

# **State of Alaska FY2003 Governor's Operating Budget**

## **Department of Health and Social Services Health Purchasing Group Component Budget Summary**

## Component: Health Purchasing Group

**Contact: Janet Clarke, Director, Administrative Services**

**Tel:** (907) 465-1630 **Fax:** (907) 465-2499 **E-mail:** janet\_clarke@health.state.ak.us

### Component Mission

To maintain access to health care and to provide health coverage for Alaskans in need.

### Component Services Provided

The Health Purchasing Group (HPG) is a jointly funded, cooperative venture between the federal and state governments to assist in the provision of adequate and competent medical care to eligible needy persons. Units within this component and the specific services they provide include the following:

#### Systems and Analysis

Monitoring Claims Payments

- Identifying/Correcting Medicaid Management Information System (MMIS) System Errors
- Implementing and Supervising MMIS Enhancements and Testing
- MMIS Data and Research
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#### Financial Services and Recovery

Policy and Rate Appeals

- Post Payment Review and Cost Avoidance
- Third Party Liability / Recovery
- Accounting – Claims Payment Check Writes and Expenditure
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#### Provider Review and Rate Setting

Financial Audits

- Post Payment Reviews
- Medicaid Rate Advisory Commission (MRAC) Technical Support
- MRAC Audit Support
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#### Provider and Benefits Services

Provider Participation and Access Coordination

- Provider Training and Publications
- Provider Assistance and Problem Resolution
- Beneficiary Training and Problem Resolution – Fair Hearings
- Claims Cycle Monitoring and Problem Resolution
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### Component Goals and Strategies

- Assure the ongoing, timely, and accurate payment of medical claims.
- Assure service providers are consistently informed of appropriate procedures and policy changes.
- Assure clients have access to medical services by setting fair and equitable rates for the various medical services and program purchases.
- Provide utilization reviews to assure medical necessity and quality assurance.

### Key Component Issues for FY2002 – 2003

#### Medicaid Management Information System Procurement Project

Federal law requires all states participating in the Medicaid program to operate an automated claims processing system which must be certified by the federal government as a Medicaid Management Information System (MMIS). Federal rules also require these fiscal agent contracts be competitively bid. The current contract for DMA's fiscal agent was negotiated and awarded in FY88.

Recent federal law adopted under the Health Insurance Portability and Accountability Act (HIPAA) now mandates significant changes in electronic transaction standards, confidentiality, and system security. Prompted also by rapid advancements in technology, the division has initiated the process to replace its current MMIS. This three-year project is called the "MMIS Reprourement Project" and is divided into three primary phases: planning, development, and implementation. The division is well into the planning phase and will soon release a request for proposals to begin the development phase.

The priority goal for the division is to transition to a new MMIS system with minimum disruption to its service providers and clients. The new system and fiscal agent contract will not only satisfy the needs of the state, but also the needs of medical service providers and the community of clients they support.

### **Quality Program Development**

DMA's management team has begun to aggressively move the organization toward a more proactive system development role and away from the more passive reimbursement role. The purpose of the organizational shift is to design, develop, and implement an organizational structure that would further enhance Health Purchasing Group's capacity to purchase and manage health care services in the most cost-effective manner possible. The division is committed to a sustained effort to build and support a quality medical services program with quality technical and management expertise. This effort will be realized through implementation of innovative and efficient business practices to assure the governor, the legislature, and the public that our clients will receive the benefits of a fiscally responsible and responsive Medicaid service delivery system.

## **Major Component Accomplishments in 2001**

### **Service Provider Outreach and Education**

In its effort to partner more successfully with the provider community through outreach and education, Health Purchasing Group (HPG) has targeted those provider types experiencing claims filing problems, and is offering additional and more accessible training to help reduce the time and effort required to process claims. Efforts to solicit additional service provider participation have also been strengthened through an increased commitment of staff resources.

HPG also redesigned its complaint process for documenting complaints against Medicaid providers and for governing appropriate agency responses. This involved a thorough mapping of the complaint and the waiver/exclusion processes, and centralizing these activities in one area through the Participation and Access Coordinator. While research and resolution may be referred to other staff, the central contact will follow up to ensure timely, documented, and responsive resolution. In addition, Beneficiary Guides are being developed which will educate beneficiaries in the appropriate use of the program, including the complaint process and the beneficiary/waiver process. Provider Billing Manuals are also scheduled for update to reflect these changes. The Complaint Form and procedures will be placed on the DMA and fiscal agent web sites for beneficiary and provider access. DMA's Hotline now has a fully implemented database which records all calls to the hotline and allows search capability for all fields within the database. Standardized field formats facilitate the search capabilities.

## **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 43 Medicaid  
7 AAC 48 Chronic and Acute Medical Assistance

Code of Federal Regulations:  
Title 42 CFR Part 400 to End

**Health Purchasing Group  
Component Financial Summary**

*All dollars in thousands*

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	2,909.8	3,917.5	4,164.6
72000 Travel	115.5	90.3	90.3
73000 Contractual	13,418.6	12,620.6	12,221.5
74000 Supplies	405.6	42.7	42.7
75000 Equipment	331.2	125.9	125.9
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>17,180.7</b>	<b>16,797.0</b>	<b>16,645.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	11,813.9	11,658.9	11,590.3
1003 General Fund Match	5,206.6	5,006.2	4,921.3
1004 General Fund Receipts	131.8	131.9	133.4
1053 Investment Loss Trust Fund	28.4	0.0	0.0
<b>Funding Totals</b>	<b>17,180.7</b>	<b>16,797.0</b>	<b>16,645.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Federal Receipts	51010	11,813.9	11,658.9	11,606.0	11,590.3	11,658.9
<b>Restricted Total</b>		<b>11,813.9</b>	<b>11,658.9</b>	<b>11,606.0</b>	<b>11,590.3</b>	<b>11,658.9</b>
<b>Total Estimated Revenues</b>		<b>11,813.9</b>	<b>11,658.9</b>	<b>11,606.0</b>	<b>11,590.3</b>	<b>11,658.9</b>

## Health Purchasing Group

### Proposed Changes in Levels of Service for FY2003

There are no changes to the level of services provided.

### Summary of Component Budget Changes From FY2002 Authorized to FY2003 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2002 Authorized</b>	5,138.1	11,658.9	0.0	16,797.0
<b>Adjustments which will continue current level of service:</b>				
-Year 3 Labor Costs - Net Change from FY2002	52.9	67.7	0.0	120.6
-Transfer to Med Asst Admin to cover the increased cost of new FY02 positions only partially funded	-69.9	-70.0	0.0	-139.9
-Transfer to C&L to cover the increased cost of new FY02 positions only partially funded in FY02	-13.4	-13.4	0.0	-26.8
-Transfer 1 PFT position and funding from Certification & Licensing ADN 0620002	20.3	20.4	0.0	40.7
-Transfer position and funding for Information Technology to Medical Assistance Admin ADN 0620002	-73.3	-73.3	0.0	-146.6
<b>FY2003 Governor</b>	<b>5,054.7</b>	<b>11,590.3</b>	<b>0.0</b>	<b>16,645.0</b>

**Health Purchasing Group  
Personal Services Information**

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	62	64	Annual Salaries	3,202,073
Part-time	0	0	COLA	73,918
Nonpermanent	0	0	Premium Pay	10
			Annual Benefits	1,130,992
			<i>Less 5.50% Vacancy Factor</i>	<i>(242,384)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>62</b>	<b>64</b>	<b>Total Personal Services</b>	<b>4,164,609</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	1	0	0	0	1
Accounting Clerk II	2	0	0	0	2
Accounting Tech I	1	0	0	0	1
Accounting Tech II	1	0	0	0	1
Accounting Tech III	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	3	0	0	0	3
Analyst/Programmer V	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	4	0	0	0	4
Internal Auditor IV	1	0	0	0	1
Medicaid Pharm Program Manager	1	0	0	0	1
Medical Assist Admin I	9	0	0	0	9
Medical Assist Admin II	12	0	0	0	12
Medical Assist Admin III	4	0	0	0	4
Medical Assist Admin IV	10	0	0	0	10
Medical Officer	1	0	0	0	1
Micro/Network Spec I	1	0	0	0	1
Micro/Network Spec II	1	0	0	0	1
Micro/Network Tech I	0	0	1	0	1
Planner II	1	0	0	0	1
Research Analyst I	1	0	0	0	1
Research Analyst II	2	0	0	0	2
Research Analyst III	1	0	0	0	1
<b>Totals</b>	<b>63</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>64</b>