State of Alaska
FY2013 Governor's Operating Budget

Department of Health and Social Services
Medicaid Services
Results Delivery Unit Budget Summary

Medicaid Services Results Delivery Unit

Contribution to Department's Mission

Medicaid is a jointly funded (federal and state) program that provides coverage for the cost of medically necessary health care services for Alaska's low-income children, pregnant women, families, disabled individuals, and elderly.

Key RDU Challenges

- The Affordable Care Act (ACA) will present opportunities and challenges to all Medicaid Service programs, resulting from the limited amount of information being provided by the Federal government at this time. The Medicaid Pharmacy program will be seeking approval from CMS (Center for Medicare and Medicaid Services) for the new pharmacy reimbursement method, and determining the viability of the Preferred Drug list after changes in the Medicaid Drug rebate formula.

- The Medicaid dental program continues to have a limited number of dentists and available appointments for new Medicaid patients. While many dentists are enrolled as Medicaid providers, a much smaller number actually provide care and submit claims for Medicaid patients. Collaboration will continue with the Alaska Dental Society to encourage more participation of private dentists in the Medicaid program.

Significant Changes in Results to be Delivered in FY2013

- In FY2013, the department will continue with implementation of the mandate for International Classification of Diseases tenth revision (ICD-10). The increase from several thousand to more than 68,000 diagnosis codes and to 87,000 inpatient procedure codes is expected to improve health care quality, research, and public health reporting. It is also expected to promote accurate reimbursement. The ICD-10 changes must be implemented by October 1, 2013.

- To align with the MMIS (Medicaid Management Information System) replacement project efforts and timelines, and to reprioritize use of the new web-based portal for the enrollment of new providers, the reenrollment of all 12,000 plus current providers that commenced in FY2012 will continue in FY2013. The department plans to conduct a complete re-enrollment of providers. This has not been accomplished in over 20 years in the current Medicaid processing system.

Major RDU Accomplishments in 2011

As part of its efforts to promote high quality, cost effective outcomes and to ensure that appropriate medical services are provided to recipients, Health Care Services (HCS) issued a Request for Proposal to procure utilization management and case management services that included cost-containment measures including the addition of an administrative, non-clinical level of case management and an electronic utilization review submission requirement. The successful bidder, incumbent contractor Qualis Health, will evaluate the medical necessity and appropriateness of selected inpatient admissions and outpatient medical services and provide coordination of care for highly complex and/or costly health care needs. New contract requirements have resulted in faster, more efficient utilization review decisions, completion of non-clinical case management activities by a more appropriate level of staff, and a savings for HCS in excess of $121,000 monthly. These funds will help to off-set the division's added expense of special case reviews, which are necessary to identify health care acquired conditions as required by ACA (Affordable Care Act - previously known as the Patient Protection and Affordable Care Act).

New regulations that have been adopted or proposed for public comment:

- If a provider is prescribing, referring or ordering services to be performed by another provider, the referring provider must be enrolled as a Medicaid provider themselves. This requirement was mandated under ACA, and later amended by the Health Care and Education Reconciliation Act of 2010. This initiative will allow the division to ensure that the prescribing provider has been properly credentialed and will assist in identifying patterns of fraud, waste, or abuse.

- All individuals employed as Personal Care Assistants must enroll as individual providers. Among other positive results, this requirement will allow for the identification of the renderer of services and not just the agency for whom the Personal Care Assistant works.

- The division developed and released for public comment regulations to adopt objective methods for adjusting rates subject to Resource-Based Relative Value Scale (RBRVS).

- The division's Office of Rate Review, in collaboration with Senior and Disabilities Services, completed new regulations relating to Home and Community Based Care (HCBC) waiver payment rates. This resulted in standardized rates for many HCBC services and allowed for geographical differentials for many HCBC and personal care services. These new payment rules became effective March 1, 2011.

Medicaid Management Information System (MMIS):

Changes were implemented in the system to respond to the National Correct Coding Initiative (NCCI) federal mandate. NCCI established edit rules for medically-unlikely situations, as well as rules for comparison of procedure-to-procedure conditions. Quarterly code list updates are issued by CMS for States to incorporate into their MMIS claims editing. These edits have been implemented to evaluate claims from many provider types. Work is on-going to expand this editing to claims from other provider types.

The division continues to improve accuracy of claims processing: 1) by implementing measures to identify and edit claims for care coordinators as servicing providers; 2) by implementing place of service editing to evaluate compliance with national billing standards; 3) by applying upgrades to editing software that detects coding anomalies and assures that claims are properly coded using industry standard edits; 4) by completing regular updates to preferred drug lists.

Dental Services:

- Operational rules were developed to respond to FY2010 legislation that will allow payment to physicians and mid-level providers for limited dental services. This change allows payment for topical fluoride varnish application and oral evaluation for patients under the age of three when performed by physicians and certain mid-level practitioners.

- A new evaluation criterion for authorization of orthodontia services was adopted by regulation. In addition to a description of the problem, panoramic films, and a treatment plan, the evaluating dentist must score the

Handicapping Labiolingual Deviation (HLD) Index Report, which will allow for a more objective determination of need for orthodontia services.

- Operational rules were developed and changes made to respond to Senate Bill 199 (Ch 60, SLA10). This act established payment rules for dentures for adult recipients in the enhanced Adult Dental program.

Pharmacy:

- As a part of the larger department-wide tobacco cessation initiative, new regulations were put in place to allow reimbursement to pharmacists for the provision of tobacco cessation counseling, expanding the resources available to those who desire to cease their use of tobacco.

- Measures were implemented to allow both pharmacy and durable medical equipment (DME) providers to submit claims for various supplies through the pharmacy point-of-sales (POS) system. For the applicable supplies, this change eliminates the need for claims submission, streamlines claims processing and expedites payments.

The division continues to play a major role in the implementation of cost containment measures in an effort to reduce the cost of Medicaid Services while maintaining levels of services provided wherever possible.

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Medicaid Services
RDU Financial Summary by Component

All dollars shown in thousands

	FY2011 Actuals				FY2012 Management Plan				FY2013 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures												
Behavioral Hlth Medicaid Svcs	63,204.7	105.9	140,317.5	203,628.1	82,579.6	717.5	94,000.5	177,297.6	85,141.7	717.5	119,076.8	204,936.0
Children's Medicaid Services	2,514.2	3.6	5,382.9	7,900.7	6,308.1	0.0	7,629.3	13,937.4	6,308.1	0.0	7,629.3	13,937.4
Adult Prev Dental Medicaid Svcs	3,157.7	0.0	6,091.4	9,249.1	3,804.1	0.0	5,191.4	8,995.5	5,390.2	0.0	7,146.5	12,536.7
Health Care Medicaid Services	243,405.5	3,896.0	493,318.4	740,619.9	315,890.8	9,796.7	524,756.8	850,444.3	334,017.5	9,796.7	559,894.9	903,709.1
Senior/Disabilities Medicaid Svc	154,494.7	521.9	243,833.6	398,850.2	224,679.2	3,752.2	235,907.6	464,339.0	247,470.5	3,752.2	259,130.0	510,352.7
Non-Formula Expenditures												
None.												
Totals	**466,776.8**	**4,527.4**	**888,943.8**	**1,360,248.0**	**633,261.8**	**14,266.4**	**867,485.6**	**1,515,013.8**	**678,328.0**	**14,266.4**	**952,877.5**	**1,645,471.9**

Medicaid Services
Summary of RDU Budget Changes by Component
From FY2012 Management Plan to FY2013 Governor

All dollars shown in thousands

	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
FY2012 Management Plan	630,914.3	2,347.5	14,266.4	867,485.6	1,515,013.8
Adjustments which will continue current level of service:					
-Behavioral Hlth Medicaid Svcs	-17,641.9	0.0	0.0	17,641.9	0.0
-Children's Medicaid Services	-724.1	0.0	0.0	724.1	0.0
-Adult Prev Dental Medicaid Svcs	-982.9	0.0	0.0	515.4	-467.5
-Health Care Medicaid Services	-61,766.2	0.0	0.0	61,758.7	-7.5
-Senior/Disabilities Medicaid Svc	-48,445.5	0.0	0.0	48,445.5	0.0
Proposed budget increases:					
-Behavioral Hlth Medicaid Svcs	20,204.0	0.0	0.0	7,434.4	27,638.4
-Children's Medicaid Services	724.1	0.0	0.0	-724.1	0.0
-Adult Prev Dental Medicaid Svcs	2,569.0	0.0	0.0	1,439.7	4,008.7
-Health Care Medicaid Services	79,892.9	0.0	0.0	-26,620.6	53,272.3
-Senior/Disabilities Medicaid Svc	71,236.8	0.0	0.0	-25,223.1	46,013.7
FY2013 Governor	675,980.5	2,347.5	14,266.4	952,877.5	1,645,471.9