State of Alaska
FY2008 Governor's Operating Budget

Department of Health and Social Services
Medical Assistance Administration
Component Budget Summary

Component: Medical Assistance Administration

Contribution to Department's Mission

Departmentwide, HCS administers the State Children's Health Insurance Program (SCHIP), the Medicaid Management Information System (MMIS), claims payments and accounting, third-party liability collections and recoveries, and the Chronic and Acute Medical Assistance Program.

Core Services

The Division of Health Care Services maintains the Medicaid core services including hospitals, physician services, pharmacy, dental services, transportation; and other services including physical, occupational, and speech therapy; laboratory; x-ray; durable medical equipment; and hospice and home health care. Departmentwide, HCS administers the State Children's Health Insurance Program (SCHIP), the Medicaid Management Information System (MMIS), claims payments and accounting, third-party liability collections and recoveries, federal reporting activities, Medicaid Administrative Claiming, Medicaid Error Rate program, and the Chronic and Acute Medical Assistance program.

The Medical Assistance Administration component provides support for these programs in the areas of systems and analysis, financial recoveries, providers and benefit services, contracts management, budget and fiscal management, accounts receivable and payable, regulations and legislation support and tracking, data processing and information management, research and analysis both in-house, for the governor, the legislature, and for outside agencies and the general public.

Medicaid Services Administration. Federal financial participation (FFP) for Medicaid administrative activities are federally matched at a base rate of 50%. This means the federal government will provide funds equal to the sum the state contributes toward total administrative expenditures. However, higher matching rates or enhanced rates of 75% and 90% are authorized by law for certain administrative functions and activities.

In order to receive federal matching dollars for medical services under the Medicaid program, states must maintain a Medicaid state plan. The state plan details the scope of each state's Medicaid program by listing the eligibility groups and standards, the services provided, any applicable service requirements, and payment rates for those services. While states generally have flexibility in forming their Medicaid programs, Medicaid state plans must include certain elements of information and must be consistent with mandates detailed in federal statutes.

In FY06, the functions formerly provided under the Health Purchasing Group (HPG) component moved to the Medical Assistance Administration (MAA) component to more accurately represent the division's function and structure. The MAA assures on-going, timely, and accurate payment of medical claims through management and monitoring of the MMIS; service providers are consistently informed of appropriate procedures and policy changes; utilization reviews for medical necessity and quality assurance; accurate data for state agencies and the public; accurate third-party accountability and monitoring and tracking of recoveries. 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

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

Provider and Benefits Services

- Provider Participation and Access Coordination: Building a network of enrolled providers in-state and out-of-state to ensure access to health care and ancillary support services.
- Provider Training and Publications: We have provided 149 face-to-face and teleconference trainings across the state reaching some 1,525 physician offices, public health nurses, office managers and Medicaid billing personnel.
- Provider Assistance and Problem Resolution: We work with about 500 providers over the course of a year and recently assisted one provider to resolve nearly $20,000 in outstanding claims.
- Beneficiary Training and Problem Resolution – Fair Hearings: Ongoing distribution of the Alaska Medicaid Recipient Services handbook to recipients and public and private partners providing services to low income Alaskans. Our office coordinated 1-2 fair hearings every business day for a total of 373 Fair Hearings last year.
- Claims Cycle Monitoring and Problem Resolution

Early and Periodic Screening, Diagnosis & Treatment (EPSDT) Program. The EPSDT program assures that children enrolled in Medicaid receive preventative health care and additional diagnosis or treatment services as needed. Good quality preventative health care reduces subsequent medical care costs for these children. All Medicaid Services/EPSDT program activities are directed toward addressing federal EPSDT regulations and related federal initiatives. The program sends notice to parents or guardians of children due for well-child exams and immunizations; assists families in finding physicians, nurse practitioners, dentists and vision care providers, in their home community who accept new Medicaid patients; coordinates and funds transportation reimbursement to preventative health care appointments for children and pregnant women. Reimbursement assistance is available for health care appointments if the family would not otherwise be able to afford to attend the appointment.

FY2008 Resources Allocated to Achieve Results		
FY2008 Component Budget: $29,392,700	**Personnel:**	
	Full time	56
	Part time	1
	Total	57

Key Component Challenges

Administration of the Medicaid and Chronic and Acute Medical Assistance (CAMA) Programs. Programmatic and financial responsibility for Medicaid services and CAMA are housed under HCS whose customers are the major users of the services. Oversight of the Medicaid program as a whole is under the umbrella of the Commissioner's Office with the Office of Program Review and the Office of Rate Review. HCS maintains the operations aspects of the programs, i.e., claims payments; contract management; provider, facility and client services.

Medicaid Management Information System Development 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 contract for HCS's current fiscal agent was negotiated and awarded in May 1987.

A 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 must satisfy the needs of the state, medical service providers and the clients they serve.

The department has completed a request for proposal (RFP) and is awaiting final approval from our Federal funding agency, the Center for Medicare and Medicaid Services to publish the solicitation. The resulting contract will include fiscal agent services; design, development and implementation of a new claims payment system; a claims data warehouse information system, and operations of the new system for five years. The department is currently building the project management office; staffing, obtaining space and infrastructure in support of this project.

Surveillance, Utilization & Review. HCS is committed to an aggressive recruitment and retention effort to build and sustain a highly competent resource infrastructure with substantive program and business management expertise and depth. This will assure the state continues to enjoy the benefits of a service delivery system of the highest caliber, and well-managed, comprehensive and consistent health program policy under an aggressive cost containment strategy.

Expanding healthcare service programs and federal mandates have required HCS to focus on preparedness and training to meet the needs associated with these changes. HCS has been instrumental in working on the Payment Error Rate Measurement grant project and is preparing for the new Medicaid Payment Error Rate Measurement federal regulations.

In order to more effectively respond to increased Federal and State interest in pursuing fraudulent providers the Department has established within the Commissioners Office a contact individual to address issues and requests from the Medicaid Fraud Control Unit and the Federal Office of the Inspector General.

Increased emphasis on curbing fraudulent and abusive behavior has also led the Department to establish a high level Audit Committee to assure consistence and effective Program Integrity efforts.

Significant Changes in Results to be Delivered in FY2008

No significant changes.

Major Component Accomplishments in 2006

The Systems Unit implemented the Pharmacy Cost Avoidance initiative, the federally-mandated changes needed for Medicare Part D cost avoidance, the changes needed to process claims for Targeted Case Management/Infant Learning Program, the prior authorization process required by the new personal care regulations, and the changes needed to comply with the federal mandate for COBA (coordination of Medicare to Medicaid claims crossover processes).

The EPSDT Program experienced two major accomplishments. During federal fiscal year 2003 to 2005, we increased the ratio of actual preventative health exams to desired number of exams for the period, by 3% for the year. During the same period, we increased the percent of children receiving at least one needed preventative health exam during from 47% to 51%.

HCS has played a major role in the implementation of cost containment measures in an effort to reduce the cost of Medicaid Services while maintaining wherever possible levels of services provided.

Summary of Cost Containment – HCS

- Cost avoid prescriptions covered by other insurances and Medicare was implemented on 11-30-05
- Expanded case management of high-cost recipients
- Expanded efforts to identify drug abuse through client lock-in to single physician
- Continued expansion of the Preferred Drug List in conjunction with the National Medicaid Pooling Initiative
- Continued work on prior authorization requirements for hospital visits
- Increase efforts to eliminate duplicative services through MMIS claims editing
- Identify and implement administrative claiming activities with IHS facilities
- Continue to use Behavioral Pharmacy Management System in conjunction with the Division of Behavioral Health to improve the quality of care and prescribing habits of those providers prescribing behavioral health medications
- Implement Pharmacy clinical edits to improve quality of care and avoid costs
- Implemented Medicare Part D, January 1, 2006

Statutory and Regulatory Authority

Alaska Statutes:
AS 47.07 Medical Assistance for Needy Persons
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

Contact Information
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Medical Assistance Administration
Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,659.3	5,503.7	6,325.0
72000 Travel	123.9	94.8	94.8
73000 Services	21,721.9	23,035.3	22,736.9
74000 Commodities	197.6	115.0	115.0
75000 Capital Outlay	18.1	121.0	121.0
77000 Grants, Benefits	13.7	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	**25,734.5**	**28,869.8**	**29,392.7**
Funding Sources:			
1002 Federal Receipts	17,729.3	20,361.5	20,662.0
1003 General Fund Match	7,433.1	7,479.1	7,726.4
1004 General Fund Receipts	499.8	834.9	810.0
1007 Inter-Agency Receipts	0.0	3.4	3.4
1189 Senior Care Fund	72.3	190.9	190.9
Funding Totals	**25,734.5**	**28,869.8**	**29,392.7**

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		**0.0**	**0.0**	**0.0**
Restricted Revenues				
Federal Receipts	51010	17,729.3	20,361.5	20,662.0
Interagency Receipts	51015	0.0	3.4	3.4
Restricted Total		**17,729.3**	**20,364.9**	**20,665.4**
Total Estimated Revenues		**17,729.3**	**20,364.9**	**20,665.4**

Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor

All dollars shown in thousands

	General Funds	Federal Funds	Other Funds	Total Funds
FY2007 Management Plan	8,314.0	20,361.5	194.3	28,869.8
Adjustments which will continue current level of service:				
-Transfer Nursing Salary Market Based Pay	6.5	0.0	0.0	6.5
-Transfer Costs to Hearings and Appeals Component for Leased Space	-30.0	-30.0	0.0	-60.0
-Transfer funds for PCN 06-0640 to Administrative Support Services for MMIS Project Support	-47.6	-47.5	0.0	-95.1
-Transfer funds to Administrative Support Services for JUCE and Oracle Databases Support	-13.0	-13.0	0.0	-26.0
-FY 08 Health Insurance Increases for Exempt Employees	0.4	0.9	0.0	1.3
Proposed budget increases:				
-FY 08 Retirement Systems Rate Increases	306.1	390.1	0.0	696.2
FY2008 Governor	8,536.4	20,662.0	194.3	29,392.7

Medical Assistance Administration
Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2007 Management Plan	**FY2008 Governor**		
Full-time	56	56	Annual Salaries	3,909,216
Part-time	1	1	Premium Pay	1,030
Nonpermanent	11	11	Annual Benefits	2,804,383
			Less 5.80% Vacancy Factor	(389,629)
			Lump Sum Premium Pay	0
Totals	**68**	**68**	**Total Personal Services**	**6,325,000**

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	1	0	0	0	1
Accounting Clerk II	1	0	0	0	1
Accounting Tech I	1	0	0	0	1
Accounting Tech III	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk I	0	0	1	0	1
Administrative Clerk III	1	0	0	0	1
College Intern IV	2	0	0	0	2
Division Director	0	0	1	0	1
Health Program Mgr III	1	0	0	0	1
Health Program Mgr IV	1	0	0	0	1
Hlth & Soc Svcs Plnr II	1	0	0	0	1
Internal Auditor III	3	0	0	0	3
Internal Auditor IV	1	0	0	0	1
Medical Assist Admin I	5	0	0	0	5
Medical Assist Admin II	11	0	0	0	11
Medical Assist Admin III	11	0	1	0	12
Medical Assist Admin IV	6	0	0	0	6
Nurse Consultant II	2	0	0	0	2
Pharmacist	2	0	0	0	2
Project Analyst	4	0	0	0	4
Project Asst	1	0	0	0	1
Project Coord	1	0	0	0	1
Project Coordinator	0	0	1	0	1
Project Manager	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
Staff Physician	0	0	1	0	1
Totals	**63**	**0**	**5**	**0**	**68**