State of Alaska
FY2014 Governor's Operating Budget

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

Health Care Services Results Delivery Unit

Contribution to Department's Mission

To manage health care coverage for Alaskans in need.

Major RDU Accomplishments in 2012

- The Background Check Program has begun accepting biometric (Live Scan) fingerprints from additional employers, accelerating the background check process. This program is preparing to accept electronic fingerprints directly from non-state fingerprint services.

- The Licensing Program continues to see an increase in concerns that rank in the top priority levels of severity, requiring a 24 hour response; if not, immediate. The Licensing Program received 790 Priority one and two Complaint Intake Reports and completed/ issued a combined 550 Reports of Investigation; an increase of over 100 Complaint Intake Reports from FY2011. In addition, approximately 620 Reports of Inspection were completed and issued; an increase of over 200 inspections from the previous year.

- Health Care Services implemented a state maximum allowable cost pricing type for pharmaceuticals that yielded nearly $5 million in savings. Additional efforts by Health Care Services have resulted in a greater utilization of lower cost, clinically equivalent, generic medications. At the beginning of FY2012 only 70.5% of prescriptions for Medicaid recipients were for generic medications; the use of generic medications steadily increased to 75.5% at the end of FY2012.

- Health Care Services increased the number of Eligibility Information Services read-only access to 35 participants at 15 Tribal Health Organizations to assist with timely Medicaid eligibility enrollment and re-enrollment efforts. Based on the Regional Tribal Health Organization report that tracks Medicaid enrollment, the total American Indian/Alaskan Native enrollment for federal fiscal year went from 46,228 to 50,955. This, in part, is due to this project's success.

- Health Care Services successfully completed the Tribal Behavioral Health and Dental retroactive settlements from calendar year 2007 to current calendar year for both services. This also included obtaining approval from Centers for Medicare and Medicaid Services to retroactively claim more than the standard eight quarters.

- With input from the Alaska Medical Care Advisory Committee, Health Care Services completed a rewrite and publication of the Medicaid Recipient Handbook. The new handbook is more user-friendly and easier to navigate than previous versions.

- As mandated by the federal Patient Protection and Affordable Care Act, and amended by the Health Care and Education Reconciliation Act of 2010, Health Care Services completed enrollment of rendering providers employed by Federally Qualified Health Centers, Rural Health Clinics, and tribal health clinics. In accordance with state regulations, Health Care Services also concluded efforts enrolling individuals employed as Personal Care Assistants as rendering providers. This will allow Health Care Services to identify the individual providing personal care service and ensure that he/she has been properly credentialed. It will also assist in identifying patterns of fraud, waste, or abuse.

- A contract amendment between the Department of Health and Social Services, Division of Health Care Services, and the Alaska eHealth Network, was signed on May 20, 2012. This amendment refined and added significant deliverables to the contract for procuring and managing the Health Information Exchange.

- Health Care Services continued planning and development activities related to the federally-mandated International Classification of Diseases, 10th edition for the legacy Medicaid Management Information System

and the new Enterprise Medicaid Management Information System. The draft Implementation Advanced Planning Document for funding by Centers for Medicare and Medicaid Services was approved. This is a capital project with 90% federal matching funds.

- Health Care Services revamped its Utilization and Case Management contract requirements. The new contract was awarded to incumbent contractor Qualis Health. 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 Health Care Services in excess of $121,000 monthly. These funds are reinvested in the Medicaid program and will help to offset Health Care Services' added expense of special case reviews necessary to identify health care acquired conditions, as required by the Patient Protection and Affordable Care Act.

Key RDU Challenges

Health Information Technologies:

- A significant challenge is the changing landscape and expectations by the Office of the National Coordinator for the Health Information Exchange Cooperative Agreement. There has been a shift in focus by the Office of the National Coordinator towards Direct protocol and states providing Direct services under their Health Information Exchange Cooperative Agreements rather than a more robust Health Information Exchange. The Health Information Technology office continues to focus on moving the Health Information Exchange from a pilot status to a production status in addition to supporting the Office of the National Coordinator's more immediate goals.

Medicaid Management Information System Development Project:

- A significant challenge continues to be the effective control of the Medicaid Management Information System project to ensure the strict adherence to development and implementation timeline. The Medicaid Management Information System is the engine that processes claims for the Medicaid program. Health Care Services processes 189,759 claims per week in our existing Common Business Oriented Language based legacy Medicaid Management Information System that is now 24 years old.

- This project has a fixed cost budget; therefore any delays resulting in extension of the existing legacy contract will fall on the State to absorb, with offset by federal match. This project, like others of this nature nationwide, continues to have timeliness challenges. It should be noted that over the past ten years, the Centers for Medicare and Medicaid Services have not seen a Medicaid Management Information System project come in on time and on budget.

- In 2007, the department awarded a contract to Affiliated Computer Services, now Xerox, for a new Medicaid Management Information System, including design, development, and implementation. The new Medicaid Management Information System, known as Alaska Medicaid Health Enterprise, was scheduled for an October 2012 implementation. Ongoing testing delays coupled with newly-found defects in Enterprise source code have caused the Alaska Medicaid Health Enterprise implementation to be delayed. Current estimates are for a FY2014 implementation. Xerox describes Alaska Medicaid Health Enterprise as a sophisticated, web-enabled solution for administering all Medicaid programs that will be available to providers and recipients who participate in the medical assistance programs. It will have features allowing users to access the system through a user-friendly web portal. This progressive Medicaid Management Information System will incorporate innovative features and advancements that will grow as health care services grow.

- Other key challenges tied to this project include: (1) ensuring minimal disruption to state employees, providers, and recipients; (2) completing provider enrollment; (3) conducting provider/recipient training; and (4) meeting Centers for Medicare and Medicaid Services mandates requiring Medicaid Management Information System configuration while still operating the old legacy system.

Recipient Services:

- Support with eligibility, transportation and service issues, and assistance with identification of providers who are accepting new Medicaid patients continue as the focus of recipient services. Challenges continue with assisting recipients with access to dental care and management of their enhanced dental benefits, as well as access to complex medical care. Each recipient call is unique and requires research and resourcefulness to identify appropriate intervention. The most frequent issues include providers attempting to bill the Medicaid recipient for services and arranging for medically necessary transportation and accommodation services.

Pharmacy Program:

- Two of the key challenges facing the Health Care Services Pharmacy program are: (1) reviewing the current pharmacy reimbursement rates and payment methodology to incorporate new directives by the Centers for Medicare and Medicaid Services and the results of the recently completed pharmacy cost of dispensing survey and; (2) managing provider expectation while operating an evidenced based, fiscally responsible program.

Accounting and Recovery:

- Implementation of the Health Insurance Portability and Accountability Act 5010 affected our ability to identify and bill claims that should be paid by Medicare. A solution has been created. However, it resulted in fewer recoveries for cross-over claims in FY2012.

Significant Changes in Results to be Delivered in FY2014

- In order to align with the Medicaid Management Information System replacement project efforts and to reprioritize use of the new web-based portal for the enrollment of new providers, the reenrollment of all 12,000+ current providers commenced in FY2013 and will continue into FY2014. 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.

- In FY2014, Health Care Services will continue efforts to comply with various components of the Affordable Care Act. These include implementing operating rules for compliance with electronic health transactions, as well as continued enrollment and controls for rendering and referring providers.

- In FY2014, Health Care Services will conduct work efforts to seek federal certification of the newly implemented Enterprise Medicaid Management Information System. This federal certification is required for enhanced federal match rate for operation of the new system.

- In FY2014, Health Care Services will continue with implementation of the mandate for International Classification of Diseases, 10th edition. 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 International Classification of Diseases,10th edition changes must be implemented by October 1, 2014.

New Performance Measures for FY2014

In FY2013, the department implemented a results-based management framework which led to:
- a refinement of overarching priorities
- the development of core service areas and agency performance measures
- the alignment of division-level performance measures

This process set in motion an agency-wide shift in how we measure our impact on the health and well-being of Alaskan individuals, families and communities and how we align our budget. With this shift, it is the intent of the department to deliver quality service (effectiveness) while making the best use of public resources (efficiency). At an agency glance, this framework allows department level measures to cascade to divisions and division measures to more strategically align upward towards meaningful outcomes.

To that end, the following measures reflect this division's contribution to the department performance measure structure for FY2014.

PRIORITY I. HEALTH & WELLNESS ACROSS THE LIFESPAN

CORE SERVICE A. PROTECT AND PROMOTE THE HEALTH OF ALASKANS.

OUTCOME 2. Alaskans are free from unintentional injury

	ALIGNING DIVISION LEVEL MEASURES	
	EFFECTIVENESS MEASURE	Percentage of medication errors for Alaskans in the care/custody of HSS.
	EFFICIENCY MEASURE	Number of hospitalizations due to medication errors. (HCS)
	EFFICIENCY MEASURE	Cost of medical services in facilities. (DJJ)
	EFFECTIVENESS MEASURE	Percent of facilities with deficiencies.
	EFFICIENCY MEASURE	Percent of decrease in facilities with deficiencies.
	EFFICIENCY MEASURE	Percent of complaints investigated within established timeframes.

CORE SERVICE B. PROVIDE QUALITY OF LIFE IN A SAFE LIVING ENVIRONMENT FOR ALASKANS.

OUTCOME 1. Alaskan children receiving department services live in a supportive setting.

EFFECTIVENESS MEASURE	**Percent of children receiving department services who are safe and supported.***
EFFICIENCY MEASURE	**Cost of services per child.***

	***AGGREGATE DIVISION MEASURES - (Percent of children receiving department services who are safe and supported).**	
	EFFECTIVENESS MEASURE	Percent of children on Medicaid who are prescribed psychotropic medication.
	EFFICIENCY MEASURE	Average cost of psychotropic medications for children on Medicaid.

PRIORITY II. HEALTH CARE ACCESS, DELIVERY AND VALUE

CORE SERVICE A. MANAGE HEALTH CARE COVERAGE FOR ALASKANS IN NEED.

OUTCOME 1. Each Alaskan has a primary care provider.

EFFECTIVENESS MEASURE	**Percent of individuals served by the department who have a primary care provider.***
EFFICIENCY MEASURE	**Cost per recipient served by the department who has a primary care provider.***

	***AGGREGATE DIVISION MEASURES - (Percent of individuals served by the department who have a primary care provider).**	
	EFFECTIVENESS MEASURE	Percent of clients with access to a regular primary care provider.
	EFFICIENCY MEASURE	Cost to provide health care services per client.
	ALIGNING DIVISION LEVEL MEASURES	
	EFFECTIVENESS MEASURE	Percentage of Medicaid recipients served.
	EFFICIENCY MEASURE	Average cost per recipient. (APH, DBH, DPH, OCS, SDS)

OUTCOME 2. Alaskans with chronic or complex medical conditions receive integrated care.

EFFECTIVENESS MEASURE	**Number of Medicaid recipients empaneled in medical home.**

EFFICIENCY MEASURE	Cost per recipient in medical home vs. cost per recipient not enrolled in medical home.
EFFECTIVENESS MEASURE	Percent of providers connected to the Health Information Exchange (HIE) for Directed Exchange.
EFFECTIVENESS MEASURE	Percent of providers connected to the Health Information Exchange (HIE) for Query-Based Exchange.
EFFICIENCY MEASURE	Cost per provider connected to the Health Information Exchange.

	ALIGNING DIVISION LEVEL MEASURES
EFFECTIVENESS MEASURE	Percent of primary care providers that provide integrated services.
EFFICIENCY MEASURE	Cost of integrated primary care per recipient.
EFFECTIVENESS MEASURE	Percent of patients receiving case management services.
EFFICIENCY MEASURE	Average cost per recipient in case management.
EFFECTIVENESS MEASURE	Percent of cases under utilization review.
EFFICIENCY MEASURE	Savings from utilization review compared to cost of service.

CORE SERVICE B. FACILITATE ACCESS TO AFFORDABLE HEALTH CARE FOR ALASKANS

OUTCOME 1. Alaskans have access to health care.

EFFECTIVENESS MEASURE	Percent of Alaskans in urban communities that can access care.*
EFFICIENCY MEASURE	Department cost per percent of Alaskans with access to care.*

	***AGGREGATE DIVISION MEASURES - (Percent of Alaskans in urban communities that can access care).**
EFFECTIVENESS MEASURE	Percent of Medicaid eligibles who utilize Medicaid Services.
EFFICIENCY MEASURE	Cost per recipient.
EFFECTIVENESS MEASURE	Number of providers participating in the Medicaid Program.
EFFICIENCY MEASURE	Percent change in number of providers participating.
EFFECTIVENESS MEASURE	Number of Alaskans with online access to health care records and health care education resources (Stage 2 MU).
EFFICIENCY MEASURE	Percentage of providers who attest to meeting Stage 2 MU requirements to provide online access to patients.

EFFECTIVENESS MEASURE	Percent of Alaskans in rural communities that can access care.*
EFFICIENCY MEASURE	Department cost per percent of Alaskans with access to care.*

	***AGGREGATE DIVISION MEASURES - (Percent of Alaskans in rural communities that can access care).**
EFFECTIVENESS MEASURE	Number of paid telehealth claims in Medicaid programs.
EFFICIENCY MEASURE	Travel cost saved where Medicaid telehealth visit replaced travel.
EFFECTIVENESS MEASURE	Percent of providers participating in telehealth.
EFFICIENCY MEASURE	Costs avoided from use of telehealth.

PRIORITY III. SAFE & RESPONSIBLE INDIVIDUALS, FAMILIES AND COMMUNITIES

CORE SERVICE A. STRENGTHEN ALASKAN FAMILIES.

OUTCOME 1. Alaskan families develop work skills.

EFFECTIVENESS MEASURE	Percent of individuals receiving employment related services from department who achieve employment.
EFFICIENCY MEASURE	Cost of supported employment services per successful participant.

	* AGGREGATE DIVISION MEASURES - (Percent of individuals receiving employment related services from department …)	
EFFECTIVENESS MEASURE	Percent of Medicaid recipients who receive subsidized health insurance (HIPP); Percent of Medicaid recipients that participate in the Working Disable Program	
EFFICIENCY MEASURE	Savings realized from paying health insurance premiums; Amount collected for the Working Disable Program	

CORE SERVICE B. PROTECT VULNERABLE ALASKANS.

OUTCOME 3. Health and social service facilities in which Alaskans are served are safe.

EFFECTIVENESS MEASURE	Percent of licensed facilities that are free from reports of harm.*
EFFICIENCY MEASURE	Cost for licensure functions and oversight.*
EFFICIENCY MEASURE	Percent of time that enforcement action is taken within required timeframe. *

	* AGGREGATE DIVISION MEASURES - (Percent of licensed facilities that are free from reports of harm).
EFFECTIVENESS MEASURE	Percent of licensed facilities that are free from reports of harm.
EFFICIENCY MEASURE	Cost for licensure functions/oversight.
EFFICIENCY MEASURE	Percent of time that enforcement action is taken within required timeframe.

EFFECTIVENESS MEASURE	Percent of background checks completed within established timeframes.
EFFICIENCY MEASURE	Cost of administering background check program.
EFFICIENCY MEASURE	Average time to complete final determination.

Contact Information

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Health Care Services
RDU Financial Summary by Component

All dollars shown in thousands

	FY2012 Actuals				FY2013 Management Plan				FY2014 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												
Catastrophic & Chronic Illness	1,198.2	0.0	0.0	1,198.2	1,471.0	0.0	0.0	1,471.0	1,471.0	0.0	0.0	1,471.0
Non-Formula Expenditures												
Health Facilities Licensing & Ce	533.1	0.0	1,339.5	1,872.6	641.5	80.7	1,467.0	2,189.2	1,038.5	60.0	1,467.0	2,565.5
Certification and Licensing	2,539.5	47.8	1,313.4	3,900.7	3,006.9	263.0	2,730.9	6,000.8	3,006.9	263.0	2,230.9	5,500.8
Medical Assistance Admin.	5,206.4	2,290.7	5,761.3	13,258.4	5,161.2	5,711.0	7,456.9	18,329.1	5,162.6	4,713.5	6,833.6	16,709.7
Rate Review	1,108.3	0.0	1,161.3	2,269.6	1,588.4	0.0	1,647.4	3,235.8	1,268.8	0.0	1,327.6	2,596.4
Community Health Grants	2,153.9	0.0	0.0	2,153.9	2,153.9	0.0	0.0	2,153.9	2,153.9	0.0	0.0	2,153.9
Totals	**12,739.4**	**2,338.5**	**9,575.5**	**24,653.4**	**14,022.9**	**6,054.7**	**13,302.2**	**33,379.8**	**14,101.7**	**5,036.5**	**11,859.1**	**30,997.3**

Health Care Services
Summary of RDU Budget Changes by Component
From FY2013 Management Plan to FY2014 Governor

All dollars shown in thousands

	Unrestricted Gen (UGF)	Designated Gen (DGF)	Other Funds	Federal Funds	Total Funds
FY2013 Management Plan	**12,113.3**	**1,909.6**	**6,054.7**	**13,302.2**	**33,379.8**
Adjustments which will continue current level of service:					
-Health Facilities Licensing & Ce	0.0	-60.0	60.0	0.0	0.0
-Medical Assistance Admin.	1.4	0.0	-997.5	-623.3	-1,619.4
-Rate Review	-319.6	0.0	0.0	-319.8	-639.4
Proposed budget decreases:					
-Health Facilities Licensing & Ce	0.0	0.0	-80.7	0.0	-80.7
-Certification and Licensing	0.0	0.0	0.0	-500.0	-500.0
Proposed budget increases:					
-Health Facilities Licensing & Ce	457.0	0.0	0.0	0.0	457.0
FY2014 Governor	**12,252.1**	**1,849.6**	**5,036.5**	**11,859.1**	**30,997.3**