

State of Alaska
FY2006 Governor's Operating Budget

Department of Health and Social Services
Senior and Disabilities Medicaid Services
Component Budget Summary

Component: Senior and Disabilities Medicaid Services

Contribution to Department's Mission

To maximize the services available to all Alaskans who are entitled to Medicaid services.

Core Services

This component provides funding for Medicaid services for developmentally disabled children, adults with disabilities, and elderly Alaskans.

Some individuals receive care through waiver programs which allow individuals to be served in non-institutional settings. In FY04 services were provided to the following people under waivers:

- 1) 970 individuals with mental retardation and developmental disabilities who would otherwise have received care in an institution for the mentally retarded.
- 2) 211 technology dependent children, who otherwise would have received care in a nursing home, were served through the Children with Chronic Medical Conditions Waiver .
- 3) 898 adults, who otherwise would have received care in a nursing home, received services through the Adults with Physical Disabilities Waiver.
- 4) 1,294 adults aged 65+ received services through the Older Alaskans Waiver rather than through a nursing home.

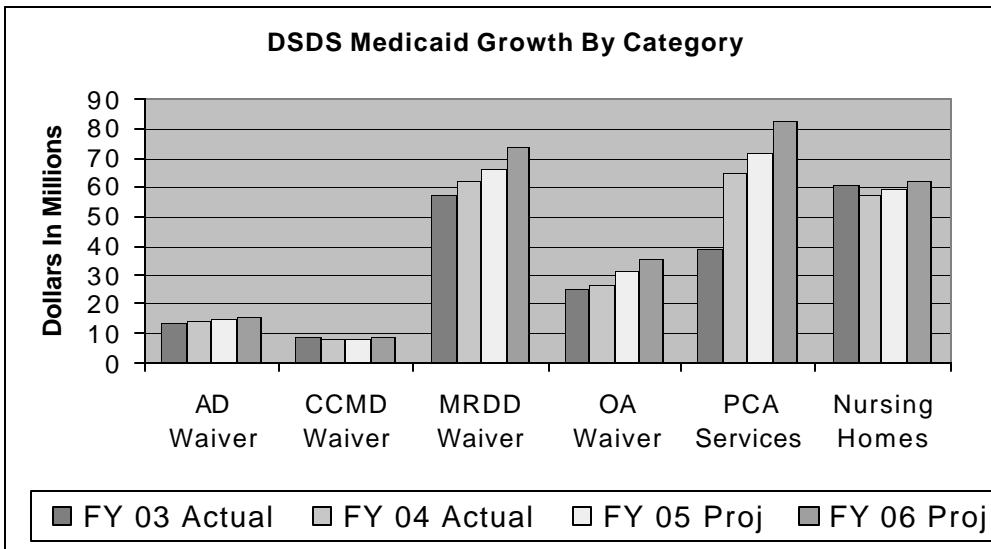
Individuals receiving coverage through non-waiver services in FY04 included:

- 1) 1,150 individuals through the Nursing Homes program;
- 2) 3,577 individuals receiving services through the Personal Care Attendant program.

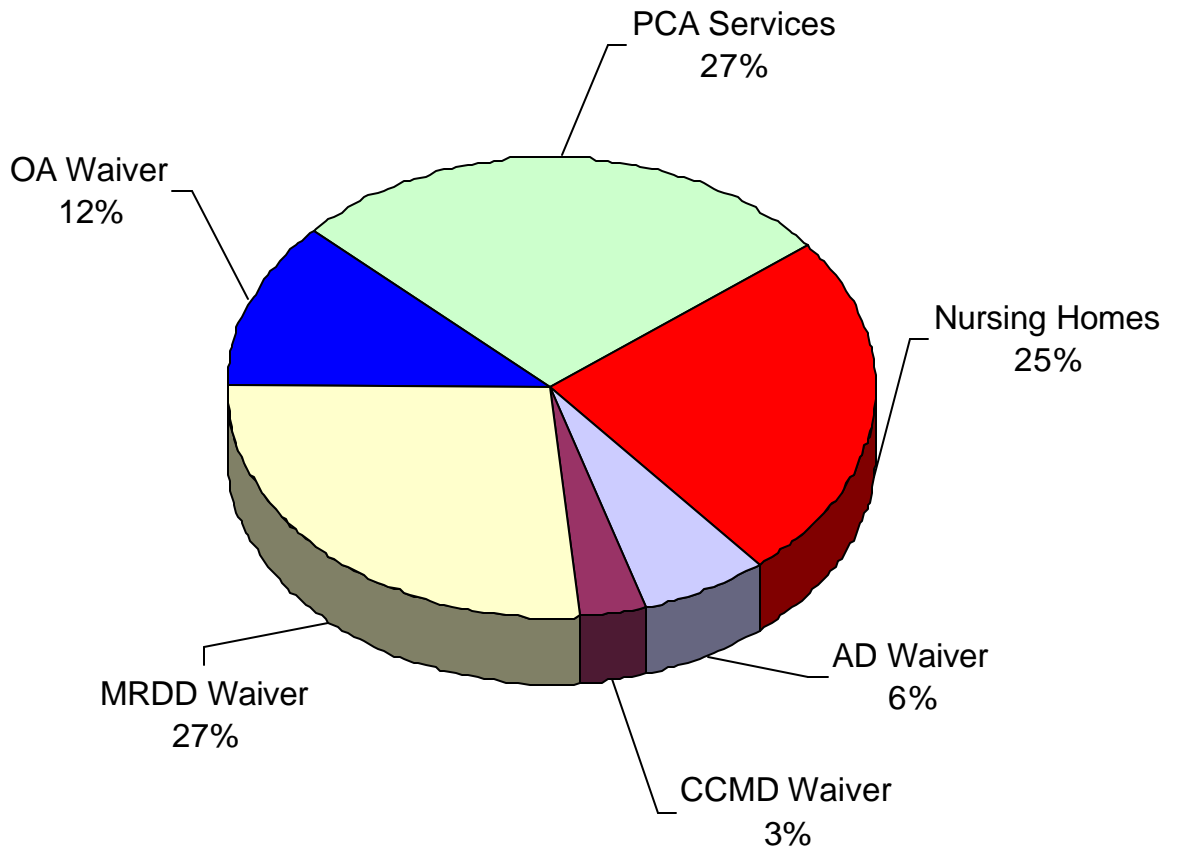
In FY04 the unduplicated count of individuals receiving services was approximately 6,400.

Senior and Disabilities Medicaid Services experienced an 18% annual average rate of growth over the last five years. Cost increases are mainly due to an increase in the number of clients. The number of recipients rose an average of 16% annually while the cost-per-recipient rose less than 2% annually. Personal Care Services accounted for 86% of the increased cost in FY04. Personal Care was the fastest growing category of service with a 65% increase between FY03 and FY04.

Growth for the component slowed somewhat to 15% in FY04 from the near 25% increases seen in FY01, FY02, and FY03. Growth is projected to slow in the near future to 7.5% in FY05 and 10% in FY06. This is primarily because the rate of growth in Personal Care Services is expected to slow to between 12 and 15%.



DSDS Medicaid Components % of Total FY2004 Costs



FY2006 Resources Allocated to Achieve Results									
FY2006 Component Budget: \$248,624,300	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="padding-left: 20px;">Personnel:</td> </tr> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right; padding-right: 20px;">0</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right; padding-right: 20px;">0</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; padding-right: 20px;">0</td> </tr> </table>	Personnel:		Full time	0	Part time	0	Total	0
Personnel:									
Full time	0								
Part time	0								
Total	0								

Key Component Challenges

The State of Alaska FFY06 Federal Authorized Medicaid Percentage (FMAP) for Medicaid Services will be 50.16% compared to the FFY05 Federal FMAP of 57.78%. Unless a change in the federal national formula occurs, this will result in an increased cost to the State of Alaska of \$52 million for FY06. For the Division of Senior and Disabilities Services it is estimated to be \$15.5 million.

Continuing efforts to maintain services while containing costs remains a focus.

Significant Changes in Results to be Delivered in FY2006

The division in FY2004 started a cost based methodology study in order to develop rate development standards for all state providers. This study continues and is expected to be completed in FY2005. The new standards should be fully implemented in FY2006. The results will be services provided at a standardized cost. The increment that is being requested is due to an increased number of individuals being served. In October, 2003 the OA and APD waiver staff were reviewing 17 to 20 assessments per week. In October, 2004 the number of assessments per week is between 35 and 50.

Major Component Accomplishments in 2004

- Conducted training sessions for staff on the new regulations to ensure uniform application to all consumers and providers.
- Began the Cost Based Methodology Study for standardizing rates
- Implemented three sets of waiver regulations for Adult Public Assistance, Home & Community Based and Personal Care Attendants.
- Contracted out the assessments for the Older Alaskans and Adults with Physical Disabilities Waivers which removed the conflict of interest that existed when the care coordinators were performing them.
- Continued expansion of the quality assurance (QA) role including investigations, utilization reviews, and financial recoupment
- Responded to over 170 complaints about Medicaid Waiver provider service.

Statutory and Regulatory Authority

AS 47.07 Medical Assistance for Needy Persons
AS 47.25 Public Assistance

Social Security Act:
Title XVIII Medicare
Title XIX Medicaid

Administrative Code:
7 AAC 43 Medicaid

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

Contact Information
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**Senior and Disabilities Medicaid Services
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	1,000.0	1,800.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	236,382.1	190,291.2	246,824.3
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	236,382.1	191,291.2	248,624.3
Funding Sources:			
1002 Federal Receipts	146,333.6	116,459.2	146,044.2
1003 General Fund Match	72,377.9	74,143.6	100,516.7
1004 General Fund Receipts	674.4	688.4	688.4
1007 Inter-Agency Receipts	1,000.0	0.0	1,375.0
1037 General Fund / Mental Health	15,437.8	0.0	0.0
1180 Alcohol & Other Drug Abuse Treatment & Prevention Fund	558.4	0.0	0.0
Funding Totals	236,382.1	191,291.2	248,624.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	146,333.6	116,459.2	146,044.2
Interagency Receipts	51015	1,000.0	0.0	1,375.0
Restricted Total		147,333.6	116,459.2	147,419.2
Total Estimated Revenues		147,333.6	116,459.2	147,419.2

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	74,832.0	116,459.2	0.0	191,291.2
Adjustments which will continue current level of service:				
-Transfer Funding to DSDS Administration Component for Increased Controls over the PCA program	-399.5	-399.5	0.0	-799.0
Proposed budget increases:				
-Increase I/A for Ak Pioneer Homes Asst Living Services Match for Eligible Medicaid Clients	0.0	0.0	1,375.0	1,375.0
-Increase for Unrealized Cost Containment	7,084.4	9,606.3	0.0	16,690.7
-Increase for Audit Services on Medicaid Providers	200.0	600.0	0.0	800.0
-Projected Senior & Disabilities Medicaid growth	19,488.2	19,778.2	0.0	39,266.4
FY2006 Governor	101,205.1	146,044.2	1,375.0	248,624.3