

LEG. FINANCE - BILLS 1977 - 1978 772

CSHB 642 cont., thru CSHB 644 772

any losses that might be incurred in the event of a sale of mortgage loans to retire the 1976 First Series Notes or substitute obligation. This arrangement expired upon payment of the notes at their maturity.

The following sources are available and pledged for the payment of Housing Mortgage Bond principal and interest: (1) the proceeds derived from the sale of such bonds, (2) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, (3) all monies and securities of the Reserve Fund held by the Trustee (\$1,409,972 and \$1,400,227 at May 31, 1977 and November 30, 1976, respectively), and (4) a Special Pledged Fund (approximately \$20,617,000 and \$21,870,000 at May 31, 1977 and November 30, 1976, respectively) consisting of first mortgage loans, permitted investments and cash held by the Commissioner of Revenue for the State of Alaska. This latter fund is not reflected in the accompanying financial statements.

The following sources are available and pledged for the payment of Insured Mortgage Bond principal and interest: (1) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, and (2) all monies and securities of the Capital Reserve Fund held by the Trustee (\$8,505,644 of principally short-term investments, at May 31, 1977). This latter fund is required to be maintained at an amount equal to 10% of the outstanding balance of Insured Mortgage bonds.

The remaining debt service payments on bonds outstanding at May 31, 1977 are as follows:

| <u>During Year Ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|----------------------|----------------------|----------------------|
| November 30, 1978 | \$ 1,850,000 | \$ 10,945,375 | \$ 12,795,375 |
| November 30, 1979 | 1,985,000 | 10,657,662 | 12,642,662 |
| November 30, 1980 | 2,135,000 | 10,506,424 | 12,641,424 |
| November 30, 1981 | 2,295,000 | 10,348,088 | 12,643,088 |
| November 30, 1982 | 2,465,000 | 10,179,215 | 12,644,215 |
| | 10,730,000 | 52,636,764 | 63,366,764 |
| Thereafter | 180,935,000 | 201,915,029 | 382,850,029 |
| | <u>\$191,665,000</u> | <u>\$254,551,793</u> | <u>\$446,216,793</u> |

The bonds are subject to certain early redemption provisions at the option of the Corporation.

NOTE 4 - NOTES PAYABLE TO THE STATE OF ALASKA:

As part of the Corporation's Housing Development Fund programs, it entered into agreements with the State of Alaska and Alaska State Housing Authority, whereby the Corporation borrowed \$3,900,000 from the State for a term of 36 years at an annual interest rate of 5% which is collateralized by a deed of trust note receivable from the Authority. Concurrently, funds were loaned by the Corporation to the Authority for a term of 36 years at an annual interest rate of 3% for the construction of an apartment building in Juneau, Alaska. There is an additional note payable to the State of Alaska under the Housing Development Fund programs in the amount of \$3,031,871 bearing interest at 6% which matures in 2014 and is renewable at the option of the Commissioner of Revenue. Principal reductions are required on these notes until maturity in an amount equal to the principal portion of the loan payments on the mortgage loans assigned as security for the notes.

Under the Insured Mortgage Bond Program, the Corporation is required to maintain a Capital Reserve Fund equal to 10% of the outstanding balance of Insured Mortgage Bonds. In order to fulfill a portion of the requirement, the Corporation borrowed from the State as follows:

Balances at May 31, 1977

| | |
|-------------------|--------------------|
| 1975 First Series | \$ 498,000 |
| 1977 First Series | <u>3,500,000</u> |
| Total | <u>\$3,998,000</u> |

The interest rate on the loans is equal to earnings on the proceeds of such loans deposited in the Capital Reserve Fund with principal reductions pro-rata to those required for the Insured Mortgage Bonds relating to such loans. No significant principal reduction is required in the forthcoming year.

NOTE 5 - RESTRICTED FUND BALANCE:

During 1974, the Board of Directors set aside \$100,000 of its assets arising from accumulated earnings and designated this restriction as a reserve for possible mortgage loan losses on conventional

mortgages. Further, the Board provided an additional appropriation from fund balances equivalent to 1/4 of 1% on mortgages then existing without private mortgage insurance. It also assigned one-half of any future commitment fees (1/2% of mortgage balance) on conventional mortgages, other than those held in the Insured Mortgage Bond Fund, to this reserve along with any earnings from the segregated assets. At May 31, 1977 and November 30, 1976, the segregated assets consisted solely of savings accounts amounting to \$184,451 and \$330,696, respectively.

The foregoing represents a restriction of fund balance rather than a reserve to which loan losses may be charged. All loan losses are charged against operations as more fully described at Note 1.

NOTE 6 - STATE MORTGAGE INSURANCE FUND:

In connection with the establishment of the Insured Mortgage Program described at Note 3, an Insurance Fund of the State of Alaska (the Fund) was created for the exclusive purpose of insuring the acquired mortgages. Mortgage loans which may be insured under the program must either have a loan to value ratio of less than 80% or be the subject of insurance or guarantee by the FHA, VA or other federal agency or by private mortgage insurance to the extent that such ratio is greater than 80%. The capital of the fund is required to be maintained at an amount equal to the greater of 2% of the unpaid principal amount of all acquired mortgages or a percentage which the Corporation and the State agree is actuarially sound for operation of the Fund. In this regard, the initial capital requirements associated with the 1975 through 1977 First Series Bonds were required by the State to be partially funded by contributions from the Corporation Operating Fund. The Corporation has considered these initial contributions to be permanent costs of initiating the program and has charged such amounts against operations; it is expected that subsequent contributions (if required) will be capitalized since the ongoing nature of the program is expected to produce a probable likelihood of return. Such return is, however, limited to amounts in excess of the capital requirement described previously and contingent upon that requirement having been continuously met for two consecutive fiscal years preceeding the withdrawal.

The Fund is held in trust by a commercial banking institution pursuant to a custody agreement entered into by the State of Alaska and administered by the management of the Corporation. A summary of the Fund's activity from inception in December, 1974 through May, 1977 follows:

Cash receipts:

Contribution from -

| | |
|------------------------------------|----------------|
| State of Alaska | \$ 959,400 |
| Alaska Housing Finance Corporation | <u>600,000</u> |
| | 1,559,400 |

| | |
|---|---------|
| Mortgage insurance premiums (through January, 1977) | 219,346 |
|---|---------|

| | |
|-------------------------|---------------|
| Interest on investments | <u>23,159</u> |
| | 1,801,905 |

Cash disbursements:

| | |
|---------------------------|--------------|
| Security transaction fees | <u>(160)</u> |
|---------------------------|--------------|

| | |
|-------------------------------------|--------------------|
| Receipts in excess of disbursements | <u>\$1,801,745</u> |
|-------------------------------------|--------------------|

Assets held in trust:

| | |
|-------------|-------------|
| Investments | \$1,695,112 |
|-------------|-------------|

| | |
|-----------------|----------------|
| Cash in savings | <u>106,633</u> |
|-----------------|----------------|

| | |
|--|--------------------|
| | <u>\$1,801,745</u> |
|--|--------------------|

As shown above, the Corporation formerly charged an insurance premium equal to 1/2% of the principal amount on each conventional mortgage loan financed under the program. This charge was discontinued January 24, 1977.

NOTE 7 - COMMITMENTS:

At May 31, 1977 the Corporation had commitments to purchase first mortgage loans of approximately \$41,485,000. Accordingly, on July 12, 1977, the Corporation issued \$48,000,000 in Insured Mortgage Bonds, 1977 Second Series. In connection with that offering, the capital requirement of the State Mortgage Insurance Fund (see Note 6) was funded by a payment of \$935,600 by the State of Alaska.

The Corporation leases its office facilities and certain equipment for periods expiring between July, 1978 and October, 1980 with

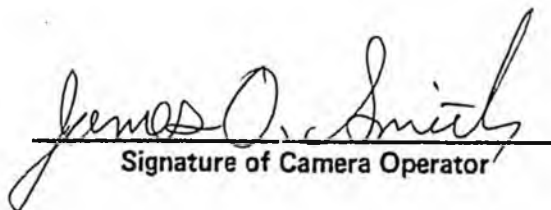
annual rental payments of approximately \$44,000. The Corporation is also obligated for a pro-rata portion of any increase in property taxes paid by the lessor.

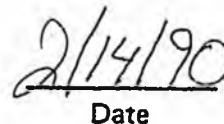


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


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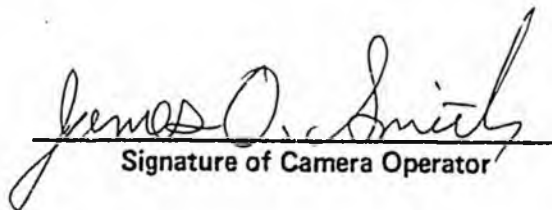

Date

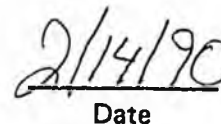


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Signature of Camera Operator


Date

COMMITTEE REPORT

HOUSE

FURTHER: _____

1/17/78

Date: 1-17-78

Mr. Speaker:

The Committee on FINANCE has had HR 644
"An Act making suppl. appropriations to the Dept. of Health and Social Services
Medicaid miscellaneous, general relief medical, and handicapped children;
effective date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

recommends it do pass recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for HR 644

and _____ new title same title

AND attaches a Letter of Intent New Fiscal Note

reports it back without recommendation

and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

McCoy

...

...

...

...

...

...
Chairman

MEMORANDUM

State of Alaska

TO:

Legislative Affairs

DEPT. _____

DIV. _____

SEC. _____

DATE: March 22, 1973

FROM:

Becky Fritz
House Finance
Room 411
PH: 3795

SUBJECT:

Enclosed please find Finance CS for HB 644. Please return to me.

Original Sponsor:

Introduced: 1/17/78
Referred: Finance

FINANCE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 CS HOUSE BILL NO. 644

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Health and Social Services, Medicaid
8 miscellaneous, general relief medical, and handi-
9 capped children; and providing for an effective
10 date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. The sum of ^{523,452} \$465,902 is appropriated to the Department of
13 Health and Social Services for Medicaid FY 77 and FY 78 hospital miscella-
14 neous expenditures. Sources of this appropriation are as follows:

15 Federal Funds \$232,951 261,741

16 General Fund 232,951 261,741

17 * Sec. 2. The sum of ^{582,815} \$246,300 is appropriated to the Department of
18 Health and Social Services for Medicaid FY 78 physician services. Sources
19 of this appropriation are as follows:

20 Federal Funds \$123,100 291,408

21 General Fund ^{12,105} 123,200 291,407

22 * Sec. 3. The sum of \$8,600 is appropriated from federal funds to the
23 Department of Health and Social Services for FY 78 miscellaneous Medicaid
24 services. Sources of this appropriation are as follows:

25 * Sec. 4. The sum of ^{152,834} \$31,900 is appropriated to the Department of
^{Federal Funds 4,052}
^{General Funds 148,782}

26 Health and Social Services for the FY 78 Medicaid Early Screening Program.
27 Sources of this appropriation are as follows:

28 Federal Funds \$ 16,000 76,667

29 General Fund 15,900 76,670

HB 644
(Counter Cyclical Funds)
General Relief Medical

Section 6 of HB 644 contains a supplemental request for the Department of Health and Social Services General Relief Program in the amount of \$1,764,700. The funding sources requested in this section are as follows:

| | |
|--|---------------------|
| Federal AntiRecession Counter Cyclical Funding | \$ 1,327,135 |
| General Funds | 437,565 |
| Total | <u>\$ 1,764,700</u> |

Federal regulations require that the Counter Cyclical Funds be appropriated within 6 months from the day after receipt of the funds in the same manner as state general funds are appropriated, i.e., by the full Legislature. These funds were received by the state on October 13, 1977, therefore they must be appropriated by April 14, 1978 or lapse back to the federal government.

The Division of Legislative Finance staff has been advised of this time limit.

POSITION PAPER / Department of Health and Social Services

FINANCIAL INFORMATION
 FOR
 FISCAL YEAR 78 GENERAL RELIEF MEDICAL
 SUPPLEMENTAL REQUEST

II Financial Information

On January 17, the Governor submitted House Bill 644 requesting supplemental funds in the FY78 General Relief Medical BRU totaling \$1,764,700. The funding sources for this request were identified as follows:

| | | |
|---|-------|-------------|
| Federal Anti-Recession Counter Cyclical Funding | | \$1,327,135 |
| State General Funds | | 437,565 |
| | TOTAL | \$1,764,700 |

Since that time the Department has re-examined its historical expenditure data, and has concluded that House Bill 644's supplemental request will be inadequate to meet all anticipated FY78 obligations in this Program. Accordingly, I am herewith submitting a revised FY78 Supplemental Request in the total amount of \$2,202,200. House Bill 644 should be amended to reflect this revised supplemental need with the following revised funding sources.

| | | |
|---|-------|-------------|
| Federal Anti-Recession Counter Cyclical Funding | | \$1,327,135 |
| State General Funds | | 875,065 |
| | TOTAL | \$2,202,200 |

In the period since January 17, the Department has developed a cost projection formula which we feel more accurately predicts anticipated expenditure levels for this BRU. This formula considers the following factors when forecasting total program needs for FY78:

- (1) Month of service by the Medical provider.
- (2) Inflationary cost factor between FY77 and FY78.
- (3) Billing lag between month of service and month of payment by the Department.
- (4) Adjustment for increased utilization which is derived from increased billing activity.

Quite frankly, a more detailed explanation of the formula cannot be accommodated in this memo as its complexity does not lend itself to clear, comprehensible description. Although I am including the actual formula computation as supporting documentation for each category under this BRU, I would request that you or your staff meet with us if you feel a more detailed explanation would be helpful. For your information, this formula has already been discussed with members of the House Finance

The formula (see Attachment E) basically disclosed increased utilization and inflation as the principal factors contributing to the need for additional funding for FY78. By program category, the following FY78 funding levels are anticipated.

| <u>SUMMARY OF FY78 PROGRAM COSTS</u> | <u>FY78 TOTAL COSTS</u> |
|---|---|
| (1) Hospital Services (See Attachment A) | \$ 2,648,300 |
| (2) Physicians Services (See Attachment B) | 950,000 |
| (3) Dental Services (Non-Formula - Contract) | 75,000 |
| (4) Other Services (See Attachment C) | 982,000 |
| (5) Nursing Homes (Non-Formula-See Attachment D) | 607,700 |
| (6) Dental Administration (Non-Formula; Actual Costs) | 35,900 |
| (7) Cost Settling - (Non-Formula - Actual Costs Incurred) | |
| - Inpatient Hospital | 388,000 |
| - Outpatient Hospital | 6,400 |
| - Skilled Nursing Home | 37,600 |
| - ICF Nursing Home | 31,600 |
| (8) Catastrophic Illness (No Additional Funds Required) | 450,000 |
| | <hr/> |
| | TOTAL. \$ 6,213,100 |
| | Less Current FY78 Appropriation -4,010,900 |
| | <hr/> |
| | Revised FY78 Supplemental Need \$ 2,202,200 |

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 Gov. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 79 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | 15.2 | 33.2 | 8.8 | 26.4 | 26.4 | 26.4 | 7.9 | | | -0- | |
| CONTRACTUAL SERVICES | 2,607.9 | 2,448.6 | 2,283.6 | 3,545.6 | 3,545.6 | 3,545.6 | 2,734.0 | 6,213.1 | | (2,202.2) | 6,213.8 |
| COMMODITIES | 416.1 | 610.8 | 414.0 | 438.9 | 438.9 | 433.9 | 291.2 | | | -0- | |
| EQUIPMENT | .2 | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | 386.1 | | | | | | | | |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | 3,039.4 | 3,092.6 | 3,092.5 | 4,010.9 | 4,010.9 | 4,010.9 | 3,048.0 | 3,164.6 | 6,213.1 | (2,202.2) | 6,213.8 |
| FEDERAL RECEIPTS | | | | | | | | | | 1,327.1 | |
| REQUIRED GF MATCHING | | | | | | | | | | | |
| OTHER GENERAL FUND | 3,039.4 | 3,092.6 | 3,092.5 | 4,010.9 | 4,010.9 | 4,010.9 | 3,048.0 | 3,164.6 | 6,213.1 | (875.1) | 6,213.8 |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |

GR MED HOSPITAL SERVICES

$$IR = \frac{666}{659} = 1.01$$

$$IU = \frac{1368}{1257} = 1.09$$

$$RP_1 = \frac{767}{1257} = .610$$

$$RP_2 = \frac{1003}{1368} = .733$$

$$NE_1 = \frac{1143}{.610} = 1874$$

$$NE_2 = \frac{1143}{.733} = 1559$$

$$TCP_3 = 1874 \times 666 \times 1.01 = 1,260,565$$

$$TCP_3 = 1559 \times 666 \times 1.01 = 1,048,677$$

$$TCP_4 = 1,260,565 \times 1.09 \times 1.01 = 1,387,756$$

$$TCP_4 = 1,048,677 \times 1.09 \times 1.01 = 1,154,489$$

$$T = 1,260,565 + 1,387,756 = 2,648,321$$

$$T = 1,048,677 + 1,154,489 = 2,203,166$$

15

GR MED PHYSICIANS SERVICES

$$IR = \frac{120}{119} = 1.01$$

$$IU = \frac{3407}{3040} = 1.12$$

$$RP_1 = \frac{1405}{3040} = .462$$

$$RP_2 = \frac{1519}{3407} = .445$$

$$NE_1 = \frac{1206}{.462} = 2610$$

$$NE_2 = \frac{1206}{.445} = 2710$$

$$TCP_3 = 2610 \times 120 \times 1.01 = 316,332$$

$$TCP_3 = 2710 \times 120 \times 1.01 = 328,452$$

$$TCP_4 = 316,332 \times 1.12 \times 1.01 = 357,835$$

$$TCP_4 = 328,452 \times 1.12 \times 1.01 = 371,545$$

$$T = 316,332 + 357,835 = 674,157$$

$$T = 328,452 + 371,545 = 699,997$$

1. The formula used to compute Physicians cost for the GRM for FY78 could not take into consideration an extremely large number of bills that were in process at that moment. In future months when the lag on payment of bills is reduced the formula should be more accurate.

G.R. MED SPECIAL SERVICES

$$IR = \frac{32}{31} = 1.03$$

$$IU = \frac{10971}{8729} = 1.26$$

$$RP_1 = \frac{5699}{8729} = .653$$

$$RP_2 = \frac{6841}{10971} = .623$$

$$NE_1 = \frac{8083}{.653} = 12,378$$

$$NE_2 = \frac{8083}{.623} = 12,974$$

$$TCP_3 = 12,378 \times 32 \times 1.03 = 407,980$$

$$TCP_3 = 12,974 \times 32 \times 1.03 = 427,623$$

$$TCP_4 = 407,980 \times 1.26 \times 1.03 = 509,476$$

$$TCP_4 = 427,623 \times 1.26 \times 1.03 = 554,969$$

$$T = 407,980 + 509,476 = 917,456$$

$$T = 427,623 + 554,969 = 982,592$$

FY 78 GENERAL RELIEF MEDICAL, NURSING HOMES

| <u>INTERMEDIATE</u> | <u>FTE</u> | X | <u>RATE</u> | = | <u>TOTAL</u> |
|---------------------|------------|---|-------------|---|------------------|
| CAREAGE HOUSE | 7.0 | | 62.50 | | \$159,687.50 |
| CAREAGE NORTH | .90 | | 77.00 | | 25,294.50 |
| WRANGELL GENERAL | 1.00 | | 42.30 | | <u>15,439.50</u> |
| | | | | | \$200,421.50 |

| <u>SKILLED</u> | | | | | |
|------------------|------|--|--------|--|------------------|
| CAREAGE NORTH | .45 | | 85.50 | | 14,041.55 |
| GLENMORE | 9.00 | | 114.00 | | 374,490.00 |
| WRANGELL GENERAL | .90 | | 57.00 | | <u>18,724.50</u> |
| | | | | | \$407,256.05 |

TOTAL GR \$607,677.55

FORMULA FOR PROJECTING

MEDICAID AND GENERAL RELIEF-MEDICAL

P = 6-Month Period
 P1 = Covers 7/1/76 thru 12/31/76
 P2 = Covers 1/1/77 thru 6/30/77
 P3 = Covers 7/1/77 thru 12/31/77
 P4 = Covers 1/1/78 thru 6/30/78

ACI = Average Cost Per Invoice

$\frac{ACI P2}{ACI P1}$ = Inflation Rate (IR)

NI = Number of Invoices

$\frac{NI P2}{NI P1}$ = Increased Utilization Rate (IU)

B = Number of invoices with service date within the first 5 month of P that were processed within the 1st 5 months of P

$\frac{B1}{NI P1}$ = Rate of Processing invoices for services in P (RP)

$\frac{B3}{RP}$ = Total invoices expected to be received during P3 (NE)

(NE) (ACIP2) (IRP2) = Total Cost in P3 (TC)

(TCP3) (IRP2) (IUP2) = Total Cost in P4 (TC)

TCP3 + TCP4 = Total for FY 78 (T)

$$NE = \frac{B3}{RR} = \frac{B3}{\frac{B1}{NI P1}} =$$

$$TCP3 + TCP4$$

Assumptions;

$$(NE)(ACIP2)(IRP2) + (TCP3)(IRP2)(IUP2)$$

1. The growth rate between years will remain the same.
2. The increased cost rate will remain the same between years.
3. Rate of processing will remain the same between years.

HOUSE BILL NO. 644

(MEDICAID ONLY)

FINANCIAL INFORMATION

On January 17, the Governor submitted House Bill #644 requesting supplemental in the FY 78 Medicaid BRU totaling \$1,241,902. By component area, H.B. #644 requested the following:

| <u>Component</u> | <u>FY 78 Supplemental</u> | <u>Federal</u> | <u>State</u> |
|--------------------|-------------------------------|----------------|--------------|
| Hospitals | \$ 465,902 | \$ 232,951 | \$ 232,951 |
| Physician Services | 246,300 | 123,100 | 123,100 |
| Other Services | 8,600 | 8,600 | -0- |
| EPSDT | 31,900 | 16,000 | 15,900 |
| Nursing Homes | 489,200 | 244,600 | 244,600 |

Since that time the Department has re-examined its historical expenditure data, and has concluded that House Bill #644's supplemental request will be inadequate to meet all anticipated FY 78 obligations in this Program. Accordingly, I am herewith submitting a revised FY 78 Supplemental Request in the total amount of \$3,848,571. House Bill #644 should be amended to reflect this revised supplemental need.

In the period since January 17, the Department has developed a cost projection formula which we feel more accurately predicts anticipated expenditure levels for this BRU. This formula considers the following factors when forecasting total program needs for FY 78:

1. Month of service by the medical provider.
2. Inflationary cost factor between FY 77 and FY 78.
3. Billing lag between month of service and month of payment by the Department.
4. Adjustment for increased utilization which is derived from increased billing activity.

Quite frankly, a more detailed explanation of the formula cannot be accommodated in this memo as its complexity does not lend itself to clear, comprehensible description. Although I am including the actual formula computation as supporting documentation for each category under this BRU, I would request that you or your staff meet with us if you feel a more detailed explanation would be helpful. For your information, this formula has already been discussed with members of the House Finance Committee and Milt Barker, who found the formula generally acceptable.

The formula (see Attachment A) basically disclosed increased utilization and inflation as the principal factors contributing to the need for additional funding for FY 78. By BRU components, and where necessary by sub-components, the following FY 78 expenditure levels are anticipated:

Financial Information - continued

| <u>Component</u> | <u>Reference Attachment</u> | <u>FY 78 Auth.</u> | <u>FY 78 Projection</u> | <u>FY 78 Deficit</u> |
|---|-----------------------------|----------------------|-------------------------|----------------------|
| (1) Hospital Svcs. FY 78 Exp. | B | \$ 3,591,198 | \$ 3,732,652 | \$ (141,454) |
| Inpatient-Cost Settling | N/A* | -0- | 373,765 | (373,765) |
| Outpatient-Cost Settling | N/A* | -0- | 8,263 | (8,263) |
| Total Hospitals FY 78 | | \$ 3,591,198 | \$ 4,114,680 | \$ (523,482) |
| (2) Physicians Services | C | \$ 1,280,200 | \$ 1,863,015 | \$ (582,815) |
| (3) Other Svcs. Except C/Lic. Certification/Licensing | D N/A* | \$ 358,400 76,700 | \$ 370,505 76,700 | \$ (12,105) -0- |
| Total Other Services | | \$ 435,100 | \$ 447,205 | \$ (12,105) |
| (4) EPSDT Services | D | \$ 114,400 | \$ 235,739 | \$ (121,339) |
| EPSDT RSA | N/A* | 535,000 | 535,000 | -0- |
| EPSDT Dental Contract | N/A* | 477,800 | 506,000 | (28,200) |
| EPSDT Dental Adm. | N/A* | 65,200 | 69,000 | (3,800) |
| Total EPSDT | | \$ 1,192,400 | \$ 1,345,739 | \$ (153,339) |
| (5) Nursing Homes | | | | |
| Intermediate | E | \$ 5,855,500 | \$ 7,239,582 | \$(1,384,082) |
| Intermediate-Cost Settling | N/A* | -0- | 194,992 | (194,992) |
| Skilled | F | 3,134,200 | 3,706,441 | (572,241) |
| Skilled-Cost Settling | N/A* | 261,400 | 300,557 | (39,157) |
| Hope Cottage | E | 1,742,200 | 864,116 | 878,084 |
| Total Nursing Homes | | \$10,993,300 | \$12,305,688 | \$(1,312,388) |
| (6) State Institutions | | | | |
| API | G | \$1,480,100 | \$1,502,640 | \$ (22,540) |
| Harborview | G | 4,299,700 | 4,299,700 | -0- |
| Total State Institutions | | \$5,779,800 | \$5,802,340 | \$ (22,540) |

*Non-Formula Actual Costs:

Attachments

Financial Information - continued

Recommended By: Richard R. Wilson
Richard R. Wilson, Director
Division of Public Assistance

3-21-78
(Date)

Approved By: Helen D. Beime
Helen D. Beime, Commissioner
Department of Health and Social Services

3/21/78
(Date)

FORMULA FOR PROJECTING
MEDICAID AND GENERAL RELIEF-MEDICAL

P = 6-Month Period
P1 = Covers 7/1/76 thru 12/31/76
P2 = Covers 1/1/77 thru 6/30/77
P3 = Covers 7/1/77 thru 12/31/77
P4 = Covers 1/1/78 thru 6/30/78

ACI = Average Cost Per Invoice

$\frac{ACI P2}{ACI P1}$ = Inflation Rate (IR)

NI = Number of Invoices

$\frac{NI P2}{NI P1}$ = Increased Utilization Rate (IU)

B = Number of invoices with service date within the first 5 month of P that were processed within the 1st 5 months of P

$\frac{B1}{NI P1}$ = Rate of Processing invoices for services in P (RP)

B3 = Total invoices expected
RP To be received during P3 (NE)

(NE) (ACIP2) (IRP2) = Total Cost in P3 (TC)

(TCP3) (IRP2) (IUP2) = Total Cost in P4 (TC)

TCP3 + TCP4 = Total for FY 78 (T)

Assumptions;

1. The growth rate between years will remain the same.
2. The increased cost rate will remain the same between years.
3. Rate of processing will remain the same between years.

MEDICAID: HOSPITAL SERVICES

$$IR = \frac{309}{256} = 1.20$$

$$IU = \frac{4158}{3482} = 1.19$$

$$RP_1 = \frac{2420}{3482} = 0.695$$

$$RP_2 = \frac{5100}{4158} = 0.745$$

$$NE_1 = \frac{3089}{0.695} = 4445$$

$$NE_2 = \frac{3089}{0.745} = 4146$$

$$TCP_3 = 4445 \times 309 \times 1.20 = 1,648,206$$

$$TCP_3 = 4146 \times 309 \times 1.20 = 1,537,336$$

$$TCP_4 = 1,648,206 \times 1.19 \times 1.20 = 2,353,638$$

$$TCP_4 = 1,537,336 \times 1.19 \times 1.20 = 2,195,316$$

$$T = 1,648,206 + 2,353,638 = 4,001,844$$

$$T = 1,537,336 + 2,195,316 = 3,732,652$$

MEDICAID: PHYSICIANS SERVICES

$$IR = \frac{64.5}{59} = 1.09$$

$$IU = \frac{11811}{10034} = 1.18$$

$$RP_1 = \frac{5413}{10034} = \emptyset.539$$

$$RP_2 = \frac{5930}{11811} = \emptyset.502$$

$$NE_1 = \frac{4101}{\emptyset.539} = 7609$$

$$NE_2 = \frac{4101}{\emptyset.502} = 8169$$

$$TCP_3 = 7609 \times 64.5 \times 1.09 = 534,951$$

$$TCP_3 = 8169 \times 64.5 \times 1.09 = 574,322$$

$$TCP_4 = 534,951 \times 1.18 \times 1.09 = 688,054$$

$$TCP_4 = 574,322 \times 1.18 \times 1.09 = 738,693$$

$$T = 634,951 + 688,054 = 1,223,005$$

$$T = 574,322 + 738,693 = 1,313,015$$

The formula used to compute physician's costs for the Medicaid Program for FY 78 could not take into consideration an extremely large number of bills that were in process at that moment. In future months when the lag on payment of bills is reduced the formula should be more accurate.

| <u>Component</u> | <u>Total</u> | <u>FED</u> | <u>GFM</u> | <u>Other</u> |
|-------------------------|--------------|------------|------------|--------------|
| Additional - Physicians | 550,000 | 225,000 | 225,000 | -0- |

MEDICAID: OTHER SERVICES

$$IR = \frac{80}{70.5} = 1.13$$

$$IU = \frac{1989}{1701} = 1.17$$

$$RP_1 = \frac{875}{1701} = \emptyset.514$$

$$RP_2 = \frac{1116}{1989} = \emptyset.561$$

$$NE_1 = \frac{990}{\emptyset.514} = 1926$$

$$NE_2 = \frac{990}{\emptyset.561} = 1765$$

$$TCP_3 = 1926 \times 80 \times 1.13 = 174,110$$

$$TCP_3 = 1765 \times 80 \times 1.13 = 159,556$$

$$TCP_4 = 174,110 \times 1.13 \times 1.17 = 230,191$$

$$TCP_4 = 159,556 \times 1.13 \times 1.17 = 210,949$$

$$T = 174,110 + 230,191 = 404,301$$

$$T = 159,556 + 210,949 = 370,505$$

NURSING HOMES: INTERMEDIATE CARE

| <u>Facility</u> | <u>FTE</u> | <u>Rate</u> | <u>FY 78</u> | <u>FY 79</u> | |
|--------------------------|------------------|-------------|-----------------|-----------------|-----|
| Carriage House Anchorage | 92.50 | 62.50 | 2,110,156.25 | 2,426,679.69 | 15% |
| Carriage North | 61.30 | 77.00 | 1,722,836.50 | 1,981,261.98 | 15% |
| Cordova Community | 5.68 | 72.72 | 150,763.25 | 177,377.74 | 15% |
| Island View | 37.43 | 46.17 | 630,771.10 | 725,386.77 | 15% |
| Norton Sound | 3.94 | 144.70 | 208,095.80 | 239,307.87 | 15% |
| Ocean Park | 10.00 | 101.00 | 368,650.00 | 423,947.50 | 15% |
| Petersburg General | 8.60 | 51.30 | 161,030.70 | 185,185.31 | 15% |
| St. Anns | 15.00 | 75.00 | 410,625.00 | 944,437.50 | *A |
| South Peninsula | 2.00 | 108.00 | 78,840.00 | 90,666.00 | 15% |
| Weslyan | 51.71 | 57.00 | 1,200,656.55 | 1,380,755.03 | 15% |
| Wrangell General | 9.00 | 42.30 | 138,955.50 | 159,798.30 | 15% |
| Aurora | 1.00 | 14.88 | 5,431.20 | 5,594.14 | 3% |
| Valley Hospital (Palmer) | 1.77 | 57.50 | 37,149.70 | 42,722.16 | 15% |
| Hacienda | 1.00 | 16.07 | 5,865.55 | 6,041.52 | 3% |
| Virginia Manor | 1.00 | 13.65 | 4,982.25 | 5,131.72 | 3% |
| Glennmore | on line in FY 79 | | -0- | 2,835,422.00 | *B |
| Interlake Manor | <u>1.00</u> | 13.08 | <u>4,774.20</u> | <u>4,917.43</u> | 3% |
| TOTAL | 308.93 | | 7,239,581.55 | 11,632,633.19 | |

*A - 30 X 86.25 X 365

*B - 60 X 129.38 X 365

Hope Cottage 23.44 101.00 864,115.60 993,732.94 15%

FY 78 FTE Auth. - 253.60

Attachment "F"
5/20/78

NURSING HOMES: SKILLED CARE

| <u>Facility</u> | <u>FTE*</u> | <u>Rate</u> | <u>FY 78</u> | <u>FY 79</u> |
|-------------------------|-------------|-------------|------------------|------------------|
| Carage North | 7.85 | \$ 85.50 | 244,352.90 | 281,005.85 |
| Glenmore Nursing | 72.67 | \$125.00 | 5,315,568.75 | 3,812,904.06 |
| Island View (Ketchikan) | 1.00 | \$ 51.30 | 18,724.50 | 21,533.17 |
| Petersburg General | 1.00 | \$ 57.00 | 20,805.00 | 25,925.75 |
| South Peninsula | Ø.97 | \$120.00 | 42,486.00 | 48,858.90 |
| Wrangell General | Ø.90 | \$ 57.00 | 18,724.50 | 21,533.17 |
| Olympia | 1.00 | \$ 19.62 | 7,162.30 | 8,235.49 |
| Pinchurst | 1.00 | \$ 20.24 | 7,387.60 | 8,495.74 |
| South Haven | 2.00 | \$ 17.66 | 12,891.80 | 14,825.57 |
| Winslow | 1.00 | \$ 17.64 | 6,438.60 | 7,404.39 |
| Whidbey Island | <u>2.00</u> | \$ 16.30 | <u>11,899.00</u> | <u>15,683.85</u> |
| TOTAL | 91.37 | | 5,706,440.95 | 4,262,405.92 |

FY 78 FTE's Auth. - 71.60

5/20/78

Attachment '97'

STATE
of ALASKA

MEMORANDUM

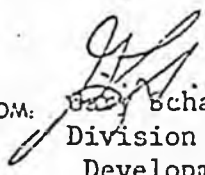
Attachment "G"

TO: Richard Wilson, Director
Division of Public Assistance
Dept. of Health & Social Services

DATE: March 13, 1978

FILE NO:

TELEPHONE NO:

FROM:  Gary Schaefer, Administrative Officer
Division of Mental Health and
Developmental Disabilities
Dept. of Health & Social Services

SUBJECT: Interim Rate Setting for
Alaska Psychiatric Institute

1. We are asking for an interim rate change for Title XIX based on our most recent experience, (an interim rate change is not a binding rate to Title XIX as the final rate adjustment will be with cost settling, i.e., plus or minus). This will help in cost settling as we will have recovered a closer actual cost, therefore, needing a smaller cost settling amount also allowing us to project our revenues more accurately.
2. The most recent experience available to us is that period from July 1, 1977 through December 31, 1977.
3.

| | |
|--------------------------|-------------|
| a) Inpatient Days | 17,556 |
| b) ICF and ICF/MR | 3,645 |
| c) Inpatient Psychiatric | 13,911 |
| d) Actual Expenditures | \$3,277,489 |
4. The average daily census for the first six months is 90. However, the last three months census shows a increase to the point of approximately 105 average daily census for the second six months. This would give us an approximate total inpatient days of 36,561 for the year. Approximately 4% of the total expenditures are non-allowable per diem rate costs i.e., McLaughlin heat.
5. Total projected expenditures for Alaska Psychiatric Institute are \$6,911,454.

| | |
|----------------------------|-----------|
| Less 4% non-allowable | 276,458 |
| Net projected expenditures | 6,634,996 |
| Projected inpatient days | 36,561 |
| | 181 |
6. The first six months we had 4,174 Medicaid eligible inpatient days. With the increase in daily census its probably safe to assume an increase in Medicaid eligible patients. However, since the last time (week of Feb. 16) the Division of Public Assistance and the Division of Mental Health and Developmental Disabilities sat down and processed eligibility determinations, there has been no movement of the paper work transmitted by us (DMH/DD) to the Division of Public Assistance, to our knowledge. Therefore, it is next to impossible to project an increase of eligible patients.
7.

| | |
|---------------------------------------|-------------|
| Approximate eligible inpatient days | 8340 |
| Conservative interim rate | 180 |
| Total estimated inter-agency receipts | \$1,502,640 |

TO: Dick Wilson
FROM: Gary Schaefer
DATE: March 13, 1978
RE: Interim Rate Setting for Alaska Psychiatric Institute

8. Among various unknowns which are almost impossible to compute and estimate are things such as the 3,645 ICF/MR and ICF inpatient days. The cost of these services are considerable less than inpatient psychiatric days. However, with the discontinuance of the ICF/MR in August and discontinuance of the ICF unit in November there is nothing to estimate and compute a new rate for this service except by the year end cost report.

We know this rate will increase from \$125 per day to something under \$180.

We know that whenever the rate decreases below \$180 for ICF and ICF/MR it will increase the inpatient psychiatric per diem rate proportionately.

CONCLUSION: We see no reason our interim inpatient psychiatric rate at Alaska Psychiatric Institute should not be increased to \$180 per day retroactive to July 1, 1977.

This also gives us enough inter-agency receipts to more than justify lifting the \$558.5 restriction as we will exceed our projected inter-agency receipts by at least \$25,000.

Approved _____

Date _____

cc: Commissioner Helen D. Beirne
Cathy Lloyd, Deputy Commissioner
Lois Jund, Deputy Commissioner
Jerry L. Schrader, Director DMH/DD
Thomas R. Branton, Assistant Director, DMH/DD
Mason W. Robison, Superintendent, API
R. E. Pomeroy, Administrator, API
Virgil Bugayong, Accountant
Frank Guertin, Accounting Chief Field Auditor, H&SS

House Bill No. 644

FY 78 Medicaid

| <u>Component</u> | <u>Total</u> | <u>FED</u> | <u>GFM</u> | <u>Other</u> |
|-----------------------------|-------------------|------------------|------------------|------------------|
| Hospitals Current Auth. | 3,591,200 | 2,777,800 | -0- | 813,400 |
| H.B. 644 | 465,902 | 232,951 | 232,951 | -0- |
| Additional | 523,482 | 261,741 | 261,741 | -0- |
| Total | <u>4,580,584</u> | <u>3,272,492</u> | <u>494,692</u> | <u>813,400</u> |
| Physicians Current Auth. | 1,280,200 | 640,100 | -0- | 640,100 |
| H.B. 644 | 246,300 | 123,100 | 123,200 | -0- |
| Additional | 582,815 | 291,407 | 291,408 | -0- |
| Total | <u>2,019,315</u> | <u>1,054,607</u> | <u>414,608</u> | <u>640,100</u> |
| Other Current Auth. | 435,100 | 288,500 | -0- | 146,660 |
| H.B. 644 | 8,600 | 8,600 | -0- | -0- |
| Additional | 12,105 | 6,052 | 6,053 | -0- |
| Total | <u>455,805</u> | <u>303,152</u> | <u>6,053</u> | <u>146,660</u> |
| EPSDT Current Auth. | 1,192,400 | 596,200 | -0- | 596,200 |
| H.B. 644 | 31,900 | 16,000 | 15,900 | -0- |
| Additional | 153,339 | 76,669 | 76,670 | -0- |
| Total | <u>1,377,639</u> | <u>688,869</u> | <u>92,570</u> | <u>596,200</u> |
| Nursing Homes Current Auth. | 10,993,300 | 5,762,800 | 246,000 | 4,984,500 |
| H.B. 644 | 489,200 | 244,600 | 244,600 | -0- |
| Additional | 1,312,388 | 656,194 | 656,194 | -0- |
| Total | <u>12,794,888</u> | <u>6,663,594</u> | <u>1,146,794</u> | <u>4,984,500</u> |
| State Inst. Current Auth. | 5,779,800 | 2,889,900 | 2,889,900 | -0- |
| H.B. 644 | -0- | -0- | -0- | -0- |
| Additional | 22,540 | 11,270 | 11,270 | -0- |
| Total | <u>5,802,340</u> | <u>2,901,170</u> | <u>2,901,170</u> | <u>-0-</u> |
| Supplemental Total Need | 3,848,571 | 1,928,584 | 1,919,987 | -0- |

NB 644

January 17, 1978

The Honorable Hugh Malone
Speaker of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making supplemental appropriations to the Department of Health and Social Services for miscellaneous Medicaid services and other programs.

Section 1 appropriates \$465,902 (\$232,951, federal funds; \$232,951, general fund) to the department for: 1) FY 77 hospital bills for inpatient and outpatient care; 2) FY 78 cost settling; and 3) FY 78 projected hospital services based upon actual FY 77 expenditures plus 15% inflation plus 1/2 of the cost settling as a base adjustment.

Section 2 appropriates \$246,300 (\$123,100, federal funds; \$123,200, general fund) to the department for FY 78 Medicaid physician services, based upon actual FY 77 expenditures plus 13.5% inflation.

Section 3 appropriates \$8,600 from federal funds to the department for FY 78 Medicaid "other services." The "other services" appropriation is made up of several small components, most funded 50/50 federal funds/general fund, and two funded 90/10 federal funds/general fund. Using FY 77 actual expenditures, the total need nets out to an additional need of \$8,600 federal funds.

Section 4 appropriates \$31,900 (\$16,000, federal funds; \$15,900, general fund) to the department for the FY 78 Early Screening Program based upon actual FY 77 expenditures plus inflation and existing contracts. Shortfalls exist in three major areas of the program: dental care contract, therapy, and transportation.

Section 5 appropriates \$489,200 (\$244,600, federal funds; \$244,600, general fund) to the department for Medicaid/Nursing Homes projected costs for FY 78 in excess of the FY 78 appropriation, due to increased use of nursing homes.

Section 6 appropriates \$1,764,700 (\$1,327,135, federal funds; \$437,565, general fund) to the department for general relief medical costs for: 1) FY 77 hospital bills for inpatient and outpatient care; 2) FY 78 cost settling of hospitals; and 3) projected FY 78 expenditures, computed by type of service using actual FY 77 expenditures plus inflation in the same manner as Medicaid is computed.

Section 7 appropriates \$92,100 (\$53,600, federal funds; \$38,500, general fund) to the department for FY 78 cost settling of hospital services in the Handicapped Children's Program.

Fiscal information is enclosed.

Sincerely,

S/JSH

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

RECEIVED
DEC - 5 1977
BUDGET & MANAGEMENT

TO: Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE: November 29, 1977

FILE NO:

THRU: Francis S. L. Williamson *FSLW*
Commissioner

TELEPHONE NO:

FROM: ~~Richard R. Wilson~~ *Richard R. Wilson*
Richard R. Wilson, Director
Division of Public Assistance
Department of Health & Social Services

SUBJECT: FY 78 Supplemental Request
General Relief-Medical

HB 644

Justification for supplemental for the General Relief-Medical BRU can be summarized as follows:

1. Of the total supplemental request (\$1,912,900), \$500,400 represents in-hand and projected cost settlements for hospitals and nursing homes in the program. Major impacts affecting the need for supplemental have been, a) spiralling inflation, particularly in the hospitals, currently running at "more than 15 percent" (per the latest quarterly report, Council on Wage and Price Stability), 19 percent more than the inflation rate requested in the FY 78 budget, b) significant increases in both abortions and requests for obstetric care, c) "pipeline impact," i.e., families forced onto welfare as fathers were laid off, often then leaving the state, and d) a worsening of time lag in federal (SSI) handling of AD-pending cases resulting in greater numbers of cases remaining on the General Relief-Medical files.
2. Non-approval of the supplemental request would merely penalize providers (physicians, hospitals, pharmacies, etc) who are (in good faith) providing services to General Relief-Medical recipients. When those recipients seek medical assistance on application to eligibility workers, those workers cannot be asked or expected to make medical judgement, and thus anyone found GR-Medical eligible will be provided coupons to obtain whatever medical services are requested. An only alternative (to non-approval of the request for supplemental) would be a virtual termination of the entire General Relief-Medical program in early spring 1978.
3. Historically, expenditure patterns have shown increased utilization and more specifically increased inflation rates. Currently that inflation rate is averaging above 15 percent while the increase in the FY 78 budget is only 6.6 percent above FY 77 authorized. The two categories most impacting this program are hospitals and nursing homes accounting for 52 percent of the budget.

FSLW:RRW:WNN:mk

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 GOV. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 79 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | | | | | |
| CONTRACTUAL SERVICES | | 1860.3 | 2144.7 | | | | | | | | |
| COMMODITIES | | | | | | | | | | | |
| EQUIPMENT | | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | | 1842.0 | 1842.0 | 1842.0 | 347.4 | | 2161.9 | (1114.6) | 2885.7 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | | 1860.3 | 2144.7 | 1842.0 | 1842.0 | 1842.0 | 347.4 | | 2161.9 | (1114.6) | 2885.7 |
| FEDERAL RECEIPTS | | | | | | | | | | | |
| REQUIRED GF MATCHING | | | | | | | | | | | |
| OTHER GENERAL FUND | | 1860.3 | 2144.7 | 1842.0 | 1842.0 | 1842.0 | 347.4 | | 2161.9 | (1114.6) | 2885.7 |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

*Includes cost settlement of \$47,293.00

AGENCY Health & Social Services

BRU General Relief-Medical

COMPONENT Hospitals (1)

REVISED 11/29/77

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 Gov. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 79 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | | | | | |
| CONTRACTUAL SERVICES | | 802.4 | 806.4 | | | | | | | | |
| COMMODITIES | | | | | | | | | | | |
| EQUIPMENT | | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | | 695.0 | 695.0 | 695.0 | 63.8 | | 903.9 | (272.7) | 1083.8 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | | 802.4 | 806.4 | 695.0 | 695.0 | 695.0 | 63.8 | | 903.9 | (272.7) | 1083.8 |
| FEDERAL RECEIPTS | | | | | | | | | | | |
| REQUIRED GF MATCHING | | | | | | | | | | | |
| OTHER GENERAL FUND | | 802.4 | 806.4 | 695.0 | 695.0 | 695.0 | 63.8 | | 903.9 | (272.7) | 1083.8 |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

AGENCY Health & Social Services

BRU

General Relief-Medical

COMPONENT Physicians Services 02

REVISED 11/29/77

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 Gov. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT OR EXCESS | FY 79 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|-----------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | 3.6 | | | | |
| CONTRACTUAL SERVICES | | 750.2 | 757.8 | | | | 2.0 | | | | |
| COMMODITIES | | | | | | | 74.2 | | | | |
| EQUIPMENT | | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | | 797.5 | 797.5 | 797.5 | 93.1 | | 734.8 | (30.4) | 894.2 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | | 750.2 | 757.8 | 797.5 | 797.5 | 797.5 | 173.0 | | 734.8 | (30.4) | 894.2 |
| FEDERAL RECEIPTS | | | | | | | | | | | |
| REQUIRED GF MATCHING | | | | | | | | | | | |
| OTHER GENERAL FUND | | 750.2 | 757.8 | 797.5 | 797.5 | 797.5 | 173.0 | | 734.8 | (30.4) | 894.2 |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

FY 73 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 Gov. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 79 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | | | | | |
| CONTRACTUAL SERVICES | | 276.2 | 276.2 | | | | | | | | |
| COMMODITIES | | | | | | | | | | | |
| EQUIPMENT | | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | | 226.4 | 226.4 | 226.4 | 124.9 | | 596.7 | (495.2) | 835.6 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | | 276.2 | 276.2 | 226.4 | 226.4 | 226.4 | 124.9 | | 596.7 | (495.2) | 835.6 |
| FEDERAL RECEIPTS | | | | | | | | | | | |
| REQUIRED OF MATCHING | | | | | | | | | | | |
| OTHER GENERAL FUND | | 276.2 | 276.2 | 226.4 | 226.4 | 226.4 | 124.9 | | 596.7 | (495.2) | 835.6 |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

*includes cost settlement of \$53,107.00

AGENCY Health & Social Services

BRU General Relief-Medical

COMPONENT Nursing Homes 04

REVISED 11/29/77

Medicaid Expenditure Pattern FY '78

Medicaid

| Column Write | | July 77 | August 77 | September | October |
|--------------|-----------------------------------|----------------|-------------|----------------|----------------|
| | Hospital Services | | | | |
| 110 | Inpatient | 325 | 405 | 1270 | 1175 |
| 111 | Cost Settlement | 0 | 0 | 0 | 0 |
| 120 | Out Patient | 32 | 67 | 302 | 269 |
| 121 | Cost Settlement | 0 | 0 | 0 | 0 |
| | TOTAL | 357 | 472 | 1572 | 1444 |
| 150 | Physicians Services | 30 | 11 | 361 | 1026 |
| | Other Services | | | | |
| 201 | Speech Therapy | 0 | 0 | 0 | 1 |
| 202 | Mental Health Clinic | 0 | 0 | 2 | 84 |
| 203 | Food & Lodging | 0 | 1 | 0 | 3 |
| 204 | Home Health Care | 0 | 5 | 15 | 26 |
| 205 | Transportation | 6 | 46 | 52 | 57 |
| 206 | Glasses NON-ESPDT | 0 | 3 | 27 | 115 |
| 207 | Family Planning | 30 | 35 | 34 | 60 |
| 208 | Laboratory & X-RAYS | 0 | 1 | 3 | 7 |
| 209 | Certification Licensing | 0 | 0 | 0 | 0 |
| | TOTAL | 56 | 71 | 140 | 353 |
| | ESPDT Services | | | | |
| 271 | ESPDT PCA | 0 | 0 | 0 | 0 |
| 272 | Dental Care | 0 | 0 | 0 | 2 |
| 273 | Dental Care Admin | 0 | 0 | 0 | 0 |
| 274 | Physician | 3 | 0 | 1 | 6 |
| 275 | ESPDT Glasses | 22 | 3 | 21 | 91 |
| 276 | ESPDT Hearing Aids | 0 | 0 | 0 | 0 |
| 277 | Therapy | 5 | 4 | 13 | 55 |
| 278 | Pres Device | 0 | 0 | 0 | 17 |
| 279 | ESPDT Transportation | 0 | 52 | 31 | 21 |
| | TOTAL | 30 | 60 | 72 | 185 |
| | Nursing Home Service | | | | |
| 280 | Skilled | 0 | 3745 | 2722 | 2721 |
| 281 | Intermediate | 150 | 4259 | 4516 | 4327 |
| 282 | HOPE ICF-MR | 0 | 27 | 307 | 2385 |
| 283 | Skilled Cost Settlement | 0 | 0 | 100 | 0 |
| 284 | Inter Cost Settlement | 0 | 0 | 0 | 0 |
| | TOTAL | 150 | 8031 | 8565 | 9509 |
| | State Institutions | | | | |
| 291 | Inpatient Psych Hospital | 0 | 0 | 0 | 0 |
| 292 | API ICF/MR | 0 | 71 | 0 | 0 |
| 293 | Harberview ICF/MR | 0 | 0 | 0 | 0 |
| | TOTAL | 0 | 71 | 0 | 0 |
| | TOTAL monthly Expenditures | 512 | 724 | 1560 | 11728 |
| | Year to date Expenditures | 512 | 12 | 2012 | 2012 |
| | FY 78 Authorized Balances | 2,149.2 | 212 | 2,114.2 | 1,922.0 |

TO: Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE: November 29, 1977

FILE NO:

Richard R. Wilson

TELEPHONE NO.

FROM: Richard R. Wilson, Director
Division of Public Assistance
Department of Health & Social Services

SUBJECT: FY 78 Supplemental Request
Medicaid -- EPSDT

Thru: Francis S. L. Williamson
Commissioner
Department of Health & Social Services

Justification for the supplemental request for this component of the Medicaid BRU can be summarized as follows:

1. This supplemental request is meant to cover a number of relatively small projected over-runs in a number of categories of this component, i.e., the dental care of Medicaid-eligible persons to age 21 (\$35,600), therapy for those persons (\$13,400), and transportation (\$12,700). Those over-runs were off-set by some projected lapses, showing a net supplemental request of \$31,900. The bulk of this budget is either contract (with Delta Dental) or with the Division of Public Health (reimburseable services agreement), and it is principally the auxiliary services that have been found to be under-budgeted.

2. Under Title XIX (Medicaid), there can be no curtailment of services, i.e., if any semblance of curtailed service is detected by federal representatives, currently or on post-audit, the state can be made to refund federal monies, and impact can even be felt in federal programs other than Medicaid.

3. The growth of the EPSDT program from FY 77 through (projected) FY 79 is significant. For FY 78, budgeted screenings were 5,291 while current projection for this year is 6,770 (actual for FY 77 was 5,642). That rate of increase must of necessity mean greater expenditures through the balance of the year.

FSLW:RRW:WNN:jp

FY 73 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 GOV. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER DEBITATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 79 MAINTENANCE REQUEST |
|---------------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | 11.0 | | | | |
| CONTRACTUAL SERVICES | | 833.1 | 1107.3 | 1172.4 | 1172.4 | 1172.4 | 541.5 | 467.6 | (26.1) | 1106.9 | |
| COMMODITIES | | 17.0 | 22.6 | 20.0 | 20.0 | 20.0 | 15.1 | | | | |
| EQUIPMENT | | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | | | | | 175.9 | 13.2 | (5.8) | 210.8 | |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | | 850.1 | 1129.9 | 1192.4 | 1192.4 | 1192.4 | 743.5 | 490.8 | (31.9) | 1317.7 | |
| FEDERAL RECEIPTS | | 425.2 | 564.5 | 596.2 | 596.2 | 596.2 | 371.8 | 240.4 | (16.0) | 658.9 | |
| REIMBURSEMENT OF MATCHING | | | | | | | 371.8 | 240.4 | (15.9) | 658.9 | |
| OTHER GENERAL FUND | | 425.3 | 564.4 | | | | | | | | |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |
| OTHER | | | | 596.2 | 596.2 | 596.2 | | | | | |

AGENCY Health & Social Services

BRU Medicaid

COMPONENT Early Screening 04

REVISED 11/29/77

41521A

STATE
of ALASKA

MEMORANDUM

TO: Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE: November 29, 1977

FILE NO.

TELEPHONE NO.

Thru: Francis S. L. Williamson
XXXX Commissioner
Department of Health & Social Services

SUBJECT: FY 78 Supplemental Request
Medicaid -- Other Services

From: *Richard R. Wilson*
Richard R. Wilson, Director
Division of Public Assistance
Department of Health & Social Services

Justification for the supplemental request for this component of the Medicaid BRU can be summarized as follows:

1. This supplemental request is meant to cover a number of relatively small projected over-runs in a number of categories of this component, i.e., Mental Health clinic services which were generally felt or projected to be an unknown quantity (\$17,800), and Family Planning, likewise unpredictable at budget time (\$11,800). Off-set by categories with small lapses, the net supplemental request is \$7,900.
2. Under Title XIX (Medicaid), there can be no curtailment of services, i.e., if any semblance of curtailed service is detected by federal representatives, currently or on post-audit, the state can be made to refund federal monies, and impact can even be felt in federal programs other than Medicaid.
3. Current monthly expenditures are approximately \$34,075, annualized (including billings received after June 30, 1978) at \$442,975, yielding then the supplemental request of \$7,900. Expenditures in this category generally hold to a steady pattern, not fluctuating like other major categories, e.g., hospitals, physicians services, etc.

FSLW:RRW:WNN:mk

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 GOV. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 78 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | 59.7 | 52.8 | 71.5 | 71.5 | 71.5 | 15.9 | | 48.4 | (1.3) | 78.4 |
| CONTRACTUAL SERVICES | | 313.5 | 277.5 | 363.6 | 363.6 | 363.6 | 77.7 | | | | |
| COMMODITIES | | | | | | | 16.4 | | | | |
| EQUIPMENT | | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, GRANTS, ... | | | | | | | 30.7 | | 253.9 | (6.6) | 411.3 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | | 373.2 | 330.3 | 435.1 | 435.1 | 435.1 | 140.7 | | 302.3 | (7.9) | 489.7 |
| FEDERAL RECEIPTS | | 186.6 | 165.1 | 288.5 | 288.5 | 288.5 | 70.3 | | 151.1 | (3.9) | 330.0 |
| PAID OF MATCHING | | | | | | | 70.4 | | 151.2 | (4.0) | |
| OTHER GENERAL FUND | | 186.6 | 165.2 | | | | | | | | |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |
| OTHER | | | | 146.6 | 146.6 | 146.6 | | | | | 156.7 |

AGENCY Health & Social Services

ERU Medicaid

COMPONENT Other Services 03

REVISED 11/29/77

STATE
of ALASKA

MEMORANDUM

HB 644

TO: [Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE November 29, 1977

FILE NO

Thru: Francis S. L. Williamson
Commissioner

TELEPHONE NO

FROM: *Richard R. Wilson*
Richard R. Wilson, Director
Division of Public Assistance
Department of Health & Social Services

SUBJECT: FY 78 Supplemental Request
Medicaid -- Physicians Services

Justification for the supplemental request for this component of the Medicaid BRU can be summarized as follows:

1. Principally accounting for the increase in physicians' fees has been inflation. Per the Council on Wage and Price Stability, a recent one-year reporting period saw the Consumer Price Index rise 5.1 percent while physicians' charges rose 11.6 percent or more than double the CIP rate for all other goods and services. Per best estimates for the balance of FY 78 based upon FY 77 actuals and a current inflation rate, added to that the rising costs of malpractice insurance, FY 78 budget will be over-spent by approximately \$246,300, the amount of this supplemental request.
2. Under Title XIX (Medicaid), there can be no curtailment of services, i.e., if any semblance of curtailed service is detected by federal representatives, currently or on post-audit, the state can be made to refund federal monies, and impact can even be felt in federal programs other than Medicaid.
3. Current expenditure pattern for physicians services is approximately \$125,000 per month, projecting need for the supplemental as identified above. Adding to the increases attributable to physician fees has been the criticism of many in the health care industry that "proliferating, often overlapping, and sometimes inconsistent federal and state laws and regulations . . . a major source of unnecessary cost."

FSLW:RRW:WNN:mk

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 GOV. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 78 MAINTENANCE REQUEST |
|----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | | | | | |
| UTILITIES SERVICES | | 1982.2 | 1345.4 | 1250.2 | 1280.2 | 1280.2 | | | | | |
| MATERIALS | | | | | | | | | | | |
| EQUIPMENT | | | | | | | | | | | |
| GRANTS, SUBS., ... | | | | | | | | | | | |
| LOANS, CLAIMS, ... | | | | | | | 143.6 | | 1383.4 | (246.3) | 1808.2 |
| REVENUES | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | |
| TOTAL | | 1982.2 | 1345.4 | 1250.2 | 1280.2 | 1280.2 | 143.6 | | 1383.4 | (246.3) | 1808.2 |
| DEPT. RECEIPTS | | 991.1 | 672.7 | 640.1 | 640.1 | 640.1 | 71.8 | | 691.7 | (123.4) | 904.1 |
| LOANED GP MATCHING | | | | | | | | | | | |
| FROM GENERAL FUND | | 991.1 | 672.7 | | | | | | | | |
| FROM AGENCY RECEIPTS | | | | | | | | | | | |
| OTHER | | | | 640.1 | 640.1 | 640.1 | | | | | 904.1 |

AGENCY Health & Social Services

BRU

Medicaid

COMPONENT

Physician Services 02

REVISED

11/29/77

STATE
of ALASKA

MEMORANDUM

RECEIVED
DEC - 6 1977
BUDGET & MANAGEMENT

TO: Francis S. L. Williamson *FWL*
Commissioner
Department of Health & Social Services FILE NO.

DATE: December 2, 1977

TELEPHONE NO.

FROM: Robert I. Fraser, M.D. *RF*
Director
Division of Public Health

SUBJECT: Cost Setting for Crippled
Children Program

The Division of Public Health has been advised by Public Assistance that the cost setting for FY 1976 and FY 1977 for hospital care for Crippled Children will cost \$92,100. This is a charge against the current year's appropriation.

This is equivalent to 10% of the patient care budget. If the Program is not to curtail services during the last month and one-half of the Fiscal Year, a supplemental appropriation will be needed.

Unappropriated Federal CC-A Funds in the amount of \$46,000 are available and can be used to help offset this unbudgeted cost.

RIF:FF:lmk

Attachment

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 GOV. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 79 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | 144.6 | 161.4 | 161.4 | 160.4 | 160.4 | 175.4 | 50.4 | | 125.0 | 0 | 189.8 |
| TRAVEL | 137.3 | 139.1 | 173.6 | 147.5 | 147.5 | 147.5 | 36.7 | | *3.0 | 107.8 | 3.9 |
| CONTRACTUAL SERVICES | 672.1 | 791.6 | 410.8 | 857.8 | 857.8 | 857.8 | 11.5 | | *35.0 | 811.3 | 19.7 |
| COMMODITIES | 33.6 | 19.9 | 34.5 | 21.9 | 21.9 | 21.9 | 6.7 | | *2.0 | 13.2 | 1.0 |
| EQUIPMENT | .4 | 1.2 | | .5 | .5 | .5 | | | | | |
| LANDS, BLDGS. ... | | | 2.9 | | | | 2.9 | | | (2.9) | |
| GRANTS, CLAIMS, ... | | | 276.0 | | | | 77.8 | | 944.2 | (1,022.0) | 1,138.5 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | 988.0 | 1113.2 | 1059.2 | 1188.1 | 1188.1 | 1203.1 | 186.0 | | 1109.2 | (92.1) | 1,352.9 |
| FEDERAL RECEIPTS | 154.5 | 133.0 | 133.0 | 133.0 | 133.0 | 133.0 | 33.2 | | 145.8 | (46.0) | 175.6 |
| REQUIRED GF MATCHING | 106.5 | 96.0 | 96.0 | 96.0 | 96.0 | 96.0 | 33.2 | | 108.9 | (46.1) | 138 |
| OTHER GENERAL FUND | 727.0 | 884.2 | 830.2 | 959.1 | 959.1 | 974.1 | 119.6 | | 854.5 | | 1,038.7 |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |

AGENCY Health & Social Services BRU Family Health COMPONENT Handicapped Children REVISED _____

*Patient care now 700 expenditure code.

143644

TO: Ronald B. Lind, Director
Division of Budget & Management
Office of the Governor

DATE: December 18, 1977

FILE NO:

TELEPHONE NO.

FROM: *Alison Edge*
Alison Edge, Budget Analyst

SUBJECT: Supplementals - Health Category

Appropriation: Handicapped Children

| <u>Agency Req.</u> | <u>Analyst Rec.</u> | <u>IRG Rec.</u> |
|------------------------|---------------------|-----------------|
| 46.1 GF | -0- GF | 53.6 Fed |
| <u>46.0 CC-A (Fed)</u> | 53.6 Fed | 38.5 GF |
| <u>92.1 Total</u> | | |

Agency Position: The Handicapped Children's program pays transportation costs, surgical costs, and hospital care costs for children of families determined to be in financial need but not eligible for other financial support programs. These costs are only eligible for coverage if one of a number of covered conditions. Hospital costs are paid at current Medicaid rates and cost settled along with Medicaid. The \$92.1 supplemental request represents cost settling for FY 76 and FY 77. The agency states in the memo 46.0 federal funds are available to offset part of the cost.

Analyst Recommendation: In discussions with the Division of Public Health concerning a proposed revised program the analyst was informed of \$53.6 unappropriated CC-A federal funds available for expenditure, which may be utilized in the Handicapped Children's program. The balance of the cost settling, \$38.5, could be absorbed within the present appropriation by prioritizing the services funded through the program. Those services not of an immediate nature are postponed until sufficient funds are available.

Appropriation: Medicaid/Hospitals

| <u>Agency Req.</u> | <u>Analyst Rec.</u> | <u>IRG Rec.</u> |
|--------------------|---------------------|-----------------|
| 286.5 GF | 499.1 GF | 499.1 GF |
| 286.5 Fed | 499.1 Fed | 499.1 Fed |
| <u>\$573.0</u> | <u>\$998.2</u> | <u>998.2</u> |

Agency Position: Due to cost settling of \$823.7 for FY 76 and FY 77, and unpaid bills from FY 77 of \$52.5, the FY 78 authorization is inadequate to cover the total hospital needs in FY 78.

| | |
|--------------|------------------------------|
| \$2,755.7 | projected FY 78 expenditures |
| 52.5 | unpaid bills |
| <u>823.7</u> | cost settling |

| | |
|------------------|---------------------|
| 3,631.9 | total need |
| <u>(3,058.9)</u> | FY 78 authorization |
| \$ <u>573.0</u> | supplemental need |

Analyst Recommendation: I believe the need for additional funds in Hospital Services, but the costing has been done wrong. By utilizing the same approach as was used in the FY 79 budget preparation, I believe the need to be the following:

| | |
|------------------|--------------------------------------|
| \$2,769.0 | projected FY 78 expenditures |
| 411.9 | base adjustment due to cost settling |
| 823.7 | cost settling |
| 52.5 | unpaid FY 77 bills |
| <u>\$4,057.1</u> | total need |
| <u>(3,058.9)</u> | FY 78 authorization |
| \$ <u>998.2</u> | supplemental need |

The differences between agency and analyst projected expenditures are: 1) agency FY 77 actual expenditures did not include adjustment for unpaid bills which analyst added in, and 2) agency used 17% inflation factor between FY 77 and FY 78 which analyst reduced to 15% inflation. I have also included a base adjustment of $\frac{1}{2}$ the cost settling (uninflated) as being paid in FY 78 which has not been considered by the agency.

Appropriation: Medical/Physician Services

| <u>Agency Req.</u> | <u>Analyst Rec.</u> | <u>IRG Req.</u> |
|--------------------|---------------------|-----------------|
| 123.2 GF | 123.2 GF | 123.2 GF |
| 123.1 Fed | 123.1 Fed | 123.1 Fed |
| <u>246.3</u> | <u>246.3</u> | <u>246.3</u> |

Agency Position: *Physician Services actual expenditures exceeded projected expenditures in FY 77. Therefore, the FY 78 budget need which is built upon FY 77 actuals X 13.5% inflation is \$246.3 over the FY 78 authorization for Physician Services*

Analyst Recommendation: Agree with agency.

Appropriation: Other Services

| <u>Agency Req.</u> | <u>Analyst Rec.</u> | <u>IRG Req.</u> |
|--------------------|---------------------|-----------------|
| -0- GF | -0- GF | -0- GF |
| 8.6 Fed | 8.6 Fed | 8.6 Fed |

Agency Position: Other services is made up of several small components. By using FY 77 actuals plus inflation to compare to the FY 78 authorization,

there are several areas with excess funds and two major areas with shortfalls - Mental Health Clinic Services and Family Planning.

Analyst Recommendation: By utilizing the FY 79 budget request back up it appears there will be a shortfall of \$3.6 federal funds, but no additional general fund will be needed. This is due basically because the excesses occur in components funded 50/50 GF/Fed, and Family Planning is funded 10/90 GF/Fed.

Appropriation: Medicaid/EPSDT

| <u>Agency Req.</u> | <u>Analyst Rec.</u> | <u>IRG Rec.</u> |
|--------------------|---------------------|-----------------|
| 15.9 GF | 15.9 GF | 15.9 GF |
| 16.0 Fed | 16.0 Fed | 16.0 Fed |
| <u>31.9</u> | <u>31.9</u> | <u>31.9</u> |

Agency Position: The EPSDT is made up of several components. Utilizing FY 77 actual expenditures plus inflation and existing contracts to project total FY 73 need it appears there are excesses in several components and shortfalls in three major areas: the dental care contract, therapy and transportation. This nets out to request.

Analyst Recommendation: Agree with agency.

Appropriation: Medicaid/Nursing Homes

| <u>Agency Req.</u> | <u>Analyst Rec.</u> | <u>IRG Rec.</u> |
|--------------------|---------------------|-----------------|
| 331.6 GF | 510.8 GF | 510.8 GF |
| 331.6 Fed | 510.7 Fed | 510.7 Fed |
| <u>663.2</u> | <u>1021.5</u> | <u>1021.5</u> |

Agency Position: Due to cost settling and spiraling inflation the nursing home budget does not meet the projected need.

Analyst Recommendation: The need for additional money in nursing homes is apparent. However, I have no idea how the agency has come up with their total need, and neither do they. By recomputing FY 78 ratio, based either on current rates (if they exceed FY 77 rates) or FY 77 rates plus 15% times the FTE in the nursing homes, the following is the need I have calculated:

| | |
|--------------|---|
| \$10,204.5 | FY 78 projected need for intermediate and skilled |
| <u>936.6</u> | Hope Cottage |
| \$11,221.1 | nursing home care - FY 78 |
| <u>261.4</u> | cost settling |

| | |
|------------------|---------------------|
| \$11,482.5 | FY 78 total need |
| <u>-10,561.0</u> | FY 78 authorization |
| \$ 1,021.5 | supplemental need |

This assumes the new wing at Glennore won't open until FY 79.

Appropriation: General Relief Medical

| | | |
|--------------------|---------------------|-----------------|
| <u>Agency Req.</u> | <u>Analyst Rec.</u> | <u>IRG Rec.</u> |
| 1,912.9 GF | 1,768.7 | 1,768.7 |

Agency Position: Due to cost settling and spiraling inflation the program is projecting a short fall in FY 79 of \$1,912.9.

Analyst Recommendation: By utilizing the FY 79 budget request to obtain actual FY 77 expenditures and recosting the components in the same manner as for Medicaid the following need is perceived:

| | |
|----------------|-------------------------|
| \$5,275.2 | FY 78 expenditures |
| 385.4 | cost settling |
| <u>115.0</u> | FY 77 outstanding bills |
| \$5,775.6 | FY 79 need |
| <u>4,010.9</u> | FY 78 appropriation |
| \$1,768.7 | supplemental need |

STATE
of ALASKA

MEMORANDUM

RECEIVED
DEC - 8 1977
RICHARD R. WILSON

TO: [Ron Lind, Director
Division of Budget and Management
Office of the Governor

DATE: November 29, 1977

FILE NO.

THRU: Francis S. L. Williamson *FSLW*
Commissioner
Department of Health & Social Services

TELEPHONE NO.

FROM: Richard R. Wilson, Director
Division of Public Assistance
Department of Health & Social Services

SUBJECT: FY 78 Supplemental Request
Medicaid -- Hospitals

Justification for the supplemental request for this component of the Medicaid DRU can be summarized as follows:

1. This supplemental request is exclusively for cost settlements for FY 76 and FY 77, in the amount of \$376.2, offset by a \$303.2 lapse, for a net supplemental request of \$73.0. And has been pointed out elsewhere, and quoting from the most recent quarterly report of the Council on Wage and Price Stability, "the cost of a day of hospital care is currently increasing at an annual rate of more than 15 percent. While the general level of consumer prices has risen 125 percent since 1950, the cost of a day of hospital care has climbed more than 1,000 percent."
2. Under Title XIX (Medicaid), there can be no curtailment of services, i.e., if any semblance of curtailed service is detected by federal representatives, currently or on post-audit, the state can be made to refund federal monies, and impact can even be felt in federal programs other than Medicaid.
3. Except for the nearly \$900,000 in cost settlements, expenditures for hospital services are projected to run under the budget, this in spite of the inflation factor. Principal reason for the recent "bubble" in cost settlements has been an over-worked, under-staffed Medicaid audit unit which has not been able to keep up with the load of audits, and which has had to add extra effort in the case of two facilities which changed management this past year, requiring very much more time and effort in the audit process.

FSLW:RRW:WNN:nk

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 GOV. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 78 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | | | | | |
| OPERATIONAL SERVICES | | 2687.7 | 2359.9 | 3058.9 | 3058.9 | 3058.9 | | | | | |
| INVENTORY | | | | | | | | | | | |
| EQUIPMENT | | | | | | | | | | | |
| HOUS. BLDGS. ... | | | | | | | | | | | |
| UNEMP. COMPENS. ... | | | | | | | 398.1 | | 2357.6 | *(573.0) | 3169.1 |
| SCHEMATICUS | | | | | | | | | | | |
| TOTAL | | 2687.7 | 2359.9 | 3058.9 | 3058.9 | 3058.9 | 398.1 | | 2357.6 | *(573.0) | 3169.1 |
| GENERAL RECEIPTS | | 1562.0 | 1722.7 | 2245.5 | 2245.5 | 2245.5 | 199.1 | * | 1178.8 | *(286.5) | 1584.6 |
| SALES OF WATCHING | | | | | | | 199.0 | | 1178.8 | *(286.5) | |
| FOR GENERAL FUND | | | | | | | | | | | |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |
| OTHER | | 725.7 | 637.2 | 813.4 | 813.4 | 813.4 | | | | | 1584.6 |

*includes \$876.2 cost settlement

Agency Health & Social Services

DRU

Medicaid

COMPONENT

Hospitals 01

REVISED

11/29/77

of ALASKA

11/29/77 01:10:00 PM

to R. Lind, Director
Division of Budget and Management
Office of the Governor

DATE November 29, 1977

FRL NO

Thru: Francis S. L. Williamson
Commissioner

XXXX Department of Health & Social Services SUBJECT: FY 78 Supplemental Request
Medicaid -- Nursing Homes

From: Richard K. Wilson, Director
Division of Public Assistance
Department of Health & Social Services

Justification for the supplemental request for this component of the Medicaid BRU can be summarized as follows:

1. Of the total supplemental request (\$663,200), \$261,400 represents in-hand and projected cost settlements for nursing homes in the program. Major impacts affecting the need for supplemental must be the spiraling inflation. When applied to this component, 47.1 percent of the total Medicaid budget, the impact is great.

Although nursing home population has increased only 6-7 percent in the past year, skilled per diem rates have increased by 42.7 percent (from \$82.20 to \$117.35) and intermediate per diem rates have increased 24.4 percent (from \$49.08 to \$61.06). Three facilities currently have given notice of rate increases within the coming thirty days, reportedly to be retroactive to the beginning of the FY.

2. Under Title XIX (Medicaid), there can be no curtailment of services, i.e., if any semblance of curtailed service is detected by federal representatives, currently or on post-audit, the state can be made to refund federal monies, and impact can even be felt in federal programs other than Medicaid.

3. Current monthly rate of expenditures of nursing homes is approximately \$855,000, annualized to approximately \$1,150,000. This expenditure pattern holds relatively consistent, changed only as significant rate changes are negotiated at larger facilities.

FSLW:RRW:WPN:mk

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

| | FY ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 GOV. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER DELICTIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 78 MAINTENANCE REQUEST |
|-----------------------|--------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | | | | | | | | | | | |
| CONTRACTUAL SERVICES | | 6494.8 | 8870.1 | 10461.0 | 10461.0 | 10461.0 | | | | | |
| UTILITIES | | | | | | | | | | | |
| EQUIPMENT | | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | | | | | 2624.7 | | 8238.1 | *(663.2) | 18460.0 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | | 6494.8 | 8870.1 | 10461.0 | 10461.0 | 10461.0 | 2624.7 | | 8238.1 | *(663.2) | 18460.0 |
| FEDERAL RECEIPTS | | 3247.4 | 4435.1 | 5230.5 | 5230.5 | 5230.5 | 1312.4 | | 4119.1 | *(331.6) | 9230.0 |
| FOURD OF MATCHING | | 129.6 | 177.4 | 246.0 | 246.0 | 246.0 | 52.4 | | 164.7 | *(13.3) | 9230.0 |
| OTHER GENERAL FUND | | 3117.5 | 4257.6 | 4984.5 | 4984.5 | 4984.5 | 1259.9 | | 3954.3 | *(318.3) | |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |

*includes \$261.4 cost settlement

AGENCY Health & Social Services

BRU

Medicaid

COMPONENT

Nursing Homes 05

REVISED

11/29/77

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

POUCH AM — JUNEAU 99811
PHONE 465-2213

March 7, 1978

The Honorable Steve Cowper
Chairman, House Finance Committee
Pouch V
Juneau, Alaska 99811

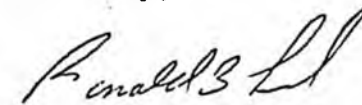
Dear Representative Cowper:

Section 6 of HB 644 contains a supplemental request for the Department of Health and Social Services General Relief Medical Program, partially funded by Federal AntiRecession Counter Cyclical funds.

Federal regulations require that the Counter Cyclical funds be appropriated within 6 months from the day after receipt of the funds in the same manner as state general funds are appropriated, i.e., by the full Legislature. These funds were received by the state on October 13, 1977, therefore they must be appropriated by April 14, 1978 or lapse back to the federal government.

The Division of Legislative Finance staff has been advised of this time limit.

Sincerely,



Ronald Lind, Director
Division of Budget and Management

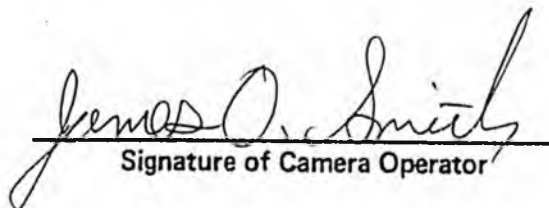
cc: Keith Specking
Jay Hogan

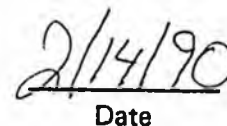


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT
SENATE

4/11/78

FURTHER: _____

Date: April 12, 1978

Mr. President:

The Committee on FINANCE has had CSHB 644
supplemental appropriations to Dept. of Health & Social Services, Medicaid
miscellaneous, general relief medical and handicapped children

under consideration and (a majority of the committee) (the committee
reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____
- and _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back ^{Individual} without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

John C. [Signature]
Chairman

Original sponsor: Rules Committee
by request of the Governor

Offered: 3/23/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 644

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Health and Social Services, Medicaid
8 miscellaneous, general relief medical, and handicapped
9 children; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$523,482 is appropriated to the Department of
12 Health and Social Services for Medicaid fiscal year 1977 and fiscal year 1978
13 hospital miscellaneous expenditures. Sources of this appropriation are as
14 follows:

| | | |
|----|---------------|-----------|
| 15 | Federal Funds | \$261,741 |
| 16 | General Fund | 261,741 |

17 * Sec. 2. The sum of \$582,815 is appropriated to the Department of Health
18 and Social Services for Medicaid fiscal year 1978 physician services.
19 Sources of this appropriation are as follows:

| | | |
|----|---------------|-----------|
| 20 | Federal Funds | \$291,408 |
| 21 | General Fund | 291,407 |

22 * Sec. 3. The sum of \$12,105 is appropriated to the Department of Health
23 and Social Services for fiscal year 1978 miscellaneous Medicaid services.
24 Sources of this appropriation are as follows:

| | | |
|----|---------------|----------|
| 25 | Federal Funds | \$ 6,052 |
| 26 | General Fund | 6,053 |

27 * Sec. 4. The sum of \$153,339 is appropriated to the Department of Health
28 and Social Services for the fiscal year 1978 Medicaid early screening pro-
29 gram. Sources of this appropriation are as follows:

1 Federal Funds \$76,669
2 General Fund 76,670

3 * Sec. 5. The sum of \$1,312,388 is appropriated to the Department of
4 Health and Social Services for fiscal year 1978 Medicaid nursing home ser-
5 vices. Sources of this appropriation are as follows:

6 Federal Funds \$656,194
7 General Fund 656,194

8 * Sec. 6. The sum of \$22,540 is appropriated to the Department of Health
9 and Social Services for fiscal year 1978 Medicaid state institutions.

10 Sources of this appropriation are as follows:

11 Federal Funds \$11,270
12 General Fund 11,270

2.6 m.

13 * Sec. 7. The sum of \$2,202,200 is appropriated to the Department of
14 Health and Social Services for fiscal year 1977 and fiscal year 1978 miscel-
15 laneous general relief medical expenditures. Sources of this appropriation
16 are as follows:

17 Federal Funds \$1,327,135
18 General Fund 875,065

Coventry cyclical

19 * Sec. 8. The sum of \$92,100 is appropriated to the Department of Health
20 and Social Services for the fiscal year 1978 handicapped children's program.

21 Sources of this appropriation are as follows:

22 Federal Funds \$53,600
23 General Fund 38,500

24 * Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

26
27
28
29

Original sponsor: Rules Committee
by request of the Governor

Offered: 3/23/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 644

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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23 General Fund 38,500

24 * Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

POUCH AM — JUNEAU 99811
PHONE 465-2213

March 7, 1978

The Honorable John Sackett
Chairman, Senate Finance Committee
Pouch V
Juneau, Alaska 99811

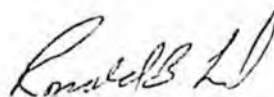
Dear Senator Sackett:

Section 6 of HB 644 contains a supplemental request for the Department of Health and Social Services General Relief Medical Program, partially funded by Federal AntiRecession Counter Cyclical funds.

Federal regulations require that the Counter Cyclical funds be appropriated within 6 months from the day after receipt of the funds in the same manner as state general funds are appropriated, i.e., by the full Legislature. These funds were received by the state on October 13, 1977, therefore they must be appropriated by April 14, 1978 or lapse back to the federal government.

The Division of Legislative Finance staff has been advised of this time limit.

Sincerely,



Ronald Lind, Director
Division of Budget and Management

cc: Keith Specking
Jay Hogan

*notify me when
this comes in.
Gandy*

*4-3 sub may issues 3758
4-4 - scheduled for 4-5
4/4/78 HESS 4.0 original program 11/2
12-20-77 11/2*

Rec'd 3/29 3:30p.m.
HFC -MAS

STATE OF ALASKA

OFFICE OF THE GOVERNOR

JAY S. HAMMOND, GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213

March 23, 1978

The Honorable Steve Cowper
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Cowper:

Please amend Section 6 of HB 644 to include an additional \$500,000 State general funds for the Department of Health & Social Services, Division of Public Assistance, General Relief Medical Program.

Since the time the supplemental appropriation request was submitted, the Department has re-examined its historical expenditure data, and has concluded that HB 644's supplemental request will be inadequate to meet all anticipated FY 78 obligations in this program.

Since January 17th, the Department has developed a cost projection formula which they feel more accurately predicts anticipated expenditure levels for this program.

This formula has already been discussed with members of the House Finance Committee and Mr. Milt Barker from the Division of Legislative Finance, who found the formula generally acceptable.

The formula would project an additional need of \$437,500, however, \$500,000 is requested to meet any unexpected increase. All excess funding would lapse. However, if the actual obligations exceed the final program appropriation, some vendors would not be paid until a supplemental appropriation is made in the next Legislative session.

Additional backup information from the Department is attached.

Sincerely,



Jay S. Hammond
Governor

Attachments

cc: Jay Hogan, Director, Legislative Finance

STATE
of ALASKA

MEMORANDUM

TO: Ron Lind, Director
Division of Budget and Management

DATE: March 15, 1978

RECEIVED

FILE NO:

MAR 20 1978

TELEPHONE NO:

BUDGET & MANAGEMENT

FROM: *Helen Beirne*
Helen Beirne, Commissioner
Dept. Health and Social ServicesSUBJECT: FY78 GR Med
Supplemental Request

On January 17, the Governor submitted House Bill 644 requesting supplemental funds in the FY78 General Relief Medical BRU totaling \$1,764,700. The funding sources for this request were identified as follows:

| | |
|---|--------------------|
| Federal Anti-Recession Counter Cyclical Funding | \$1,327,135 |
| State General Funds | 437,565 |
| TOTAL | <u>\$1,764,700</u> |

Since that time the Department has re-examined its historical expenditure data, and has concluded that House Bill 644's supplemental request will be inadequate to meet all anticipated FY78 obligations in this Program. Accordingly, I am herewith submitting a revised FY78 Supplemental Request in the total amount of \$2,202,200. House Bill 644 should be amended to reflect this revised supplemental need with the following revised funding sources.

| | |
|---|--------------------|
| Federal Anti-Recession Counter Cyclical Funding | \$1,327,135 |
| State General Funds | 875,065 |
| TOTAL | <u>\$2,202,200</u> |

In the period since January 17, the Department has developed a cost projection formula which we feel more accurately predicts anticipated expenditure levels for this BRU. This formula considers the following factors when forecasting total program needs for FY78:

- (1) Month of service by the Medical provider.
- (2) Inflationary cost factor between FY77 and FY78.
- (3) Billing lag between month of service and month of payment by the Department.
- (4) Adjustment for increased utilization which is derived from increased billing activity.

Quite frankly, a more detailed explanation of the formula cannot be accommodated in this memo as its complexity does not lend itself to clear, comprehensible description. Although I am including the actual formula computation as supporting documentation for each category under this BRU, I would request that you or your staff meet with us if you feel a more detailed explanation would be helpful. For your information, this formula has already been discussed with members of the House Finance Committee and Mr. Milt Barker, who found the formula generally acceptable.

The formula (see Attachment E) basically disclosed increased utilization and inflation as the principal factors contributing to the need for additional funding for FY78. By program category, the following FY78 funding levels are anticipated.

| <u>SUMMARY OF FY78 PROGRAM COSTS</u> | <u>FY78 TOTAL COSTS</u> |
|---|--------------------------------|
| (1) Hospital Services (See Attachment A) | \$ 2,648,300 |
| (2) Physicians Services (See Attachment B) | 950,000 |
| (3) Dental Services (Non-Formula - Contract) | 75,000 |
| (4) Other Services (See Attachment C) | 982,000 |
| (5) Nursing Homes (Non-Formula-See Attachment D) | 607,700 |
| (6) Dental Administration (Non-Formula; Actual Costs) | 35,900 |
| (7) Cost Settling - (Non-Formula - Actual Costs Incurred) | |
| - Inpatient Hospital | 388,000 |
| - Outpatient Hospital | 6,400 |
| - Skilled Nursing Home | 37,600 |
| - ICF Nursing Home | 31,600 |
| (8) Catastrophic Illness (No Additional Funds Required) | 450,000 |
| | <u>450,000</u> |
| | TOTAL |
| | \$ 6,213,100 |
| | <u>-4,010,900</u> |
| | Revised FY78 Supplemental Need |
| | \$ 2,202,200 |

FY 73 SUPPLEMENTAL REQUEST ANALYSIS

| | FY 76 ACTUAL | FY 77 FINAL AUTH. | FY 77 ACTUAL | FY 78 Gov. BUDGET | FY 78 INITIAL AUTH. | FY 78 CURRENT AUTH. | EXPENDITURES + ENCUMBRANCES 7/1 - 10/31 | OTHER OBLIGATIONS 7/1 - 10/31 | PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30 | FY 78 (DEFICIT) OR EXCESS | FY 79 MAINTENANCE REQUEST |
|-----------------------|-----------------|-------------------------|-----------------|-------------------------|---------------------------|---------------------------|--|-------------------------------------|---|------------------------------------|---------------------------------|
| PERSONAL SERVICES | | | | | | | | | | | |
| TRAVEL | 15.2 | 33.2 | 8.8 | 26.4 | 26.4 | 26.4 | 7.9 | | 26.4 | -0- | |
| CONTRACTUAL SERVICES | 2,607.9 | 2,448.6 | 2,283.6 | 3,545.6 | 3,545.6 | 3,545.6 | 2,734.0 | | 5747.8 | (2,202.2) | |
| COMMODITIES | 416.1 | 610.8 | 414.0 | 438.9 | 438.9 | 438.9 | 291.2 | | 438.9 | -0- | |
| EQUIPMENT | .2 | | | | | | | | | | |
| LANDS, BLDGS. ... | | | | | | | | | | | |
| GRANTS, CLAIMS, ... | | | 386.1 | | | | | | | | 6,731.0 |
| MISCELLANEOUS | | | | | | | | | | | |
| TOTAL | 3,039.4 | 3,092.6 | 3,092.5 | 4,010.9 | 4,010.9 | 4,010.9 | 3,048.0 | 3,164.6 | 6,213.1 | (2,202.2) | 6,731.0 |
| FEDERAL RECEIPTS | | | | | | | | | | 1,327.1 | |
| REQUIRED GF MATCHING | | | | | | | | | | | |
| OTHER GENERAL FUND | 3,039.4 | 3,092.6 | 3,092.5 | 4,010.9 | 4,010.9 | 4,010.9 | 3,048.0 | 3,164.6 | 6,213.1 | (875.1) | 6,731.0 |
| INTER-AGENCY RECEIPTS | | | | | | | | | | | |

Agency Division of Public Assistance

BRU G.R. Medical

Component Medical Vendor Payments

REVISED 3/15/78

FORMULA FOR PROJECTING
MEDICAID AND GENERAL RELIEF-MEDICAL

P = 6-Month Period
P1 = Covers 7/1/76 thru 12/31/76
P2 = Covers 1/1/77 thru 6/30/77
P3 = Covers 7/1/77 thru 12/31/77
P4 = Covers 1/1/78 thru 6/30/78

ACI = Average Cost Per Invoice

$$\frac{ACI P2}{ACI P1} = \text{Inflation Rate (IR)}$$

NI = Number of Invoices

$$\frac{NI P2}{NI P1} = \text{Increased Utilization Rate (IU)}$$

B = Number of invoices with service date within the first 5 month of P that were processed within the 1st 5 months of P

$$\frac{B1}{NI P1} = \text{Rate of Processing invoices for services in P (RP)}$$

$$\frac{B3}{RP} = \text{Total invoices expected To be received during P3 (NE)}$$

$$(NE) (ACIP2) (IRP2) = \text{Total Cost in P3 (TC)}$$

$$(TCP3) (IRP2) (IUP2) = \text{Total Cost in P4 (TC)}$$

$$TCP3 + TCP4 = \text{Total for FY 78 (T)}$$

Assumptions;

1. The growth rate between years will remain the same.
2. The increased cost rate will remain the same between years.
3. Rate of processing will remain the same between years.

FY 78 GENERAL RELIEF MEDICAL, NURSING HOMES

| <u>INTERMEDIATE</u> | <u>FTE</u> | X | <u>RATE</u> | = | <u>TOTAL</u> |
|---------------------|------------|---|-------------|---|---------------------|
| CAREAGE HOUSE | 7.0 | | 62.50 | | \$159,687.50 |
| CAREAGE NORTH | .90 | | 77.00 | | 25,294.50 |
| WRANGELL GENERAL | 1.00 | | 42.30 | | 15,439.50 |
| | | | | | <u>\$200,421.50</u> |

| <u>SKILLED</u> | | | | | |
|------------------|------|--|--------|--|---------------------|
| CAREAGE NORTH | .45 | | 85.50 | | 14,041.55 |
| GLENMORE | 9.00 | | 114.00 | | 374,490.00 |
| WRANGELL GENERAL | .90 | | 57.00 | | 18,724.50 |
| | | | | | <u>\$407,256.05</u> |

TOTAL GR \$607,677.55

G.R. MED SPECIAL SERVICES

$$IR = \frac{32}{31} = 1.03$$

$$IU = \frac{10971}{8729} = 1.26$$

$$RP_1 = \frac{5699}{8729} = .653$$

$$RP_2 = \frac{6841}{10971} = .623$$

$$NE_1 = \frac{8083}{.653} = 12,378$$

$$NE_2 = \frac{8083}{.623} = 12,974$$

$$TCP_3 = 12,378 \times 32 \times 1.03 = 407,980$$

$$TCP_3 = 12,974 \times 32 \times 1.03 = 427,623$$

$$TCP_4 = 407,980 \times 1.26 \times 1.03 = 509,476$$

$$TCP_4 = 427,623 \times 1.26 \times 1.03 = 554,969$$

$$T = 407,980 + 509,476 = 917,456$$

$$T = 427,623 + 554,969 = 982,592$$

GR MED PHYSICIANS SERVICES

$$IR = \frac{120}{119} = 1.01$$

$$IU = \frac{3407}{3040} = 1.12$$

$$RP_1 = \frac{1405}{3040} = .462$$

$$RP_2 = \frac{1519}{3407} = .445$$

$$NE_1 = \frac{1206}{.462} = 2610$$

$$NE_2 = \frac{1206}{.445} = 2710$$

$$TCP_3 = 2610 \times 120 \times 1.01 = 316,332$$

$$TCP_3 = 2710 \times 120 \times 1.01 = 328,452$$

$$TCP_4 = 316,332 \times 1.12 \times 1.01 = 357,835$$

$$TCP_4 = 328,452 \times 1.12 \times 1.01 = 371,545$$

$$T = 316,332 + 357,835 = 674,157$$

$$T = 328,452 + 371,545 = \$699,997 + \$250,003^{(1)} = \$950,000$$

(1) The formula used to compute Physicians cost for the GRM for FY78 could not take into consideration an extremely large number of bills that were in process at that moment. In future months when the lag on payment of bills is reduced the formula should be more accurate.

GR MED HOSPITAL SERVICES

$$IR = \frac{666}{659} = 1.01$$

$$IU = \frac{1368}{1257} = 1.09$$

$$RP_1 = \frac{767}{1257} = .610$$

$$RP_2 = \frac{1003}{1368} = .733$$

$$NE_1 = \frac{1143}{.610} = 1874$$

$$NE_2 = \frac{1143}{.733} = 1559$$

$$TCP_3 = 1874 \times 666 \times 1.01 = 1,260,565$$

$$TCP_3 = 1559 \times 666 \times 1.01 = 1,048,677$$

$$TCP_4 = 1,260,565 \times 1.09 \times 1.01 = 1,387,756$$

$$TCP_4 = 1,048,677 \times 1.09 \times 1.01 = 1,154,489$$

$$T = 1,260,565 + 1,387,756 = 2,648,321$$

$$T = 1,048,677 + 1,154,489 = 2,203,166$$

House Bill No. 644
FY 78 Medicaid

R

| <u>Component</u> | <u>Total</u> | <u>FED</u> | <u>GFM</u> | <u>Other</u> |
|-----------------------------|-------------------|------------------|------------------|------------------|
| Hospitals Current Auth. | 3,591,200 | 2,777,800 | -0- | 813,400 |
| H.B. 644 | 465,902 | 232,951 | 232,951 | -0- |
| Additional | 57,580 | 28,790 | 28,790 | -0- |
| Total | <u>4,114,682</u> | <u>3,039,541</u> | <u>261,741</u> | <u>813,400</u> |
| Physicians Current Auth. | 1,280,200 | 640,100 | -0- | 640,100 |
| H.B. 644 | 246,300 | 123,100 | 123,200 | -0- |
| Additional | 336,515 | 168,307 | 168,208 | -0- |
| Total | <u>1,863,015</u> | <u>931,507</u> | <u>291,408</u> | <u>640,100</u> |
| Other Current Auth. | 435,100 | 288,500 | -0- | 146,600 |
| H.B. 644 | 8,600 | 8,600 | -0- | -0- |
| Additional | 47,555 | 35,097 | 5,458 | -0- |
| Total | <u>481,255</u> | <u>332,197</u> | <u>5,458</u> | <u>146,000</u> |
| EPSDT Current Auth. | 1,192,400 | 596,200 | -0- | 596,200 |
| H.B. 644 | 31,900 | 15,950 | 15,950 | -0- |
| Additional | 121,439 | 60,719 | 60,720 | -0- |
| Total | <u>1,345,739</u> | <u>672,869</u> | <u>76,670</u> | <u>596,200</u> |
| Nursing Homes Current Auth. | 10,993,300 | 5,762,800 | 246,000 | 4,984,500 |
| H.B. 644 | 489,200 | 244,600 | 244,600 | -0- |
| Additional | 823,188 | 411,594 | 411,594 | -0- |
| Total | <u>12,305,688</u> | <u>6,418,994</u> | <u>902,194</u> | <u>4,984,500</u> |
| State Inst. Current Auth. | 5,779,800 | 2,889,900 | 2,889,900 | -0- |
| H.B. 644 | -0- | -0- | -0- | -0- |
| Additional | 22,540 | 11,270 | 11,270 | -0- |
| Total | <u>5,802,340</u> | <u>2,901,170</u> | <u>2,901,170</u> | <u>-0-</u> |

FY 78 Supplemental Request

| <u>Component</u> | <u>Total</u> | <u>FED</u> | <u>GFM</u> | <u>Other</u> |
|--------------------|------------------|------------------|------------------|--------------|
| Hospitals | 523,482 | 261,741 | 261,741 | -0- |
| Physicians | 582,815 | 291,407 | 291,408 | -0- |
| Other | 49,155 | 43,697 | 5,458 | -0- |
| EPSDT | 153,339 | 76,669 | 76,670 | -0- |
| Nursing Homes | 1,312,388 | 656,194 | 656,194 | -0- |
| State Institutions | <u>22,540</u> | <u>11,270</u> | <u>11,270</u> | <u>-0-</u> |
| Total | <u>2,643,719</u> | <u>1,340,978</u> | <u>1,302,741</u> | <u>-0-</u> |

HOUSE BILL NO. 644
(MEDICAID ONLY)

FINANCIAL INFORMATION

On January 17, the Governor submitted House Bill #644 requesting supplemental in the FY 78 Medicaid BRU totaling \$1,241,902. By component area, H.B. #644 requested the following:

| <u>Component</u> | <u>FY 78 Supplemental</u> | <u>Federal</u> | <u>State</u> |
|--------------------|-------------------------------|----------------|--------------|
| Hospitals | \$ 465,902 | \$ 232,951 | \$ 232,951 |
| Physician Services | 246,300 | 123,100 | 123,100 |
| Other Services | 8,600 | 8,600 | -0- |
| EPSDT | 31,900 | 16,000 | 15,900 |
| Nursing Homes | 489,200 | 244,600 | 244,600 |

Since that time the Department has re-examined its historical expenditure data, and has concluded that House Bill #644's supplemental request will be inadequate to meet all anticipated FY 78 obligations in this Program. Accordingly, I am herewith submitting a revised FY 78 Supplemental Request in the total amount of \$2,643,719. House Bill #644 should be amended to reflect this revised supplemental need.

In the period since January 17, the Department has developed a cost projection formula which we feel more accurately predicts anticipated expenditure levels for this BRU. This formula considers the following factors when forecasting total program needs for FY 78:

1. Month of service by the medical provider.
2. Inflationary cost factor between FY 77 and FY 78.
3. Billing lag between month of service and month of payment by the Department.
4. Adjustment for increased utilization which is derived from increased billing activity.

Quite frankly, a more detailed explanation of the formula cannot be accommodated in this memo as its complexity does not lend itself to clear, comprehensible description. Although I am including the actual formula computation as supporting documentation for each category under this BRU, I would request that you or your staff meet with us if you feel a more detailed explanation would be helpful. For your information, this formula has already been discussed with members of the House Finance Committee and Milt Barker, who found the formula generally acceptable.

The formula (see Attachment A) basically disclosed increased utilization and inflation as the principal factors contributing to the need for additional funding for FY 78. By BRU components, and where necessary by sub-components, the following FY 78 expenditure levels are anticipated:

Financial Information - continued

| <u>Component</u> | <u>Reference Attachment</u> | <u>FY 78 Auth.</u> | <u>FY 78 Projection</u> | <u>FY 78 Deficit</u> |
|---|-----------------------------|----------------------|-------------------------|-------------------------|
| (1) Hospital Svcs. FY 78 Exp. | B | \$ 3,591,198 | \$ 3,732,652 | \$ (141,454) |
| Inpatient-Cost Settling | N/A* | -0- | 373,765 | (373,765) |
| Outpatient-Cost Settling | N/A* | -0- | 8,263 | (8,263) |
| Total Hospitals FY 78 | | \$ 3,591,198 | \$ 4,114,680 | \$ (523,482) |
| (2) Physicians Services | C | \$ 1,280,200 | \$ 1,863,015 | \$ (582,815) |
| (3) Other Svcs. Except C/Lic. Certification/Licensing | D N/A* | \$ 358,400 76,700 | \$ 370,505 113,750 | \$ (12,105) (37,050) |
| Total Other Services | | \$ 435,100 | \$ 484,255 | \$ (49,155) |
| (4) EPSDT Services | D | \$ 114,400 | \$ 235,739 | \$ (121,339) |
| EPSDT RSA | N/A* | 535,000 | 535,000 | -0- |
| EPSDT Dental Contract | N/A* | 477,800 | 506,000 | (28,200) |
| EPSDT Dental Adm. | N/A* | 65,200 | 69,000 | (3,800) |
| Total EPSDT | | \$ 1,192,400 | \$ 1,345,739 | \$ (153,339) |
| (5) Nursing Homes | | | | |
| Intermediate | E | \$ 5,855,500 | \$ 7,239,582 | \$(1,384,082) |
| Intermediate-Cost Settling | N/A* | -0- | 194,992 | (194,992) |
| Skilled | F | 3,134,200 | 3,706,441 | (572,241) |
| Skilled-Cost Settling | N/A* | 261,400 | 300,557 | (39,157) |
| Hope Cottage | E | 1,742,200 | 864,116 | 878,084 |
| Total Nursing Homes | | \$10,993,300 | \$12,305,688 | \$(1,312,388) |
| (6) State Institutions | | | | |
| API | G | \$1,480,100 | \$1,502,640 | \$ (22,540) |
| Harborview | G | 4,299,700 | 4,299,700 | -0- |
| Total State Institutions | | \$5,779,800 | \$5,802,340 | \$ (22,540) |

*Non-Formula Actual Costs

Attachments

Financial Information - continued

Recommended By: Richard R. Wilson
Richard R. Wilson, Director
Division of Public Assistance

3-21-78
(Date)

Approved By: Helen D. Beirne
Helen D. Beirne, Commissioner
Department of Health and Social Services

3/21/78
(Date)

FORMULA FOR PROJECTING
MEDICAID AND GENERAL RELIEF-MEDICAL

P = 6-Month Period
 P1 = Covers 7/1/76 thru 12/31/76
 P2 = Covers 1/1/77 thru 6/30/77
 P3 = Covers 7/1/77 thru 12/31/77
 P4 = Covers 1/1/78 thru 6/30/78

ACI = Average Cost Per Invoice

$\frac{ACI P2}{ACI P1}$ = Inflation Rate (IR)

NI = Number of Invoices

$\frac{NI P2}{NI P1}$ = Increased Utilization Rate (IU)

B = Number of invoices with service date within the first 5 month of P that were processed within the 1st 5 months of P

$\frac{B1}{NIP1}$ = Rate of Processing invoices for services in P (RP)

B3 = Total invoices expected
 RP To be received during P3 (NE)

(NE) (ACIP2) (IRP2) = Total Cost in P3 (TC)

(TCP3) (IRP2) (IUP2) = Total Cost in P4 (TC)

TCP3 + TCP4 = Total for FY 78 (T)

Assumptions;

1. The growth rate between years will remain the same.
2. The increased cost rate will remain the same between years.
3. Rate of processing will remain the same between years.

MEDICAID: HOSPITAL SERVICES

$$IR = \frac{309}{256} = 1.20$$

$$IJ = \frac{4158}{3482} = 1.19$$

$$RP_1 = \frac{2420}{3482} = \text{\textcircled{0}}.695$$

$$RP_2 = \frac{3100}{4158} = \text{\textcircled{0}}.745$$

$$NE_1 = \frac{3089}{\text{\textcircled{0}}.695} = 4445$$

$$NE_2 = \frac{3089}{\text{\textcircled{0}}.745} = 4146$$

$$TCP_2 = 4445 \times 309 \times 1.20 = 1,648,206$$

$$TCP_3 = 4146 \times 309 \times 1.20 = 1,537,336$$

$$TCP_4 = 1,648,206 \times 1.19 \times 1.20 = 2,353,638$$

$$TCP_4 = 1,537,336 \times 1.19 \times 1.20 = 2,195,316$$

$$T = 1,648,206 + 2,353,638 = 4,001,844$$

$$T = 1,537,336 + 2,195,316 = 3,732,652$$

MEDICAID: PHYSICIANS SERVICES

$$IR = \frac{64.5}{59} = 1.09$$

$$IU = \frac{11811}{10034} = 1.18$$

$$RP_1 = \frac{5413}{10034} = 0.539$$

$$RP_2 = \frac{5930}{11811} = 0.502$$

$$NE_1 = \frac{4101}{0.539} = 7609$$

$$NE_2 = \frac{4101}{0.502} = 8169$$

$$TCP_3 = 7609 \times 64.5 \times 1.09 = 534,951$$

$$TCP_3 = 8169 \times 64.5 \times 1.09 = 574,322$$

$$TCP_4 = 534,951 \times 1.18 \times 1.09 = 688,054$$

$$TCP_4 = 574,322 \times 1.18 \times 1.09 = 738,693$$

$$T = 634,951 + 688,054 = 1,223,005$$

$$T = 574,322 + 738,693 = 1,313,015$$

The formula used to compute physician's costs for the Medicaid Program for FY 78 could not take into consideration an extremely large number of bills that were in process at that moment. In future months when the lag on payment of bills is reduced the formula should be more accurate.

| <u>Component</u> | <u>Total</u> | <u>FED</u> | <u>GM</u> | <u>Other</u> |
|-------------------------|--------------|------------|-----------|--------------|
| Additional - Physicians | 550,000 | 225,000 | 225,000 | -0- |

MEDICAID: OTHER SERVICES

$$IR = \frac{80}{70.5} = 1.13$$

$$IU = \frac{1989}{1701} = 1.17$$

$$RP_1 = \frac{875}{1701} = 0.514$$

$$RP_2 = \frac{1116}{1989} = 0.561$$

$$NE_1 = \frac{990}{0.514} = 1926$$

$$NE_2 = \frac{990}{0.561} = 1765$$

$$TCP_3 = 1926 \times 80 \times 1.13 = 174,110$$

$$TCP_3 = 1765 \times 80 \times 1.13 = 159,556$$

$$TCP_4 = 174,110 \times 1.13 \times 1.17 = 230,191$$

$$TCP_4 = 159,556 \times 1.13 \times 1.17 = 210,949$$

$$T = 174,110 + 230,191 = 404,301$$

$$T = 159,556 + 210,949 = 370,505$$