

Statement of Costs and Revenues for Initiative 07CHA3
Prepared by the Alaska Department of Health and Social Services

As required by AS 15.58.020(b), the Alaska Department of Health and Social Services has prepared the following statement of costs to the State of implementing the law proposed in Initiative 07CHA3 relating to the certificate of need program.

Department of Health and Social Services

In state fiscal year 2006, the department paid \$1.06 billion in Medicaid claims for health care services. Approximately \$353 million of that amount was paid to health care facilities subject to the certificate of need program including hospitals, residential psychiatric treatment centers and nursing homes. Of the \$353 million, approximately \$148 million, or 42%, was expended from the state general fund.

It is not possible to predict with any certainty the impacts of passage of the proposed initiative, including the cost to the state through the Medicaid program. Therefore, the costs can best be described as indeterminate.

This initiative would repeal the current State of Alaska certificate of need requirements relating to specialty health care facilities and services. In two states, Ohio and Virginia, there has been a rapid expansion of some specialty health care facilities and services which may be linked to the elimination of certificate of need requirements. If Alaska's experience proved to be similar, significant additional Medicaid costs would likely result.