

State of Alaska FY2014 Governor's Operating Budget

Department of Health and Social Services Health Care Medicaid Services Component Budget Summary

Component: Health Care Medicaid Services

Contribution to Department's Mission

The Health Care Medicaid Services component is responsible for the majority of Medicaid programs, which assist in the provision of adequate and competent medical care to eligible persons.

Core Services

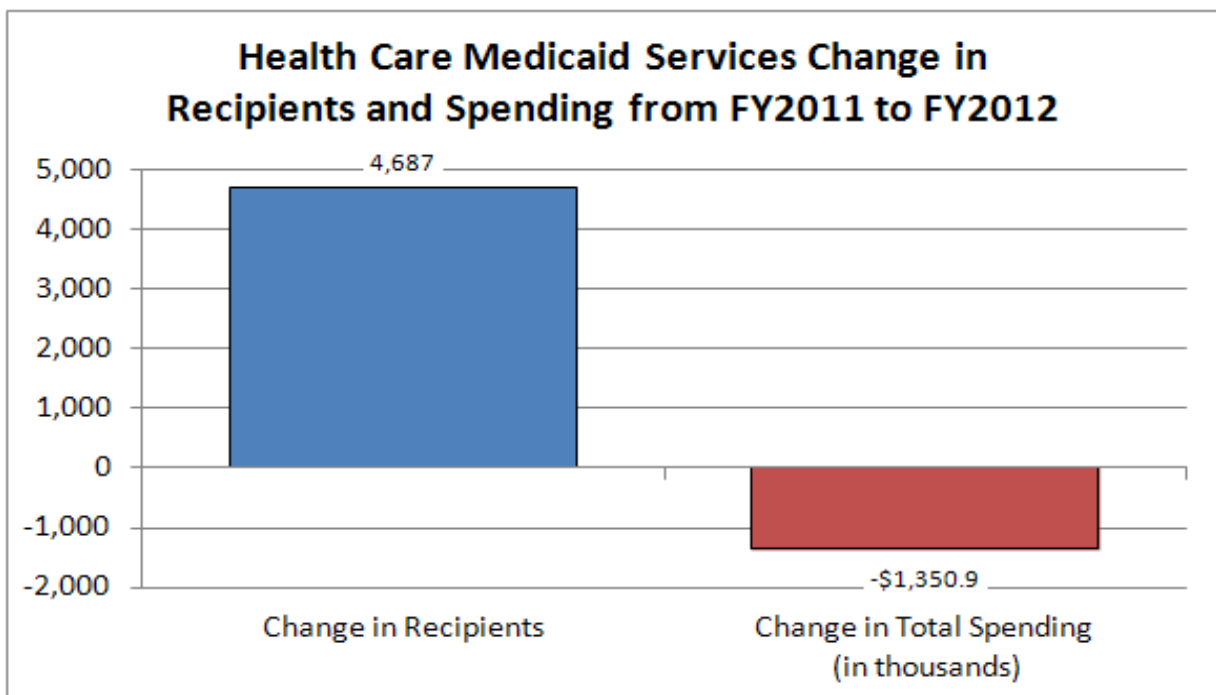
- Direct Services provided to the client and processed through the Medicaid Management Information System. Direct Services include these service categories: inpatient and outpatient hospital, physician, health clinic, surgical clinic, prescribed drugs, durable medical equipment, prosthetic devices, dental, transportation, physical therapy, and occupation therapy.
- Indirect services include payments for insurance premiums (primarily Medicare), contracts for Medicaid operations and cost containment activities, third-party liability services, and supplemental payments to hospitals for uninsured and uncompensated care (Disproportionate Share Hospital program or DSH).
- Medicaid Financing Services for activities that maximize federal funding.

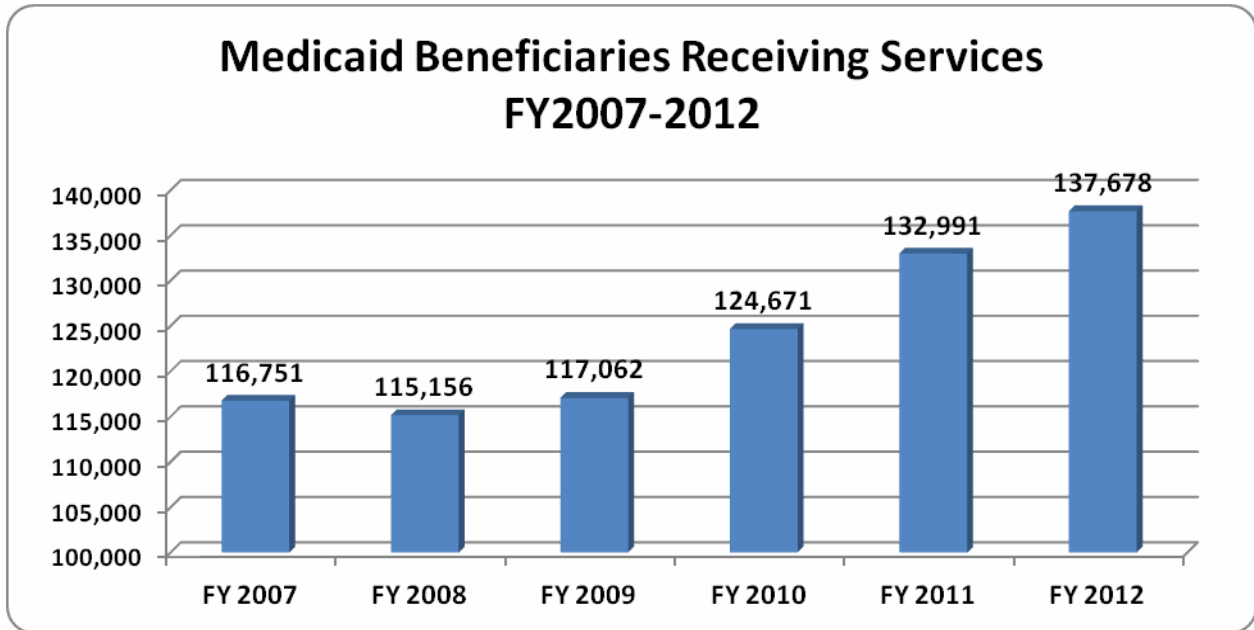
Major Component Accomplishments in 2012

The Health Care Services' Medicaid component provided services to 137,678 Medicaid beneficiaries during FY2012, with expenditures totaling \$731,696.8. The average annual Medicaid cost for services billed was approximately \$5,315 per recipient during FY2012. Benefits provided to children (standard health care) comprised 60.6% of all claim payments processed in FY2012. Medical benefits provided to adults comprised 19.6%, services for disabled adults 12.3%, elderly 5.6%, and disabled children 1.8%.

These figures represent a significant change from comparable FY2011 totals. Comparing FY2011 to FY2012, an additional 4,687 recipients were served, at a total cost \$1,350.9 *less than* the FY2011 total cost, coming to a *reduction* in cost per recipient of \$197.

(Source: DHSS Medicaid Budget Section – October 2012)





Source: Medicaid Budget Section – October 2012

With passage of the Affordable Care Act by Congress, the Children’s Health Insurance Program, a program administered in Alaska by Denali KidCare, has been re-authorized nationwide through 2019. In Alaska, Children’s Health Insurance Program provided Medicaid coverage for about 17,146 children under age 19 in 2012 (five year average for annual enrollment is 16,045). Federal funding supports a higher proportion of the cost of services for Children’s Health Insurance Program enrollees over regular Medicaid, which is matched at 50%. (Service Tracking and Reporting System Eligibility FY2012)

In addition to providing an enhanced federal match for Children’s Health Insurance Program benefits, the Children’s Health Insurance Program Reauthorization Act authorizes performance bonus payments that are designed to reward states for both simplifying enrollment and eligibility criteria and meeting base enrollment targets. One goal of the Children’s Health Insurance Program Reauthorization Act is to enroll more low-income children in Medicaid, not just those eligible for Children’s Health Insurance Program programs. In FY2011 Alaska qualified for an enrollment bonus payment under the Children’s Health Insurance Program Reauthorization Act.

Cost savings have been realized by remodeling the utilization management and case management contracted services. Those savings of over \$120,000 monthly are being partially reinvested in special case reviews necessary to identify and quantify the presence and cost of health care acquired conditions, as required by the Affordable Care Act.

Key Component Challenges

Health Care Services will continue to revise durable medical equipment regulations to assure that incontinence and other supplies are dispensed at appropriate levels and intervals, to assure appropriate coverage of over-the-counter supplies, to assure reasonable coverage for the cost of long-distance shipping to the recipient, and shipping of fabricated, non-stock items.

The Division continues to explore alternatives to meet requirements to provide reasonable and affordable local transportation services while simultaneously developing a sound payment methodology for taxi and other ground transportation providers.

Availability of dental appointments for Medicaid-eligible patients continues to be a challenge for the program. Although the number of enrolled dentists has increased to more than 500, far fewer are accepting new Medicaid patients and many limit the number of appointments available for Medicaid-only 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 FY2014

- The department will conclude re-enrollment efforts of its more than 17,000 providers, an endeavor that commenced in FY2013. Re-enrollment, which has not been conducted since the implementation of the current Medicaid Management Information System (MMIS), will enable a smooth transition to the replacement Medicaid Management Information System, projected to launch in FY2013 for project efforts and timelines, and to reprioritize use of the new web-based portal for the enrollment of new providers.
- In FY2014, the department will continue with implementation of the mandate for International Classification of Diseases 10th revision. 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.
- Revised durable medical equipment regulations will be proposed to assure that incontinence and other supplies are dispensed at appropriate levels and intervals, to assure appropriate coverage of over-the-counter supplies, to assure reasonable coverage for the cost of long-distance shipping to the recipient.

Statutory and Regulatory Authority

Alaska Statutes:

AS 47.07 Medical Assistance for Needy Persons

AS 47.08 Assistance for Catastrophic Illness and Chronic or Acute Medical Conditions

AS 47.25 Public Assistance

Social Security Act:

Title XVIII Medicare

Title XIX Medicaid

Title XXI Children's Health Insurance Program

Administrative Code:

7 AAC 105 - 160 Medicaid

7 AAC 48 Chronic and Acute Medical Assistance

7 AAC 100 Medicaid Assistance Eligibility

Code of Federal Regulations:

Title 42 CFR Part 400 to End

Contact Information
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Health Care Medicaid Services Component Financial Summary			
		<i>All dollars shown in thousands</i>	
	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	19,970.3	24,854.2	24,854.2
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	724,123.1	878,350.7	881,646.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	744,093.4	903,204.9	906,500.2
Funding Sources:			
1002 Federal Receipts	464,482.8	559,894.9	564,462.0
1003 General Fund Match	274,703.2	242,058.5	244,876.7
1004 General Fund Receipts	0.0	90,607.3	90,607.3
1005 General Fund/Program Receipts	97.5	750.0	200.0
1007 Interagency Receipts	3,206.1	8,890.4	4,700.4
1108 Statutory Designated Program Receipts	1,506.3	906.3	1,556.3
1168 Tobacco Use Education and Cessation Fund	97.5	97.5	97.5
Funding Totals	744,093.4	903,204.9	906,500.2

Estimated Revenue Collections				
Description	Master Revenue Account	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	464,482.8	559,894.9	564,462.0
Interagency Receipts	51015	3,206.1	8,890.4	4,700.4
General Fund Program Receipts	51060	97.5	750.0	200.0
Statutory Designated Program Receipts	51063	1,506.3	906.3	1,556.3
Restricted Total		469,292.7	570,441.6	570,918.7
Total Estimated Revenues		469,292.7	570,441.6	570,918.7

**Summary of Component Budget Changes
From FY2013 Management Plan to FY2014 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2013 Management Plan	332,665.8	847.5	9,796.7	559,894.9	903,204.9
Adjustments which will continue current level of service:					
-Transfer Statutory Designated Program Receipt Authority from Senior and Disabilities Medicaid Services	0.0	0.0	650.0	0.0	650.0
Proposed budget decreases:					
-Reduce General Fund/Program Receipt Authority	0.0	-550.0	0.0	0.0	-550.0
-Reduce Interagency Receipt Authority	0.0	0.0	-4,190.0	0.0	-4,190.0
Proposed budget increases:					
-Anticipated 'Woodwork' Effect as of January 2014 Affordable Care Act Implementation	2,818.2	0.0	0.0	4,567.1	7,385.3
FY2014 Governor	335,484.0	297.5	6,256.7	564,462.0	906,500.2

Component Detail All Funds
Department of Health and Social Services

Component: Health Care Medicaid Services (AR23301) (2077)
RDU: Medicaid Services (595)

	FY2012 Actuals	FY2013 Conference Committee	FY2013 Authorized	FY2013 Management Plan	FY2014 Governor	FY2013 Management Plan vs FY2014 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	19,970.3	24,854.2	24,854.2	24,854.2	24,854.2	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	724,123.1	878,350.7	878,350.7	878,350.7	881,646.0	3,295.3	0.4%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	744,093.4	903,204.9	903,204.9	903,204.9	906,500.2	3,295.3	0.4%
Fund Sources:							
1002 Fed Rcpts (Other)	464,482.8	559,894.9	559,894.9	559,894.9	564,462.0	4,567.1	0.8%
1003 G/F Match (UGF)	274,703.2	242,058.5	242,058.5	242,058.5	244,876.7	2,818.2	1.2%
1004 Gen Fund (UGF)	0.0	90,607.3	90,607.3	90,607.3	90,607.3	0.0	0.0%
1005 GF/Prgm (DGF)	97.5	750.0	750.0	750.0	200.0	-550.0	-73.3%
1007 I/A Rcpts (Other)	3,206.1	8,890.4	8,890.4	8,890.4	4,700.4	-4,190.0	-47.1%
1108 Stat Desig (Other)	1,506.3	906.3	906.3	906.3	1,556.3	650.0	71.7%
1168 Tob Ed/Ces (DGF)	97.5	97.5	97.5	97.5	97.5	0.0	0.0%
Unrestricted General (UGF)	274,703.2	332,665.8	332,665.8	332,665.8	335,484.0	2,818.2	0.8%
Designated General (DGF)	195.0	847.5	847.5	847.5	297.5	-550.0	-64.9%
Other Funds	4,712.4	9,796.7	9,796.7	9,796.7	6,256.7	-3,540.0	-36.1%
Federal Funds	464,482.8	559,894.9	559,894.9	559,894.9	564,462.0	4,567.1	0.8%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)

RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2013 Conference Committee To FY2013 Authorized *****												
FY2013 Conference Committee												
	ConfCom	903,204.9	0.0	0.0	24,854.2	0.0	0.0	878,350.7	0.0	0	0	0
1002 Fed Rcpts		559,894.9										
1003 G/F Match		242,058.5										
1004 Gen Fund		90,607.3										
1005 GF/Prgm		750.0										
1007 I/A Rcpts		8,890.4										
1108 Stat Desig		906.3										
1168 Tob Ed/Ces		97.5										
Subtotal		903,204.9	0.0	0.0	24,854.2	0.0	0.0	878,350.7	0.0	0	0	0
***** Changes From FY2013 Authorized To FY2013 Management Plan *****												
Subtotal		903,204.9	0.0	0.0	24,854.2	0.0	0.0	878,350.7	0.0	0	0	0
***** Changes From FY2013 Management Plan To FY2014 Governor *****												
Anticipated 'Woodwork' Effect as of January 2014 Affordable Care Act Implementation												
	Inc	7,385.3	0.0	0.0	0.0	0.0	0.0	7,385.3	0.0	0	0	0
1002 Fed Rcpts		4,567.1										
1003 G/F Match		2,818.2										
Reduce General Fund/Program Receipt Authority												
	Dec	-550.0	0.0	0.0	0.0	0.0	0.0	-550.0	0.0	0	0	0
1005 GF/Prgm		-550.0										

The Health Care Medicaid Services component supports a wide variety of medical and health care services for eligible individuals - inpatient and outpatient hospital services; physician, pharmacy, transportation, dental, vision laboratory and x-ray services; physical/occupational/speech therapy; chiropractic services, etc.

This request will support projected growth in utilization of Medicaid services across all components, based on the anticipated 'woodwork' effect as elements of the Affordable Care Act are implemented effective January 2014. As of that date, individuals will be required to have secured health insurance coverage, and individuals currently eligible for Medicaid under existing rules, but not yet enrolled, are anticipated to enroll. Current projections are for a resulting additional 1,500 Alaska enrollees.

Cost projections are based on the FY2012 per recipient average cost of Medicaid services provision across all components, for 1,500 new participants for one half fiscal year.

Based on a comparison of FY2012's final authority to actual by line item, fund source, and component, the Medicaid program is requesting a reduction in GF/Program Receipt authority in grants for the Health Care Medicaid Services component.

**Change Record Detail - Multiple Scenarios With Descriptions
Department of Health and Social Services**

Component: Health Care Medicaid Services (2077)

RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Reduce Interagency Receipt Authority												
1007 I/A Rcpts	Dec	-4,190.0	0.0	0.0	0.0	0.0	0.0	-4,190.0	0.0	0	0	0
		-4,190.0										
Based on a comparison of FY2012's final authority to actual by line item, fund source, and component, the Medicaid program is requesting a reduction in interagency receipt (I/A) authority in services for the Health Care Medicaid Services component.												
Transfer Statutory Designated Program Receipt Authority from Senior and Disabilities Medicaid Services												
1108 Stat Desig	Trin	650.0	0.0	0.0	0.0	0.0	0.0	650.0	0.0	0	0	0
		650.0										
Based on a comparison of FY2012's final authority to actual by line item, fund source, and component, the Medicaid program is requesting a transfer of statutory designated program receipt (SDPR) authority in grants from the Senior and Disabilities Medicaid Service component to the Health Care Medicaid Services component.												
These funds are collected from overpayment recoveries. During FY2012, SDPR collections for Health Care Medicaid services exceeded the initial authorization of \$906.3. Additional authorization was transferred to Health Care Medicaid Services from Senior and Disabilities Medicaid through the revised program (RP) process. Senior and Disabilities Medicaid only collected \$102.6 of its initial SDPR authorization of \$1,200.0.												
This transfer will give Health Care Medicaid Services the additional authorization it needs to collect additional statutory designated program receipts.												
Totals		906,500.2	0.0	0.0	24,854.2	0.0	0.0	881,646.0	0.0	0	0	0

Line Item Detail
Department of Health and Social Services
Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000	Services		19,970.3	24,854.2	24,854.2
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000 Services Detail Totals			19,970.3	24,854.2	24,854.2
73050	Financial Services		2,081.4	0.0	0.0
73175	Health Services	Contract with Mediciad fiscal agents	0.0	24,854.2	2,777.8
73175	Health Services	Xerox Contract for Medicaid Claims processing FFP 75% CC 6214127	0.0	0.0	15,330.0
73175	Health Services	Xerox Contract for Medicaid Claims processing FFP 50% CC 6214126	0.0	0.0	1,925.0
73175	Health Services	Qualis Medicaid Necessity Review Contract CC 6214128	0.0	0.0	1,596.4
73175	Health Services	Meyers and Stauffer Medicaid audit contract CC 6214129	0.0	0.0	900.0
73175	Health Services	Xerox Contract for State Maximum Acquisition Cost Contract (SMAC) CC 6214163	0.0	0.0	245.0
73175	Health Services	STARS License and Support Fees Contract to support Medicaid services CC 6214165	0.0	0.0	100.0
73175	Health Services	Oregon Health Services (OHS) Medicaid Evidence Based Descriptions CC 6214166	0.0	0.0	153.0
73175	Health Services	RSA with DPH Health Planning and Systems Development Telehealth Program CC 6214167	0.0	0.0	60.0
73175	Health Services	Admin Services RSA with DOA for Recipient Support Guardianship Clients CC 6214168	0.0	0.0	500.0
73175	Health Services	Office of the Attorney General RSA with Dept. of Law for Medicaid Collections (TPL/Subrogation) CC 6214169	0.0	0.0	425.0
73175	Health Services	Infant Learning Program Grants RSA with OCS for Infant Learning Outreach Program CC 6214162	0.0	0.0	600.0
73175	Health Services	Medicaid Pharmacy Cost of Dispensing Survey contract CC 6214170	0.0	0.0	60.0

Line Item Detail
Department of Health and Social Services
Services

Component: Health Care Medicaid Services (2077)

RDU: Medicaid Services (595)

Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000 Services Detail Totals			19,970.3	24,854.2	24,854.2
73175	Health Services	Medicaid Data Pathways - Pharmacy Claims Processing contract CC 6214171	0.0	0.0	10.0
73175	Health Services	Pediatric Dental Care Contract for Medicaid Children CC 6214172	0.0	0.0	60.0
73175	Health Services	Disproportionate Share Hospital (DSH) Audit CC 6214173	0.0	0.0	40.0
73175	Health Services	McKesson Contract for Medicaid InterQual license and software CC 6214174	0.0	0.0	72.0
73750	Other Services (Non IA Svcs)		17,888.9	0.0	0.0

Line Item Detail
Department of Health and Social Services
Grants, Benefits

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
77000	Grants, Benefits		724,123.1	878,350.7	881,646.0
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
77000 Grants, Benefits Detail Totals			724,123.1	878,350.7	881,646.0
77670	Benefits	Services for Medicaid clients including: hospitals, physicians, pharmacy, dental transportation, Lab & X-ray, durable medical equipment, audiology, vision, physical therapy, occupational & speech therapy, chiropractic, home health & hospice.	724,123.1	878,350.7	881,646.0

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description				FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
51010	Federal Receipts				464,482.8	559,894.9	564,462.0
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
51010	Federal Receipts		6214199	11100	0.0	559,894.9	564,462.0
	Medicaid Federal Collections- The bulk of the federal funding for the Medicaid benefits comes from claims reimbursed at the federal medical assistance percentage of FMAP. Additional Medicaid funds sources are IHS (Indian Health Services) at 100% FMAP for specific programs; Enhanced FMAP is for the State Children's Health Insurance Program (SCHIP); and, Breast and Cervical Cancer (BCC). Actual collections are based on the proportion of the expenditures eligible for each type of federal reimbursement.						
57301	Title XIX Map				452,928.2	0.0	0.0
57302	Title Xix Map Admin				11,554.6	0.0	0.0

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description				FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
51015	Interagency Receipts				3,206.1	8,890.4	4,700.4
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
59060	Health & Social Svcs				3,206.1	0.0	0.0
59060	Health & Social Svcs I/A refinancing match from other divisions for DSH and ProShare. Exact amounts will vary depending on the upper payment limits (UPL's) and date of payments.	Alaska Psychiatric Institute	6214199	11100	0.0	8,890.4	4,700.4

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
51060	General Fund Program Receipts	97.5	750.0	200.0

Detail Information					FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund			
51060	GF Program Receipts Third party liability recoveries		6214199	11100	97.5	750.0	200.0

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description			FY2012 Actuals	FY2013 Management Plan	FY2014 Governor	
51063	Statutory Designated Program Receipts			1,506.3	906.3	1,556.3	
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
51063	Stat Desig Prog Rec Recovery of Overpayments by Medicaid providers discovered through audit.			11000	0.0	906.3	1,556.3
54252	Recovd Medicaid Pymt				608.6	0.0	0.0
55922	Stat Desig -Contract				897.7	0.0	0.0

Inter-Agency Services
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2012 Actuals	FY2013		FY2014 Governor
					Management Plan		
73175	Health Services	RSA with DPH Health Planning and Systems Development Telehealth Program CC 6214167	Intra-dept	0.0	0.0		60.0
73175	Health Services	RSA with DOA for Recipient Support Guardianship Clients CC 6214168	Inter-dept	0.0	0.0		500.0
73175	Health Services	RSA with Dept. of Law for Medicaid Collections (TPL/Subrogation) CC 6214169	Inter-dept	0.0	0.0		425.0
73175	Health Services	RSA with OCS for Infant Learning Outreach Program CC 6214162	Intra-dept	0.0	0.0		600.0
73175 Health Services subtotal:				0.0	0.0		1,585.0
Health Care Medicaid Services total:				0.0	0.0		1,585.0
Grand Total:				0.0	0.0		1,585.0