

State of Alaska FY2009 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

Funds support institutional and community-based services for older Alaskans, children who are developmentally disabled, and adults with disabilities.

The Medicaid program is jointly funded by the federal and state governments to assist in the provision of adequate and competent medical care to eligible persons. Some individuals receive care through Medicaid waiver programs which allow individuals to be served in non-institutional, home and community based settings rather than institutional facilities.

Nursing Facility Services include placement in a nursing institution which provides either an intermediate or skilled level of nursing care.

Personal Care Services provide non-technical, hands-on assistance with activities of daily living (such as bathing, dressing, or grooming) and related instrumental activities of daily living (such as shopping or cooking) necessary to maintain the health and safety of the client in a home setting. Services are provided by personal care attendants through a qualified personal care agency. There are two methods of delivering personal care services: agency-based or consumer-directed. In the agency-based model, the agency oversees, manages, and supervises the personal care attendant. In the consumer-directed model, the consumer selects, trains, and supervises their personal care attendant.

Home and Community Based Waiver Services provide long-term care services in home and community based settings to persons who need the level of care provided in a nursing facility or intermediate care facility for the mentally retarded but wish to remain in their own homes and communities to receive services. Medicaid services include care coordination, chore services, adult day services, day habilitation, environmental modifications, meals, respite care, residential care in alternatives such as assisted living or group homes, specialized medical equipment, specialized private duty nursing, supported employment, and transportation. Senior and Disabilities Medicaid Services component administers four Medicaid Waiver programs:

Older Alaskan Waiver provides services to Medicaid eligible persons aged 65 and older who need the level of care provided in a nursing home.

Adults with Physical Disabilities Waiver provides services to Medicaid eligible persons between the ages of 21 and 64 who need the level of care provided in a nursing home.

Mental Retardation/Developmental Disability Waiver provides services to Medicaid eligible persons with mental retardation, autism, cerebral palsy, seizure disorder, or a condition that means the person functions as if having mental retardation. The person must also have a serious limitation in everyday functions of life and need the level of care provided in an intermediate care facility for the mentally retarded.

Children with Complex Medical Conditions Waiver provides services to Medicaid eligible persons age 21 or younger having a severe, life threatening, chronic physical condition that is expected to continue for more than 30 days. The child also must be dependent upon medical care or technology and need the level of care provided in a nursing home or hospital.

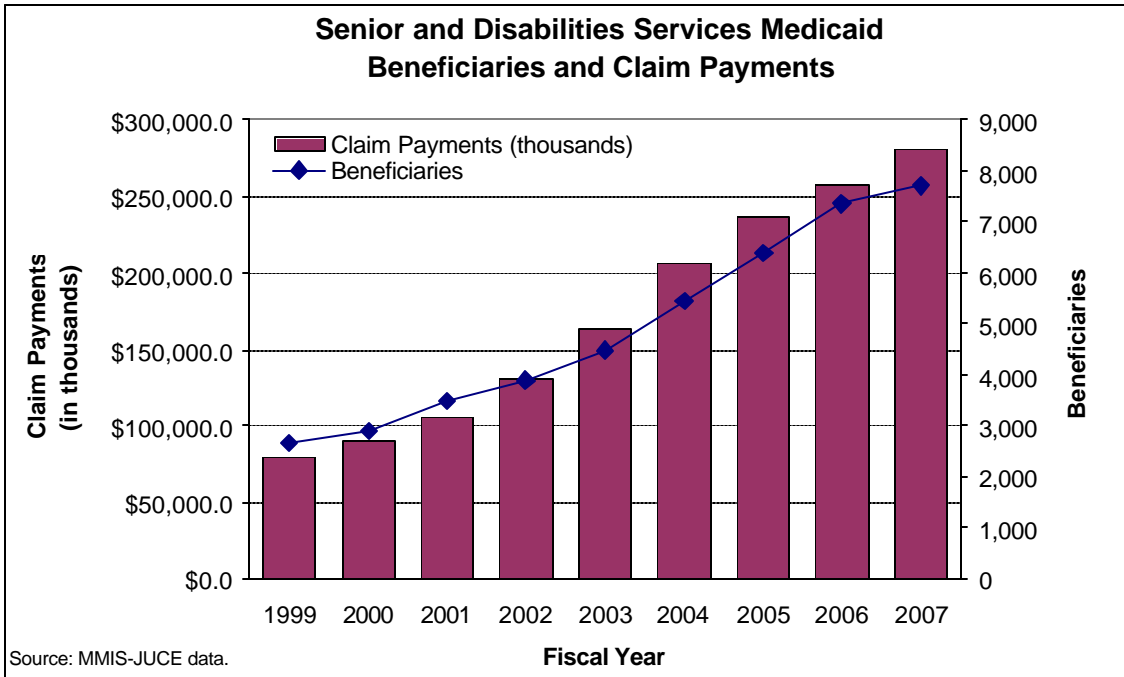
FY2009 Resources Allocated to Achieve Results									
FY2009 Component Budget: \$334,066,400	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="padding-left: 20px;">Personnel:</td> </tr> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right; 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

- Contracts for Medicaid assessments expired on 10/31/07. SDS must hire nurse assessors as State of Alaska employees to perform this function. Access to Medicaid services is not possible without this assessment. SDS must maintain adequate staff to successfully keep up with assessments, create policies/procedures governing the assessment process and come up with long term plans to ensure this essential function continues uninterrupted.
- HB95 states that "It is the intent of the legislature that the department act expeditiously in the administrative processing of individuals on the waitlist so that they may begin receiving services as quickly as possible utilizing the funding increment initiated in the fiscal 2007 budget." The State Plan has been amended so that SDS will draw 200 names from the waitlist each year, or 50 per quarter. SDS will be challenged to maintain this aggressive schedule of removing clients from the DD waitlist and finding adequate available services for the people once they have been removed from the waitlist.
- SDS has been piloting state care coordination. The public demand for state care coordination has far exceeded the existing resources that SDS has to offer. SDS will begin creating more state care coordinator positions to offer the public the choice between provider agency, private individual or state care coordination. Increasing staff care coordination resources aids in the elimination of the Developmental Disabilities waitlist.
- SDS has limited resources to provide technical assistance and training to agencies that serve clients. This training and technical assistance is essential for helping provider agencies to stay compliant with federal/state Medicaid regulations and keep the number of audit findings to minimum.
- In order to provide affordable access to quality health care services to eligible Alaskans, a sufficient supply of service providers must be enrolled in Medicaid. A strategy to maintain provider participation is for provider reimbursement rates to keep pace with health care costs. Since provider participation in Medicaid is voluntary, if Medicaid's rates are too low providers may stop seeing Medicaid clients. Additionally, Alaska's population spread and geographic location challenges make it difficult to ensure that provider agencies are available to everyone seeking services.

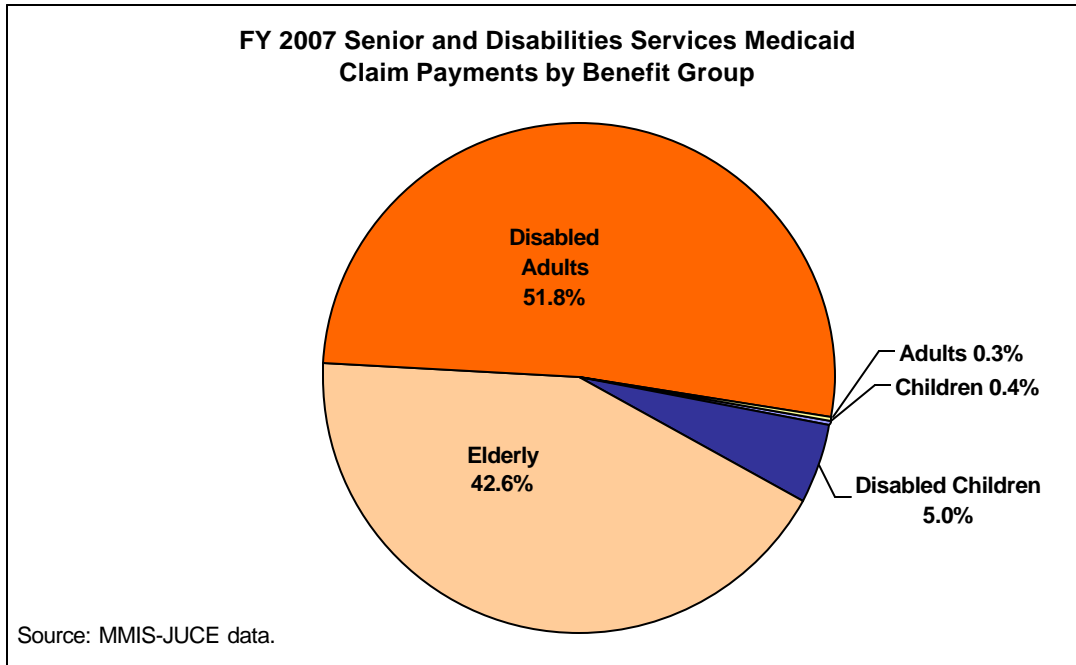
Significant Changes in Results to be Delivered in FY2009

- The cost of Senior and Disabilities Medicaid services grew by 9% between FY05 and FY06 and by 9% between FY06 and FY07. Senior and Disabilities Services Medicaid costs are forecast to grow by a similar amount in FY08. FY09 costs are expected to grow by 6% over the FY08 authorized amount of \$318,610.0.



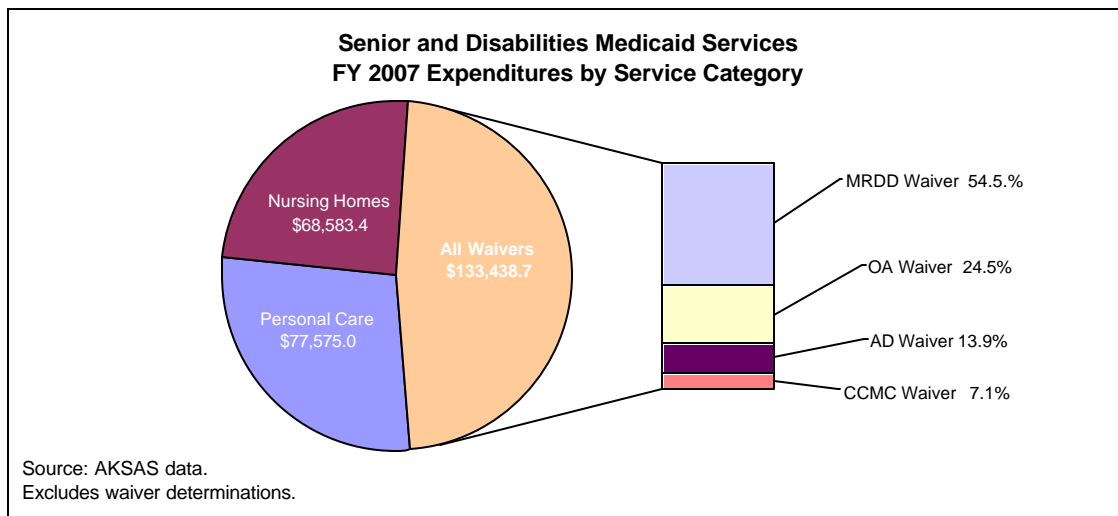
Major Component Accomplishments in 2007

- In FY07 Senior and Disabilities Medicaid provided services to approximately 7,700 beneficiaries at an average annual cost per person that approached \$35,800 (about \$2,980 per person per month). Almost 52% of these beneficiaries were disabled adults, about 43% were elderly, and 5% were disabled children.

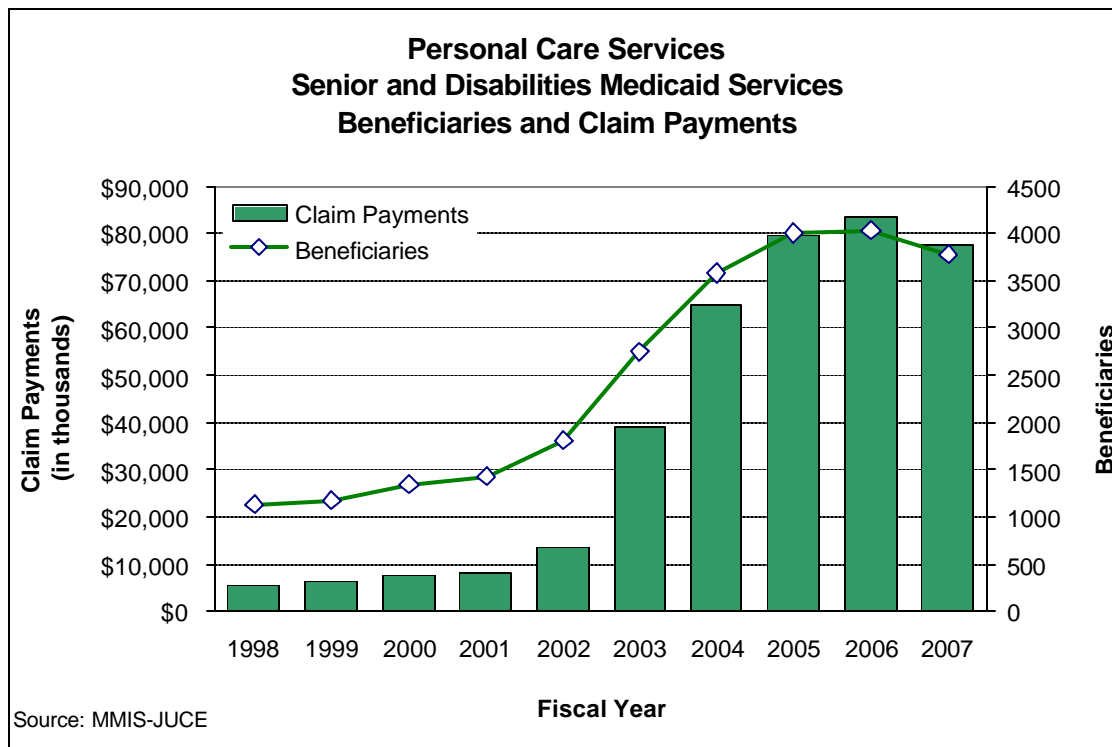


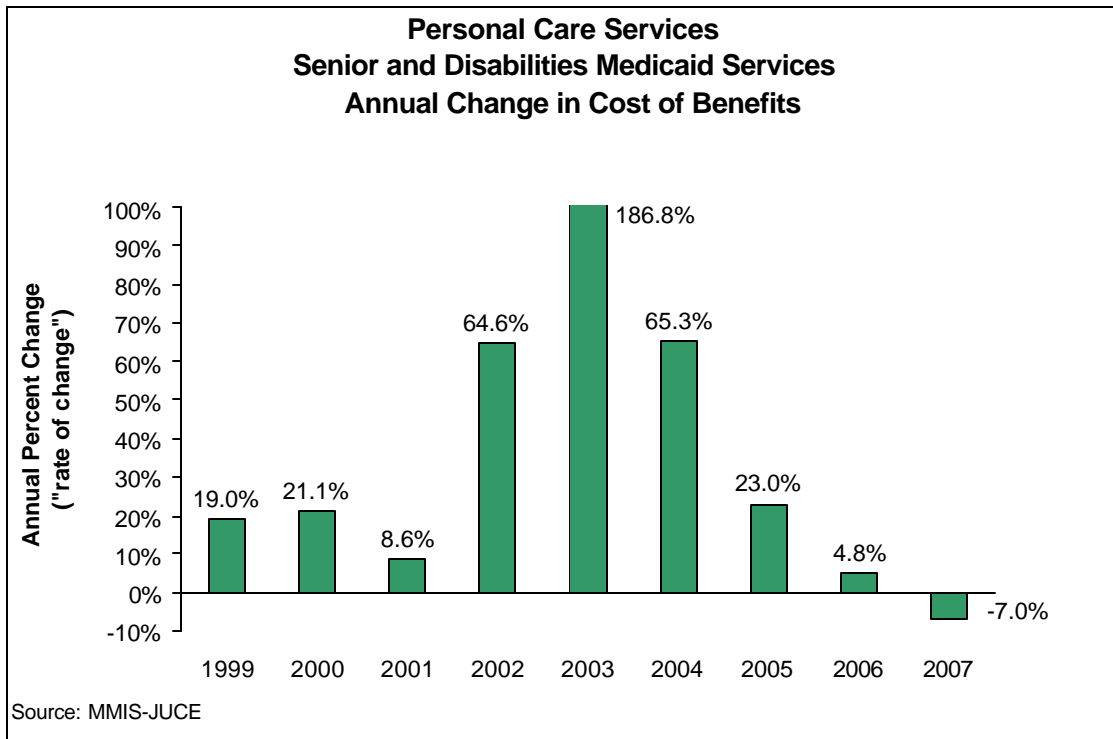
- Claim costs for all services funded through Senior and Disabilities Medicaid grew by less than 9% between FY06 and FY07. FY07 costs for both nursing home services and personal care services were less than FY06 costs, while costs for waiver services grew by about 7% overall. Almost 48% of FY07 Senior and Disabilities Medicaid claim payments were for waiver services. Personal care services comprised 27.8%, and nursing home

services comprised 24.5% of FY07 payments.



- At the direction of the state legislature, DHSS implemented regulations to better manage and evaluate its Personal Care Attendant (PCA) program in April 2006. Regulation changes reduced the number of clients accessing the PCA program and the quantity of services utilized. Audits of Personal Care Attendant agencies and assistance providers, along with strict enforcement of existing regulations, contributed to the successful control of PCA service utilization throughout FY06 and FY07. As a result, annual Medicaid spending on PCA services decreased for the first time in ten years (7% reduction in spending between FY06 and FY07).





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
7 AAC 100 Medicaid Assistance Eligibility

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

	FY2007 Actuals	FY2008 Management Plan	FY2009 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	0.0	0.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	283,183.2	318,610.0	334,066.4
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	283,183.2	318,610.0	334,066.4
Funding Sources:			
1002 Federal Receipts	162,737.1	178,789.1	179,816.4
1003 General Fund Match	118,991.9	126,694.6	132,217.0
1004 General Fund Receipts	0.0	10,551.3	19,153.2
1007 Inter-Agency Receipts	1,290.5	1,375.0	1,679.8
1108 Statutory Designated Program Receipts	163.7	1,200.0	1,200.0
Funding Totals	283,183.2	318,610.0	334,066.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	162,737.1	178,789.1	179,816.4
Interagency Receipts	51015	1,290.5	1,375.0	1,679.8
Statutory Designated Program Receipts	51063	163.7	1,200.0	1,200.0
Restricted Total		164,191.3	181,364.1	182,696.2
Total Estimated Revenues		164,191.3	181,364.1	182,696.2

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	137,245.9	178,789.1	2,575.0	318,610.0
Adjustments which will continue current level of service:				
-FFY09 Federal Medical Assistance Percentage (FMAP) Rate Change for Medicaid	9,004.9	-9,004.9	0.0	0.0
-Transfer Funding to Senior and Disability Services Administration for Additional Staff	-482.5	-482.5	0.0	-965.0
Proposed budget decreases:				
-Decrement PCA cost containment	-3,000.0	0.0	0.0	-3,000.0
Proposed budget increases:				
-FY09 Projected Medicaid Formula Growth	8,601.9	10,514.7	0.0	19,116.6
-Increase RSA From Pioneer Homes for Assisted Living Home Payments to Pioneer Home Residents	0.0	0.0	304.8	304.8
FY2009 Governor	151,370.2	179,816.4	2,879.8	334,066.4