

State of Alaska FY2010 Governor's Operating Budget

Department of Health and Social Services Rate Review Component Budget Summary

Component: Rate Review

Contribution to Department's Mission

To provide quality accounting, auditing, and rate setting services that supports the department's programs.

Core Services

- Rate setting is centralized under this component for all services, including Medicaid facilities, foster care, and child care facilities. Resources to successfully manage workload will be added as part of the department's Quality Assurance program.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$1,739,100

Personnel:

Full time	14
Part time	0
Total	14

Key Component Challenges

Rate setting for all functions in the department is now the responsibility of a single office working directly with various divisions.

Significant Changes in Results to be Delivered in FY2010

This component will continue to develop capacity to work with divisions to make consistent rate setting policies, perform necessary calculations, and facilitate cost containment. New division rate setting activities are added each year and it is the intent of this section to involve itself in these activities. For example, a significant rate setting workload for Division of Senior and Disabilities Services Medicaid waiver rates is planned for 2009, as well as strategic planning, specific service planning and definition. In 2010, these projects will continue with regulation development and implementation of new rate methodologies as well as increased involvement and oversight of all rate adjustments for the divisions.

Major Component Accomplishments in 2008

In addition to the general facility audits and rate setting administration, the Office of Rate Review completed extensive new cost studies for Division of Behavioral Health and Office of Children's Services, assisted other units in the Commissioner's Office with a variety of accounting issues, assisted the Division of Senior and Disabilities Services in procuring a contractor to make recommendations to the department regarding updating rate setting processes for Medicaid Waiver programs, and provided data analysis for department tribal programs. The Office of Rate Review also completed the rebasing process in which payment rates were updated by performing audits of most hospitals and nursing facilities in the state and utilizing these audited costs to establish payment rates.

Work in this component is generally cyclical. However, during 2008, three additional staff were recruited with the support of Medicaid sustainability initiatives outlined by the Legislature and generally referred to as SB61. These staff supported Medicaid waiver rate setting, including managing a contract with outside consultants for design and implementation of a new Medicaid waiver rate setting system for hundreds of Medicaid providers, and establishment of rate methodologies that will help to ensure the sustainability of Medicaid into the future. SB 61 related work also was performed in the tribal area. This component has moved a \$20 million tribal program to a more accurate and

supportable cost reporting and auditing methodology, and encouraged tribal providers in the use of more viable cost and statistical reporting processes for both internal and external use. These modifications will help the department to maintain 100% federal funding for this \$20 million annual expenditure and assist tribal organizations in maintaining both urban and rural health infrastructure to serve tribal members more appropriately and assist Medicaid sustainability by utilizing federal funds to pay for tribal clients receiving services in a tribal facility.

Statutory and Regulatory Authority

AS 47.07 Medical Assistance for Needy Persons

7 AAC 43.670-709 Medical Assistance, Health and Social Services

Contact Information

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Rate Review Component Financial Summary

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,096.9	1,309.9	1,453.5
72000 Travel	13.7	55.1	55.1
73000 Services	52.5	210.9	215.9
74000 Commodities	27.1	9.2	9.2
75000 Capital Outlay	0.0	5.4	5.4
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,190.2	1,590.5	1,739.1
Funding Sources:			
1002 Federal Receipts	551.3	832.0	933.7
1003 General Fund Match	531.7	594.0	636.7
1004 General Fund Receipts	107.2	164.5	168.7
Funding Totals	1,190.2	1,590.5	1,739.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	551.3	832.0	933.7
Restricted Total		551.3	832.0	933.7
Total Estimated Revenues		551.3	832.0	933.7

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	758.5	832.0	0.0	1,590.5
Adjustments which will continue current level of service:				
-Transfer PCN 02-1530 from SDS Administration	27.3	82.2	0.0	109.5
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	19.6	19.5	0.0	39.1
FY2010 Governor	805.4	933.7	0.0	1,739.1

**Rate Review
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	16	14	Annual Salaries	968,961
Part-time	0	0	COLA	39,175
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	502,076
			<i>Less 3.76% Vacancy Factor</i>	(56,712)
			Lump Sum Premium Pay	0
Totals	16	14	Total Personal Services	1,453,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech II	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Executive Director	1	0	0	0	1
Internal Auditor I	1	0	0	0	1
Internal Auditor II	1	0	0	0	1
Internal Auditor III	6	0	0	0	6
Internal Auditor IV	1	0	0	0	1
Medical Assist Admin III	1	0	0	0	1
Research Analyst III	1	0	0	0	1
Totals	14	0	0	0	14