medicaid expansion eligibility category
 - 5% would file an appeal of the decision through the Fair Hearing process
- The 2.6% reduction in Medicaid enrollment (25% of 10.5%) that would result from work requirements would not result in enough regained staff time to offset the additional staff commitment needed to evaluate and monitor eligibility for those in compliance.

Thank you for the opportunity to provide this summary information. Please distribute this response to the committee.

Sincerely,



Jon Sherwood
Deputy Commissioner

Cc: Darwin Peterson, Legislative Director, Office of the Governor
Kelly Cunningham, Fiscal Analyst, Legislative Finance Division
Neil Steininger, Chief Budget Analyst, Office of Management and Budget
Valerie Nurr'araaluk Davidson, Commissioner

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DOA-OAH-03-09-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate Health and Social Services

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Office of Administrative Hearings
OMB Component Number: 2771

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES								
Personal Services			229.1	305.4	458.1	458.1	458.1	458.1
Travel			6.0	1.0	3.0	3.0	3.0	3.0
Services			88.8	137.4	82.5	91.5	91.5	91.5
Commodities			15.0	8.0	21.0	12.0	12.0	12.0
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	338.9	451.8	564.6	564.6	564.6	564.6

Fund Source (Operating Only)

1007 I/A Rcpts (Other)			338.9	451.8	564.6	564.6	564.6	564.6
Total	0.0	0.0	338.9	451.8	564.6	564.6	564.6	564.6

Positions

Full-time			2.0	2.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Christopher Kennedy Phone: (907)269-6741
Division: Office of Administrative Hearings Date: 03/10/2018 05:00 PM
Approved By: Leslie Ridle, Commissioner Date: 03/10/18
Agency: Department of Administration

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB 193

Analysis

SB 193 amends AS 47.07.036 to direct the Department of Health and Social Services (DHSS) to apply for a waiver under 42 U.S.C. 1315 to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults to be eligible for Medicaid, unless an exemption applies. Exemptions would apply to persons under 18 or over 64, individuals unable to work for medical reasons, parent caretakers of children up to age 1, parent caretakers of disabled children, caretakers of relatives so disabled as to require 24-hour care, and parent caretakers of children up to age 6 if the caretaker can show that child care is unavailable.

The Office of Administrative Hearings (OAH) provides hearings in accordance with federal and state law to individuals who appeal a denial or termination of Medicaid eligibility. These appeal services are funded through a reimbursable services agreement from DHSS. OAH employs a federally-approved uniform billing rate, whereby agencies whose decisions are appealed pay the cost of judge time, including an allocated portion of overhead. The projected I/A receipts are calculated using this formula.

DHSS projects that denials and terminations of Medicaid eligibility pursuant to the new requirements would generate 188 appeals to OAH in FY 2020, 251 appeals in FY 2021, and 314 appeals in subsequent years. We defer to DHSS expertise in making these estimates, but we note that the appeal rates DHSS used to calculate these estimates are consistent with those OAH has observed in connection with Temporary Assistance, a program that has a work requirement. Work requirement appeals are moderately expensive to process, in that they often require fairly extensive factual development about the nature of a particular job termination, the extent of a person's disability, or similar issues. Our experience in calendar 2017 shows a cost per case of approximately \$1,800 for appeals of this type.

OAH does not currently have the capacity to handle this caseload. OAH would expect to staff the new caseload with a total of three full-time, range 24 administrative law judges, one to be added at the beginning of FY 2020, one approximately halfway through that year, and the third to be hired at the beginning of FY 2022. At all times, the workload projected by DHSS would somewhat exceed the capacity of these new hires, and excess work would be handled by judges working on contract. The shortfall to be handled by contract peaks in FY 2021 and declines to a lower level thereafter as the third full-time hire begins work. Each newly-hired full-time administrative law judge would be sent to the National Judicial College to attend its training on conducting hearings related to federal benefit programs. Travel expenses related to the training, as well as commodities purchases to equip the new judges with office and hearing technology, fall primarily in FY 2020 and FY 2022.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-PAFS-3-10-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Public Assistance Field Services
OMB Component Number: 236

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services			4,326.0	4,155.6	3,984.4	3,984.4	3,984.4	3,984.4
Travel			62.0	15.5	15.5	15.5	15.5	15.5
Services	173.0		1,553.8	1,553.8	1,553.8	1,553.8	1,553.8	1,553.8
Commodities			600.2	11.8	11.3	101.3	101.3	11.3
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	173.0	0.0	6,542.0	5,736.7	5,565.0	5,655.0	5,655.0	5,565.0

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	86.5		3,271.0	2,868.4	2,782.5	2,827.5	2,782.5
1003 G/F Match (UGF)	86.5		3,271.0	2,868.3	2,782.5	2,827.5	2,782.5
Total	173.0	0.0	6,542.0	5,736.7	5,565.0	5,655.0	5,565.0

Positions

Full-time			49.0	47.0	45.0	45.0	45.0
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 6,120.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/19**

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By: <u>Monica Windom, Division Director</u>	Phone: <u>(907)465-2680</u>
Division: <u>Division of Public Assistance</u>	Date: <u>03/10/2018</u>
Approved By: <u>Shawnda O'Brien, Assistant Commissioner</u>	Date: <u>03/10/18</u>
Agency: <u>Health and Social Services</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in activities to come into compliance with work requirements. The department analyzed FY2017 Medicaid enrollee data and found that in that year there were 22,824 adults (10.5% of total enrollees) in non-working households who would not be exempt from the requirement under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines. This proportion comports with a national actuarial analysis recently published in a Society of Actuaries periodical that found that 75% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be exempt from work requirements, another 15% are adults who are actively working, and the remaining 10% would be required to engage in activities to comply with work requirements.

The department estimates that in FY2019 10.5% of total Medicaid enrollment will be 25,095. This fiscal note is based on the assumption that 25,095 Medicaid enrollees will be required to engage in new activities to come into compliance with the work requirements.

Assumptions:

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- * Children under the age of 18
- * Adults 65 and over
- * Disabled adults
- * Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- * Caretaker of a disabled relative who requires 24-hour care
- * Parent/caretaker for a child under age 6 if appropriate child care is not available
- * Alaska Temporary Assistance Program (ATAP) participants
- * Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- * Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- * Adults participating in substance abuse treatment programs

Cost and savings estimates are based on the following assumptions:

- * Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year.
- * Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

- * 10.5% of total enrollees would be required to comply with the work requirement.
- * Eventually 25% of the 10.5% of total enrollees subject to work requirements would not comply and would be removed from or denied Medicaid.
- * The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached, as follows:
 - Of the enrollees and new applicants subject to work requirements:
 - *15% will be denied or removed in FY2020
 - *20% will be denied or removed in FY2021
 - *25% will be denied or removed in FY2022 and beyond.
- * Of those who do not comply and are denied or removed, two-thirds would be in the Medicaid expansion eligibility category.
- * The 2.6% reduction in Medicaid enrollment (25% of 10.5%) that would result from work requirements would not result in enough regained staff time to offset the additional staff commitment needed to evaluate and monitor eligibility for those in compliance. Compliance will be evaluated at application, recertification and change reporting.

Projected Costs

Personal Services:

\$4,326.0 (50% GF Match, 50% Fed)

Position Count	Position Title	Range/Step	Location	Annually Cost
11	Employment Services Technician II	15 C	Anchorage	\$85,641.00
5	Employment Services Technician II	15 C	Wasilla	\$85,641.00
2	Employment Services Technician II	15 C	Bethel	\$119,813.00
2	Employment Services Technician II	15 C	Fairbanks	\$87,683.00
2	Employment Services Technician II	15 C	Gambell	\$85,641.00
2	Employment Services Technician II	15 C	Homer	\$85,641.00
2	Employment Services Technician II	15 C	Juneau	\$89,055.00
2	Employment Services Technician II	15 C	Kenai	\$85,641.00
2	Employment Services Technician II	15 C	Ketchikan	\$85,641.00
2	Employment Services Technician II	15 C	Kodiak	\$93,155.00
2	Employment Services Technician II	15 C	Muldoon	\$85,641.00
2	Employment Services Technician II	15 C	Nome	\$110,927.00
2	Employment Services Technician II	15 C	Sitka	\$89,055.00
2	Employment Services Technician III	16 C	Wasilla	\$94,589.00
1	Employment Services Technician III	16 C	Gambell	\$94,589.00
2	Office Assistant II	10 C	Wasilla	\$66,334.00
1	Office Assistant II	10 C	Gambell	\$66,334.00
2	Eligibility Technician II	14 C	Wasilla	\$80,365.00
1	Project Assistant	16 C	Wasilla	\$90,525.00
1	Project Assistant	16 C	Juneau	\$94,184.00
1	Project Assistant	16 C	Fairbanks	\$92,714.00

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

Additional Employment Services Technician staff will be required to work with the work participants to help them apply for jobs, place them in volunteer activities, or training needed to help them become self-sufficient. They will also report when the individual is not cooperating so that the division can end their Medicaid participation. An estimated 2-3 hours of staff time per case would be required annually for each client. The projected staff need for the Employment Services Technicians assumes supervisory staff would be required along with support staff.

In addition, three new Project Assistant positions will be required to identify volunteer opportunities for clients, and also two new Eligibility Technician positions will be required to close cases for those individuals who do not comply with the work requirements.

This would equate to an additional 49 FTEs during the initial year of implementation, which would drop by two in FY2021 and again two more in FY2022 as the case-load stabilizes.

Travel:

\$62.0 (50% GF Match, 50% Fed)

Travel funds are required for new staff to travel for Employment Services Technician training. Travel for each employee outside of the Anchorage area is \$3.1. All 49 new employees would require training in FY2020. In subsequent years an estimated five new employees would require training each year due to staff turnover.

Services:

\$48.0 (50% GF Match, 50% Fed)

A professional services contract with a consulting firm with expertise in writing Medicaid 1115 waiver applications will be required. This will be a one-time cost in FY2019.

\$125.0 (50% GF Match, 50% Fed)

A professional services contract with an actuarial consulting firm to assist with the Medicaid 1115 waiver application financial analysis and certification of federal budget cost neutrality will be required. The cost will be \$125.0 in FY2019, and \$25.0 annually in subsequent years.

\$778.8 (50% GF Match, 50% Fed)

Costs of services required to support each new FTE, such as lease costs and Information Technology and other shared services, is 18 percent per position. This will be an on-going annual cost beginning in FY2020.

\$750.0 (50% GF Match, 50% Fed)

Medicaid 1115 waivers are technically considered demonstration projects by the federal government and require an evaluation and reporting component. A professional services contract will be required for data collection, analysis and reporting at an annual cost of \$750.0 beginning in FY2020.

Commodities:

\$588.0 (50% GF Match, 50% Fed)

Computers and office furniture/cubicles will be required for each of the new positions, at a one-time FY2020 start-up cost of \$12.0 per position as follows:

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

49 positions x \$10.0 (Office Furniture/Cubicle) = \$490.0

49 positions x \$2.0 (Computer) = \$98.0

Computer refresh required in FY2023 for 45 positions x \$2.0 = \$90.0

\$12.2 (50% GF Match, 50% Fed)

Office supplies will be required for each of the new positions, at an annual on-going cost of \$250.00 per position as follows:

49 positions x \$250.00 (supplies) = \$12,250.00 in FY2020

47 positions x \$250.00 (supplies) = \$11,750.00 in FY2021

45 positions x \$250.00 (supplies) = \$11,250.00 in FY2022 and beyond

Capital Budget:

\$6,120.0 (10% GF Match, 90% Fed)

Changes to the eligibility computer system, Alaska's Resource for Integrated Eligibility Services, will be required to include information on compliance with work requirements and to support denial or closure of cases due to non-compliance.

In order to implement work requirements for Medicaid, ARIES must be reprogrammed to add fields to indicate if a recipient is exempt from the work requirement, how they're participating (along with how participation was verified), allow for the actual disqualification, and new notices must be added. The division will also be required to create a new interface with the Case Management System. This system is used to track work activities and issue supportive service payments for ATAP recipients.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-QC-3-10-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Quality Control
OMB Component Number: 234

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services			100.9	100.9	100.9	100.9	100.9	
Travel								
Services	20.0		377.0	489.9	602.8	582.8	582.8	582.8
Commodities			12.3	0.3	0.3	2.3	0.3	
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	20.0	0.0	490.2	591.1	704.0	686.0	684.0	

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	10.0		245.1	295.6	352.0	343.0	342.0
1003 G/F Match (UGF)	10.0		245.1	295.5	352.0	343.0	342.0
Total	20.0	0.0	490.2	591.1	704.0	686.0	684.0

Positions

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

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By: Monica Windom, Division Director Phone: (907)465-2680
Division: Division of Public Assistance Date: 03/10/2018
Approved By: Shawnda O'Brien, Assistant Commissioner Date: 03/10/18
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in activities to come into compliance with work requirements. The department analyzed FY2017 Medicaid enrollee data and found that in that year there were 22,824 adults (10.5% of total enrollees) in non-working households who would not be exempt from the requirement under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines. This proportion comports with a national actuarial analysis recently published in a Society of Actuaries periodical that found that 75% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be exempt from work requirements, another 15% are adults who are actively working, and the remaining 10% would be required to engage in activities to comply with work requirements.

The department estimates that in FY2019 10.5% of total Medicaid enrollment will be 25,095. This fiscal note is based on the assumption that 25,095 Medicaid enrollees will be required to engage in new activities to come into compliance with the work requirements.

Assumptions:

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- * Children under the age of 18
- * Adults 65 and over
- * Disabled adults
- * Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- * Caretaker of a disabled relative who requires 24-hour care
- * Parent/caretaker for a child under age 6 if appropriate child care is not available
- * Alaska Temporary Assistance Program (ATAP) participants
- * Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- * Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- * Adults participating in substance abuse treatment programs

Cost and savings estimates are based on the following assumptions:

- * Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year.
- * Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

- * 10.5% of total enrollees would be required to comply with the work requirement.
- * Eventually 25% of the 10.5% of total enrollees subject to work requirements would not comply and would be removed from or denied Medicaid.
- * The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached, as follows:
 - Of the enrollees and new applicants subject to work requirements:
 - *15% will be denied or removed in FY2020
 - *20% will be denied or removed in FY2021
 - *25% will be denied or removed in FY2022 and beyond.
- * Of those who do not comply and are denied or removed, two-thirds would be in the Medicaid expansion eligibility category.
- * The 2.6% reduction in Medicaid enrollment (25% of 10.5%) that would result from work requirements would not result in enough regained staff time to offset the additional staff commitment needed to evaluate and monitor eligibility for those in compliance. Compliance will be evaluated at application, recertification and change reporting.

Projected Costs

Personal Services:

\$100.9 (50% GF Match, 50% Fed)

<u>FTE</u>	<u>Position</u>	<u>Range/Step</u>	<u>Location</u>	<u>Annual FTE Cost</u>
1	Public Assistance Analyst	18 C	Anchorage	\$100,914.00

Beginning in FY2020, one new Public Assistance Analyst position will be required to handle the projected increase in Fair Hearing requests resulting from denial and closure of Medicaid enrollment cases.

Services:

\$18.2 (50% GF Match, 50% Fed)

Costs of services required to support the new FTE, such as lease costs and Information Technology and other shared services, is 18% per FTE. This will be an on-going annual cost beginning in FY2020.

\$20.0 (50% GF Match, 50% Fed)

Reimbursable Services Agreement services from the Department of Law for legal support associated with the new work requirements starting in FY2019 and continuing through FY2022.

\$338.8 (50% GF Match, 50% Fed)

Reimbursable Services Agreement with Department of Administration, Office of Administrative Hearings, for increases in Fair Hearings, assuming 5% of those clients denied or closed file an appeal. Cases increase over the first three years of implementation as numbers determined ineligible due to non-compliance increase.

FY2020: \$1,800.00 per case fair hearing cost x 188 fair hearing requests = \$338,782.50

FY2021: \$1,800.00 per case fair hearing cost x 251 fair hearing requests = \$451,710.00

FY2022 & Beyond: \$1,800.00 per case x 314 cases = \$564,637.50

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

Commodities:

\$12.0 FY2020 (50% GF Match, 50% Fed)

Computers and office furniture/cubicles will be required for the new positions, at a one-time FY2020 start-up cost of \$12,000.00 per FTE as follows:

1 FTE x \$10,000 (Office Furniture/Cubicle) = \$10,000.00

1 FTE x \$2,000 (Computer) = \$2,000.00

\$2.0 FY2023 (50% GF Match, 50% Fed)

Computer refresh for 1 FTE every 3 years.

\$0.3 (50% GF Match, 50% Fed)

Office supplies will be required for the new position, at an annual on-going cost of \$250.00 per FTE beginning in FY2020 as follows:

1 FTE's x \$250.00 (supplies) = \$250.00

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-WS-3-10-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Work Services
OMB Component Number: 2337

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	115.0							
Commodities								
Capital Outlay								
Grants & Benefits			21,331.0	20,076.0	18,821.0	18,821.0	18,821.0	
Miscellaneous								
Total Operating	115.0	0.0	21,331.0	20,076.0	18,821.0	18,821.0	18,821.0	

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)	57.5						
1003 G/F Match (UGF)	57.5						
1004 Gen Fund (UGF)			21,331.0	20,076.0	18,821.0	18,821.0	18,821.0
Total	115.0	0.0	21,331.0	20,076.0	18,821.0	18,821.0	18,821.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By: Monica Windom, Division Director Phone: (907)465-2680
Division: Public Assistance Date: 03/10/2018
Approved By: Shawnda O'Brien, Asst. Commissioner Date: 03/10/18
Agency: Health and Social Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in activities to come into compliance with work requirements. The department analyzed FY2017 Medicaid enrollee data and found that in that year there were 22,824 adults (10.5% of total enrollees) in non-working households who would not be exempt from the requirement under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines. This proportion comports with a national actuarial analysis recently published in a Society of Actuaries periodical that found that 75% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be exempt from work requirements, another 15% are adults who are actively working, and the remaining 10% would be required to engage in activities to comply with work requirements.

The department estimates that in FY2019 10.5% of total Medicaid enrollment will be 25,095. This fiscal note is based on the assumption that 25,095 Medicaid enrollees will be required to engage in new activities to come into compliance with the work requirements.

Assumptions:

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- * Children under the age of 18
- * Adults 65 and over
- * Disabled adults
- * Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- * Caretaker of a disabled relative who requires 24-hour care
- * Parent/caretaker for a child under age 6 if appropriate child care is not available
- * Alaska Temporary Assistance Program (ATAP) participants
- * Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- * Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- * Adults participating in substance abuse treatment programs

Cost and savings estimates are based on the following assumptions:

- * Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year.
- * Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

- * 10.5% of total enrollees would be required to comply with the work requirement.
- * Eventually 25% of the 10.5% of total enrollees subject to work requirements would not comply and would be removed from or denied Medicaid.
- * The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached, as follows:
 - Of the enrollees and new applicants subject to work requirements:
 - *15% will be denied or removed in FY2020
 - *20% will be denied or removed in FY2021
 - *25% will be denied or removed in FY2022 and beyond.
- * Of those who do not comply and are denied or removed, two-thirds would be in the Medicaid expansion eligibility category.
- * The 2.6% reduction in Medicaid enrollment (25% of 10.5%) that would result from work requirements would not result in enough regained staff time to offset the additional staff commitment needed to evaluate and monitor eligibility for those in compliance. Compliance will be evaluated at application, recertification and change reporting.

Projected Costs

Services:

\$50.0 FY2019 (50% GF Match, 50% Fed)

New regulations will need to be written for the new work requirements through a contracted agency.

\$5.0 FY2019 (50% GF Match, 50% Fed)

Publication of the new regulation statewide is required for the regulation change.

\$60.0 FY2019 (50% GF Match, 50% Fed)

Notices will need to be sent to all clients informing them of the new requirement.

Grants/Benefits:

\$21,331.0 FY2020 (100% GF)

\$20,076.0 FY2021

\$18,821.0 FY2022 and beyond

CMS guidance on implementing work requirements requires states to describe strategies to assist beneficiaries in meeting work and community engagement requirements, and to link individuals to additional resources for job training or other employment services, child care assistance, transportation, or other work supports to help prepare for work or increase earnings. The department will provide supportive services to work participants up to \$1000 per year. These funds are intended to fund items that will help the participant become self-sufficient: interview clothing, bus pass, GED, or other vocational training.

An estimated 25,095 Medicaid enrollees will be required to engage in activities to come into compliance with work requirements each year. The department estimates that 15% of those individuals will not comply in the first year

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

of implementation, 20% would not comply in the 2nd year, and 25% would not comply in year 3 and beyond. The number of the remaining enrollees who would need work supports is noted in the table below.

<u>Enrollees Needing Work Supports</u>	<u>Per Enrollee Cost</u>	<u>Total</u>
FY2020: 21,331	\$1,000.00	\$21,331,000.00
FY2021: 20,076	\$1,000.00	\$20,076,000.00
FY2022 and beyond: 18,821	\$1,000.00	\$18,821,000.00

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-BHMS-3-9-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Behavioral Health Medicaid Services
OMB Component Number: 2660

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits			(4,634.5)	(6,179.4)	(7,724.2)	(7,724.2)	(7,724.2)	(7,724.2)
Miscellaneous								
Total Operating	0.0	0.0	(4,634.5)	(6,179.4)	(7,724.2)	(7,724.2)	(7,724.2)	(7,724.2)

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)			(3,938.5)	(5,211.3)	(6,514.1)	(6,514.1)	(6,514.1)
1003 G/F Match (UGF)			(696.0)	(968.1)	(1,210.1)	(1,210.1)	(1,210.1)
Total	0.0	0.0	(4,634.5)	(6,179.4)	(7,724.2)	(7,724.2)	(7,724.2)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1251 Non-UGF (Other)			(3,938.5)	(5,211.3)	(6,514.1)	(6,514.1)	(6,514.1)
Total	0.0	0.0	(3,938.5)	(5,211.3)	(6,514.1)	(6,514.1)	(6,514.1)

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By:	Linnea Osborne, Manager Medicaid, Allocation, and Audit Services Unit	Phone:	(907)465-6333
Division:	Finance and Management Services	Date:	03/09/2018 08:00 AM
Approved By:	Shawnda O'Brien, Assistant Commissioner	Date:	03/09/18
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in activities to come into compliance with work requirements. The department analyzed FY2017 Medicaid enrollee data and found that in that year there were 22,824 adults (10.5% of total enrollees) in non-working households who would not be exempt from the requirement under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines. This proportion comports with a national actuarial analysis recently published in a Society of Actuaries periodical that found that 75% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be exempt from work requirements, another 15% are adults who are actively working, and the remaining 10% would be required to engage in activities to comply with work requirements.

The department estimates that in FY2019 10.5% of total Medicaid enrollment will be 25,095. This fiscal note is based on the assumption that 25,095 Medicaid enrollees will be required to engage in new activities to come into compliance with the work requirements.

Assumptions:

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- * Children under the age of 18
- * Adults 65 and over
- * Disabled adults
- * Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- * Caretaker of a disabled relative who requires 24-hour care
- * Parent/caretaker for a child under age 6 if appropriate child care is not available
- * Alaska Temporary Assistance Program (ATAP) participants
- * Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- * Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- * Adults participating in substance abuse treatment programs

Projected Impact:

The expenditures per adult enrollee are estimated at \$8,208 per enrollee.

Since the federal medical assistance percentage (FMAP) for services provided through Indian Health Services and tribal health facilities is 100% federal, the projected expenditures that are ineligible due to non-compliance are split into two categories for both expansion and non-expansion. The Indian Health Service splits were estimated from the FY2018 spending trends reporting 35% Indian Health Services FMAP expenditures for the expansion population and 32% for the non-expansion population.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

The FMAP applied to the non-Indian Health Service expansion expenditures is 91.5% for FY2020 (the average of the calendar year 2019 FMAP of 93% and the calendar year 2020 FMAP of 90%). For subsequent years, the FMAP of 90% is applied. The regular FMAP of 50% is applied to the non-Indian Health Service, non-expansion expenditures for all fiscal years.

The resulting impact is allocated proportionally based on projected FY2019 expenditures over the three impacted Medicaid Services components of Behavioral Health Medicaid Services, Adult Preventative Dental Medicaid Services, and Health Care Medicaid Services. The Senior and Disabilities Medicaid service component is excluded because the work assistance requirements do not impact participants in the programs and services funded under this component. The total financial impact is allocated based on this methodology as follows:

- * Behavioral Health Medicaid Services: 15.0%
- * Adult Preventative Dental Medicaid Services: 1.6%
- * Health Care Medicaid Services: 83.4%

We estimate that the department will require one year to submit and gain approval for the waiver, promulgate regulations and complete changes to the eligibility system. Medicaid expenditures will be impacted beginning in FY2020.

Cost and savings estimates are based on the following assumptions:

- * Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year.
- * Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.
- * 10.5% of total enrollees would be required to comply with the work requirement.
- * Eventually 25% of the 10.5% of total enrollees subject to work requirements would not comply and would be removed from or denied Medicaid.
- * The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached, as follows:
 - Of the enrollees and new applicants subject to work requirements:
 - * 15% will be denied or removed in FY2020
 - * 20% will be denied or removed in FY2021
 - * 25% will be denied or removed in FY2022 and beyond.
- * Of those who do not comply and are denied or removed, two-thirds would be in the Medicaid expansion eligibility category.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

	FY2020	FY2021	FY2022 and beyond
Estimated impacted enrollees (10.5% of total)	25,095	25,095	25,095
Estimated denial rate	15%	20%	25%
# denied	3,764	5,019	6,274
avg cost per enrollee	\$8,208	\$8,208	\$8,208
est. total savings	\$30,896,964	\$41,195,952	\$51,494,940
<i>FMAP calculations - percent GF, blended rate</i>	<i>15.017%</i>	<i>15.667%</i>	<i>15.667%</i>
Savings by fund source:			
Total GF savings	\$4,639,694	\$6,454,032	\$8,067,541
Total Fed saving	\$26,257,270	\$34,741,920	\$43,427,399
GF savings by component:			
behavioral health (15.0%)	\$695,954	\$968,105	\$1,210,131
adult preventative dental (1.6%)	\$74,235	\$103,265	\$129,081
health care medicaid services (83.4%)	\$3,869,505	\$5,382,663	\$6,728,329
Change in Revenue by component (foregone):			
behavioral health (15.0%)	\$3,938,591	\$5,211,288	\$6,514,110
adult preventative dental (1.6%)	\$420,116	\$555,871	\$694,838
health care medicaid services (83.4%)	\$21,898,563	\$28,974,761	\$36,218,451
Estimated Total Savings	\$30,896,964	\$41,195,952	\$51,494,940

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-APDMS-3-9-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Adult Preventative Dental Medicaid Services
OMB Component Number: 2839

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits			(494.3)	(659.1)	(823.9)	(823.9)	(823.9)	(823.9)
Miscellaneous								
Total Operating	0.0	0.0	(494.3)	(659.1)	(823.9)	(823.9)	(823.9)	(823.9)

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)			(420.1)	(555.8)	(694.8)	(694.8)	(694.8)
1003 G/F Match (UGF)			(74.2)	(103.3)	(129.1)	(129.1)	(129.1)
Total	0.0	0.0	(494.3)	(659.1)	(823.9)	(823.9)	(823.9)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1251 Non-UGF (Other)			(420.1)	(555.8)	(694.8)	(694.8)	(694.8)
Total	0.0	0.0	(420.1)	(555.8)	(694.8)	(694.8)	(694.8)

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By:	Linnea Osborne, Manager Medicaid, Allocation, and Audit Services Unit	Phone:	(907)465-6333
Division:	Finance and Management Services	Date:	03/09/2018 08:00 AM
Approved By:	Shawnda O'Brien, Assistant Commissioner	Date:	03/09/18
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

Based on a departmental analysis of public assistance data, an estimated 10.5% of all Medicaid enrollees would be required to engage in activities to come into compliance with work requirements. The department analyzed FY2017 Medicaid enrollee data and found that in that year there were 22,824 adults (10.5% of total enrollees) in non-working households who would not be exempt from the requirement under the provisions of SB 193 and CMS (Centers for Medicare and Medicaid Services) guidelines. This proportion comports with a national actuarial analysis recently published in a Society of Actuaries periodical that found that 75% of non-dual-eligible (essentially non-elderly) Medicaid enrollees in expansion states would be exempt from work requirements, another 15% are adults who are actively working, and the remaining 10% would be required to engage in activities to comply with work requirements.

The department estimates that in FY2019 10.5% of total Medicaid enrollment will be 25,095. This fiscal note is based on the assumption that 25,095 Medicaid enrollees will be required to engage in new activities to come into compliance with the work requirements.

Assumptions:

The following assumptions were made to determine the proportion of enrollees who would be subject to work requirements under the bill and CMS (Centers for Medicare and Medicaid Services) guidelines.

The analysis assumed the following enrollees would be exempt:

- * Children under the age of 18
- * Adults 65 and over
- * Disabled adults
- * Parent/caretaker provider of home care for a child up to 12 months old or a disabled child
- * Caretaker of a disabled relative who requires 24-hour care
- * Parent/caretaker for a child under age 6 if appropriate child care is not available
- * Alaska Temporary Assistance Program (ATAP) participants
- * Adults already participating in SNAP (Supplemental Nutrition Assistance Program) employment and training work activities
- * Adults living in a community exempt from existing public assistance work requirements due to extreme lack of job opportunities
- * Adults participating in substance abuse treatment programs

Projected Impact:

The expenditures per adult enrollee are estimated at \$8,208 per enrollee.

Since the federal medical assistance percentage (FMAP) for services provided through Indian Health Services and tribal health facilities is 100% federal, the projected expenditures that are ineligible due to non-compliance are split into two categories for both expansion and non-expansion. The Indian Health Service splits were estimated from the FY2018 spending trends reporting 35% Indian Health Services FMAP expenditures for the expansion population and 32% for the non-expansion population.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

The FMAP applied to the non-Indian Health Service expansion expenditures is 91.5% for FY2020 (the average of the calendar year 2019 FMAP of 93% and the calendar year 2020 FMAP of 90%). For subsequent years, the FMAP of 90% is applied. The regular FMAP of 50% is applied to the non-Indian Health Service, non-expansion expenditures for all fiscal years.

The resulting impact is allocated proportionally based on projected FY2019 expenditures over the three impacted Medicaid Services components of Behavioral Health Medicaid Services, Adult Preventative Dental Medicaid Services, and Health Care Medicaid Services. The Senior and Disabilities Medicaid service component is excluded because the work assistance requirements do not impact participants in the programs and services funded under this component. The total financial impact is allocated based on this methodology as follows:

- * Behavioral Health Medicaid Services: 15.0%
- * Adult Preventative Dental Medicaid Services: 1.6%
- * Health Care Medicaid Services: 83.4%

We estimate that the department will require one year to submit and gain approval for the waiver, promulgate regulations and complete changes to the eligibility system. Medicaid expenditures will be impacted beginning in FY2020.

Cost and savings estimates are based on the following assumptions:

- * Implementation would begin July 1, 2019 (FY2020), and FY2019 would be a program development and start-up year.
- * Effective FY2020,
 - all new Medicaid applicants would be evaluated for a determination of exemption from, or compliance with, the new requirement; and,
 - all current non-exempt enrollees would be given a 90-day notice to come into compliance.
- * 10.5% of total enrollees would be required to comply with the work requirement.
- * Eventually 25% of the 10.5% of total enrollees subject to work requirements would not comply and would be removed from or denied Medicaid.
- * The time it would take to make and process determinations of non-compliance and respond to Fair Hearing requests would result in a ramp-up period before the full 25% reduction is reached, as follows:
 - Of the enrollees and new applicants subject to work requirements:
 - *15% will be denied or removed in FY2020
 - *20% will be denied or removed in FY2021
 - *25% will be denied or removed in FY2022 and beyond.
- * Of those who do not comply and are denied or removed, two-thirds would be in the Medicaid expansion eligibility category.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

	FY2020	FY2021	FY2022 and beyond
Estimated impacted enrollees (10.5% of total)	25,095	25,095	25,095
Estimated denial rate	15%	20%	25%
# denied	3,764	5,019	6,274
avg cost per enrollee	\$8,208	\$8,208	\$8,208
est. total savings	\$30,896,964	\$41,195,952	\$51,494,940
<i>FMAP calculations - percent GF, blended rate</i>	<i>15.017%</i>	<i>15.667%</i>	<i>15.667%</i>
Savings by fund source:			
Total GF savings	\$4,639,694	\$6,454,032	\$8,067,541
Total Fed saving	\$26,257,270	\$34,741,920	\$43,427,399
GF savings by component:			
behavioral health (15.0%)	\$695,954	\$968,105	\$1,210,131
adult preventative dental (1.6%)	\$74,235	\$103,265	\$129,081
health care medicaid services (83.4%)	\$3,869,505	\$5,382,663	\$6,728,329
Change in Revenue by component (foregone):			
behavioral health (15.0%)	\$3,938,591	\$5,211,288	\$6,514,110
adult preventative dental (1.6%)	\$420,116	\$555,871	\$694,838
health care medicaid services (83.4%)	\$21,898,563	\$28,974,761	\$36,218,451
Estimated Total Savings	\$30,896,964	\$41,195,952	\$51,494,940

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DHSS-HCMS-3-9-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: Senate HSS

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Health Care Medicaid Services
OMB Component Number: 2077

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits			(25,768.1)	(34,357.4)	(42,946.8)	(42,946.8)	(42,946.8)	(42,946.8)
Miscellaneous								
Total Operating	0.0	0.0	(25,768.1)	(34,357.4)	(42,946.8)	(42,946.8)	(42,946.8)	(42,946.8)

Fund Source (Operating Only)

1002 Fed Rcpts (Fed)			(21,898.6)	(28,974.7)	(36,218.5)	(36,218.5)	(36,218.5)
1003 G/F Match (UGF)			(3,869.5)	(5,382.7)	(6,728.3)	(6,728.3)	(6,728.3)
Total	0.0	0.0	(25,768.1)	(34,357.4)	(42,946.8)	(42,946.8)	(42,946.8)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1251 Non-UGF (Other)			(21,898.6)	(28,974.7)	(36,218.5)	(36,218.5)	(36,218.5)
Total	0.0	0.0	(21,898.6)	(28,974.7)	(36,218.5)	(36,218.5)	(36,218.5)

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

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Does the bill direct, or will the bill result in, regulation changes adopted by your agency? yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

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Prepared By:	Linnea Osborne, Manager Medicaid, Allocation, and Audit Services Unit	Phone:	(907)465-6333
Division:	Finance and Management Services	Date:	03/09/2018 08:00 AM
Approved By:	Shawnda O'Brien, Assistant Commissioner	Date:	03/09/18
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

SB 193 amends AS 47.07.036 to direct the department to apply for an 1115 waiver to require 20 hours of work or comparable work search, volunteer, subsistence, or educational activities for adults who are eligible for Medicaid and who are not exempt. Exemptions under the bill would include age, disability and parent caretakers of children of a certain age. The work requirements cannot interfere with substance abuse treatment, and compliance must be achieved within 90 days of being notified of the work requirements.

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB193

Analysis

	FY2020	FY2021	FY2022 and beyond
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Estimated Total Savings	\$30,896,964	\$41,195,952	\$51,494,940

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 193
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB193-DOLWD-WS-03-09-18
Title: MED. ASSISTANCE WORK REQUIREMENT
Sponsor: KELLY
Requester: (S) Health & Social Services

Department: Department of Labor and Workforce Development
Appropriation: Employment and Training Services
Allocation: Workforce Services
OMB Component Number: 2761

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Ed Flanagan, Director	Phone:	(907)465-5543
Division:	Employment and Training Services	Date:	03/09/2018
Approved By:	Heidi Drygas, Commissioner	Date:	03/09/18
Agency:	Department of Labor and Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB 193

Analysis

This legislation requires some State medical assistance program recipients be involved in work activity for a minimum of 20 hours per week in order to maintain eligibility. The Department of Health and Social Services estimates that approximately 25,000 individuals will be required to participate each year.

This legislation will likely increase traffic to Alaska job centers, which may result in increased wait times for Alaskans seeking assistance with career services. There is no fiscal impact to the Department of Labor and Workforce Development as a result of this legislation.



239.244.8808
15275 Collier Blvd.
Suite 201-279
Naples, FL 34119

Dear Chairman Wilson and members of the Senate Health and Social Services Committee:

The Foundation for Government Accountability (FGA) urges the Alaska Senate to pass Senate Bill 193, which would implement commonsense work requirements for able-bodied adults on Medicaid. FGA works to maximize human potential through the power and dignity of work by equipping policymakers with solutions that promote work, reduce dependency, and increase opportunity.

Implementing a work requirement for Medicaid would require able-bodied adults to work, volunteer, or train at least 20 hours per week in order to receive Medicaid benefits. The reform would bring Medicaid in line with other welfare programs that require able-bodied adults to work in order to remain eligible, as required by federal law. The work requirement would not apply to the disabled, the elderly, or new mothers, among other groups.

These groups—the ones that Medicaid was originally designed to assist with temporary aid—would be reprioritized if SB193 were to pass. The tax dollars saved by moving able-bodied Alaskans from welfare to work would be preserved for the truly needy, schools, public safety, and infrastructure.

The benefits of SB193 go beyond savings. Studies have shown that without work requirements, the vast majority of able-bodied adults on Medicaid are not working at all. But work has the power to change lives. By empowering adults who are able to work, this bill will help end dependency and spark self-sufficiency.

Work provides a life of dignity and value. It opens the door to a larger community, to new opportunities to make Alaska a better place. And volunteering and training have similar effects—they open the door to future employment opportunities and teach valuable skills and lessons that a lifestyle of dependency can never teach.

Alaska has an opportunity today, and it must not be overlooked. It is an opportunity to make tomorrow a better day for those trapped in dependency, to help end the cycle of dependency for the next generation, and to prioritize truly needy Alaskans.

You have the opportunity to promote the power of work today and to join nearly a dozen other states who have already implemented or are pursuing Medicaid work requirements. SB193 will help end dependency and move thousands of Alaskans from welfare to work—I urge you to vote in support of that measure.

Sincerely,

Christie Herrera
Vice President for State Affairs and Policy Fellow

Jody Simpson

From: Mike Coons <mcoons@mtaonline.net>
Sent: Monday, March 12, 2018 7:57 AM
To: Senate Health and Social Services
Cc: Sen. Mike Shower; Sen. Shelley Hughes; Sen. Pete Kelly
Subject: Support SB 193

My name is Mike Coons, President Alaska Chapter of the Association of Mature American Citizens (AMAC).

We have an Alaskan membership of 4,500 here in Alaska. Our chapter since Nov 17 is now in the 200 range. We are a conservative organization and we speak for conservative seniors throughout Alaska.

We support SB 193. Those able bodied people that have been added to Medicaid under the Obama era and by our Governor against the wishes of the majority in both the House and Senate as well as against the wishes of a large population of Alaskans are part of the failed "Great Society" of the LBJ administration. Nationally, we have lost 2 Trillion dollars and more since then and have generations of families that do not work, eat better than most working Alaskans with EBT cards and of course Welfare. Medicaid puts those able bodied people over those of working or retired seniors who have Medicare. I have heard said that adding Medicaid for all able bodied has also hurt those whom the intent of Medicaid was for, those in true need.

Not talked about is the downplaying of disabled. The US government passed a disability discrimination act many decades ago, so that the disabled can

work. Yet with Medicaid, as stands, the incentive to work is removed.

The value of work for self esteem for anyone with a physical or mental "challenge" is more helpful physically and mentally, than not working and living on government hand outs. I'm not calling for a "mandate" that the "disabled" work as in this bill for able bodied, but am calling for encouraging those that do not work but can, to have the ability to work.

Existing programs already are in existence to help those who need help to get a job that is possible with their "physical or mental challenges".

We fully support SB 193.

Mike Coons
President, Alaska Chapter, AMAC

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Using Opera's mail client: <http://www.opera.com/mail/>



431 W. 7th Ave, Suite 103 | Anchorage, AK 99501 | p: (907) 346-0616

March 12, 2018

Sen. David Wilson
Chairman
HSS Committee

Mr. Chairman:

For the record, my name is Jeremy Price and I am the Alaska State Director of Americans for Prosperity. Senate Bill 193, a bill that establishes work requirements for Medicaid recipients who can work but choose not to, is a positive step forward for Alaskans. I write to testify in support of this legislation.

In a study commissioned by the UK Government's Department for Work and Pensions, entitled "Is Work Good for Your Health and Well-Being?", Drs. Kim Burton and Gordon Waddell concluded that "There is a strong evidence base showing that work is generally good for physical and mental health and well-being. Worklessness is associated with poorer physical and mental health and well-being. Work can be therapeutic and can reverse the adverse health effects of unemployment. That is true for healthy people of working age, for many disabled people, for most people with common health problems and for social security beneficiaries."¹ This legislation only impacts Medicaid recipients who are working-age and able-bodied who can work but choose not to. But work is generally good for your health and well-being.

Americans for Prosperity and Freedom Partners Chamber of Commerce issued a joint statement on this issue in February, which I have provided here. Enacting work requirements for able-bodied adults who receive government assistance has been successful in reducing the number of those who are dependent on government services.

Beginning with former Mayor Rudy Giuliani and continuing with Mayor Michael Bloomberg, [New York City](#) became a model for how work requirements for welfare applicants and recipients could contribute to a steep drop in a city's welfare caseload. From 1995 to 2013, the number of welfare recipients in New York City shrank from almost 1.1 million to less than 347,000 — a drop of more than 700,000 men, women and children.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209510/hwwb-is-work-good-for-you-exec-sum.pdf

On top of that, employment rates for single mothers increased from 43 percent in 1994 to 63 percent in 2009. New York City also saw a steep decline in the number of children living under poverty – from 42 percent in 1994 to 28.3 percent in 2008.

But while New York City may have undergone the most visible transformation, other states and localities across the country were seeing similar success.

Among the most promising examples of work requirements empowering able-bodied adults were the results of 2013 [Kansas reforms](#) to the food stamp program. Prior to instituting new food stamp work requirements, Kansas was spending nearly \$5.5 million per month on government assistance programs, while 93 percent of food stamp recipients were living in poverty. Few of the recipients claimed any income, with only 21 percent working at all, and 40 percent working fewer than 20 hours per week.

Soon after work requirements were implemented, thousands of food stamp recipients in Kansas moved into the workforce, resulting in a decrease in poverty, with 40 percent of former food stamp recipients finding a job within the first three months, and nearly 60 percent within a year. The people who moved off of food stamps and found a job weren't "punished," they lifted themselves out of poverty and improved their lives.

More recently, Alabama, Georgia and Maine all provide similar examples of the meaningful and positive impact work requirements can have on reducing government dependence and poverty levels. [In Alabama](#), following the implementation of work requirements, food-stamp rolls dropped by a combined 85 percent. [In Georgia](#), the three counties that first implemented work requirements saw its combined food stamp enrollment fall 75 percent over the course of the year. After expanding the requirements to another 21 counties, Georgia saw an astounding 62 percent drop in recipients over just the first four months. [And in Maine](#), the welfare state caseload fell by nearly 80 percent during the first three months following the decision to implement work requirements.

[On the federal level](#), after enactment of the bi-partisan Personal Responsibility and Work Opportunity Act of 1996, which required welfare recipients to begin working after three months of receiving benefits, welfare caseloads *dropped 50 percent* while employment *increased* for minimally-skilled single mothers. Poverty rates for single-parent families and African-American children also dropped to historic lows.

Helping people improve their own lives and reduce their dependency on the government should be the goal of any responsible social safety net program. The historic drop in welfare caseloads combined with increased employment and declining

poverty rates through state and federal work requirements shows that the reform is working, and people are better off because of it.

Ensuring Scant Resources Go to Those Who Need Them Most

Of Medicaid's [68 million](#) beneficiaries there are nearly [25 million](#) non-elderly, able-bodied adults without disabilities. It stands to reason that scarce resources aren't always going to those who need them most. However, as we have seen with other welfare programs across the country, adding Medicaid work requirements would have myriad benefits for beneficiaries and, by extension, their communities, thereby lessening the strain on our social safety nets.

As more people have the opportunity and confidence to return to work, they can dramatically improve their lives and, in turn, become less dependent, making the way for greater access to assistance for the truly needy. All said, whether it's reducing poverty rates or shrinking state caseloads (sometimes by *80 percent*), welfare programs that require otherwise able adults to pursue employment or community engagement seek to dignify work and not dependence.

Work requirements for able-bodied adults receiving welfare are intended to lift people out of poverty and the numbers bear that out. As more people are able to get off Medicaid, that will mean more resources to care for the elderly, disabled, and pregnant woman for whom Medicaid was intended. To suggest that these requirements are a punishment or counterproductive presumes that able-bodied adults aren't interested in working. We believe the vast majority do want to work and these requirements will help them take that important first step.

The dignity, self-worth, and expanded opportunity that comes with work should be celebrated as a benefit, not derided as a punishment. Work requirements have the potential to open doors that would otherwise stay shut, as well as ensure resources go to those who need them most, and that's why they should be embraced.²

Here in Alaska, roughly a third of Alaskans are on Medicaid. We have no limits on Medicaid enrollment, and in terms of cost and enrollment, the numbers are growing exponentially each year. This legislation is needed now more than ever. I applaud the committee for taking this issue on and encourage members to pass this bill.

Sincerely,

Jeremy Price

² http://freedompartners.org/wp-content/uploads/2018/02/Work_Requirements_Memo.pdf