

**State of Alaska
FY2015 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 provide health coverage to Alaskans in need.

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

Core Services

- Provide support services through management efficiencies and the capitalization of Medicaid financing to assure that a full range of health care services is available to our customers.

Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

1. **Provide support services through management efficiencies and the capitalization of Medicaid financing to assure that a full range of health care services is available to our customers.**

Major RDU Accomplishments in 2013

- Health Care Services maintained 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 53,955 to 60,257. This, in part, is due to this project's success and continual training and technical assistance offered as new employees are hired in these key positions at the facilities.
- Health Care Services increased retroactive settlement payments to Tribal Behavioral Health and Dental providers. Dental payments went from \$8,800.0 to \$10,200.0 and Behavioral Health payments went from \$13,500.0 to \$13,700.0 for calendar year 2012. The 2013 settlements will include January to October 1 only. As of October 1, both services will pay the encounter rate at time of claim submission with the implementation of Enterprise. This will leave just one more settlement cycle in calendar year 2014 to capture any remaining lagging claims. This will encompass only a small percentage of claims.
- Additional efforts by Health Care Services have resulted in a greater utilization of lower cost, clinically equivalent, generic medications. At the beginning of FY2013, only 75.5 percent of prescriptions for Medicaid recipients were for generic medications; the use of generic medications steadily increased to 78.9 percent at the end of FY2013.
- Health Care Services continued efforts related to a complete rewrite of all 40+ provider billing manuals. The new manuals will be more user-friendly, easier to update, and will contain hyperlinks for ease of navigation. Fourteen manuals were drafted, approved, and published. They will be followed by the remaining professional, institutional, transportation, and dental services manuals.
- Health Care Services continued planning and development activities related to the federally-mandated International Classification of Diseases, 10th edition (ICD-10) 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 percent federal matching funds. The International Classification of Diseases, 10th edition (ICD-10) mandate must be implemented by October 1, 2014. Health Care Services implemented a new auto-adjudication system for travel authorizations. Benefits include reduction of call center traffic and increased accuracy by eliminating the risk of human error.

- With assistance from the Division of Public Assistance who does Medicaid and Children's Health Insurance Program (CHIP) enrollment, Health Care Services applied and qualified for its fourth Children's Health Insurance Program Reauthorization Act (CHIPRA) performance bonus payment for the Department in the amount of \$4,100.0, bringing the cumulative bonus since 2009 to \$15,500.0.
- Outpatient Imaging Contract: Effective April 15, 2013, Health Care Services replaced its administrative (non-clinical) review of selected outpatient imaging services with clinical reviews based on internationally recognized Utilization Review Accreditation Commission (URAC) standards. Under the administrative review model, fewer than five imaging requests were denied per month, yielding a denial rate of two to 2.5 percent. The division anticipates a denial rate of six to seven percent under the clinical review model, with return on investment (ROI) = 3:1.
- Several contract amendments between Department of Health and Social Services and the Alaska eHealth network were signed in 2013. These amendments consisted of Lab Pilot activities, Health Information Exchange sustainability activities, and Public Health landscape activities that relate to the Health Information Exchange and Meaningful Use.

Key RDU Challenges

Health Information Technologies:

A significant challenge is the pending end of the Health Information Exchange Cooperative Agreement Grant which increases the need for the State and other stakeholders to fund the ongoing operations of the Health Information Exchange established under AS 18.23.300.

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 transportation issues, access to complex medical care, and 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 continue to be: (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:

Issues previously existed due to the implementation of Health Insurance Portability and Accountability Act (HIPAA) 5010, resulting in our inability to identify and bill claims that are paid by Medicare. The issues were resolved. However, problems developed with the monthly Medicare data file that we use to update the eligibility status of our dually eligible Medicare population. This resulted in an inability to cross-match with Medicare on newly eligible recipients, affected updates for existing Medicaid eligibles, and caused a reduction in both cost-avoided amounts and recovered amounts.

Significant Changes in Results to be Delivered in FY2015

In FY2015, Health Care Services will implement 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 planned implementation date for the International Classification of Diseases, 10th edition changes is October 1, 2014.

Contact Information
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**Health Care Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2013 Actuals				FY2014 Management Plan				FY2015 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	1,075.6	0.0	0.0	1,075.6	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	553.5	0.0	1,316.9	1,870.4	898.0	60.0	1,485.1	2,443.1	816.1	60.0	1,384.3	2,260.4
Licensing & Ce	2,676.4	241.8	1,410.2	4,328.4	3,195.6	263.0	2,246.9	5,705.5	3,189.5	263.0	1,244.8	4,697.3
Residential Licensing	4,428.6	2,804.0	3,804.3	11,036.9	5,226.9	4,733.5	6,894.9	16,855.3	5,020.5	2,457.0	5,836.1	13,313.6
Medical Assistance Admin.	1,179.3	0.0	1,179.2	2,358.5	1,288.0	0.0	1,346.6	2,634.6	1,271.6	0.0	1,345.4	2,617.0
Rate Review	2,153.9	0.0	0.0	2,153.9	2,153.9	0.0	0.0	2,153.9	0.0	0.0	0.0	0.0
Community Health Grants												
Totals	12,067.3	3,045.8	7,710.6	22,823.7	14,233.4	5,056.5	11,973.5	31,263.4	11,768.7	2,780.0	9,810.6	24,359.3

Health Care Services
Summary of RDU Budget Changes by Component
From FY2014 Management Plan to FY2015 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2014 Management Plan	12,364.6	1,868.8	5,056.5	11,973.5	31,263.4
Adjustments which will continue current level of service:					
-Health Facilities Licensing & Ce	-51.0	0.0	0.0	-0.8	-51.8
-Residential Licensing	48.5	-3.7	0.0	-2.1	42.7
-Medical Assistance Admin.	-1.7	0.0	-124.2	-1,003.8	-1,129.7
-Rate Review	-1.6	0.0	0.0	-1.2	-2.8
Proposed budget decreases:					
-Health Facilities Licensing & Ce	-30.9	0.0	0.0	-100.0	-130.9
-Residential Licensing	-50.9	0.0	0.0	-1,000.0	-1,050.9
-Medical Assistance Admin.	-204.7	0.0	-2,152.3	-55.0	-2,412.0
-Rate Review	-14.8	0.0	0.0	0.0	-14.8
FY2015 Governor	9,903.6	1,865.1	2,780.0	9,810.6	24,359.3