

State of Alaska FY2018 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

- Ensure health care facilities are safe.
- Ensure health care capacity to meet client needs.
- Provide fiduciary oversight for Alaska Medicaid.
- Ensure access of clients to health care.

Measures by Core Service

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

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Major RDU Accomplishments in 2016

- The Health Information Exchange has or is in progress of connecting Alaska's hospitals. Currently twelve (12) hospitals are connected with the Health Information Exchange and another 10 hospitals are in the process of connecting. It is anticipated that all these hospitals will be connected by February 2017. There are over 450 individual healthcare providers who access the Health Information Exchange via the internet or their Electronic Health Record solution to query and share patient data. Alaska eHealth Network, as part of their strategic planning, will be developing projections for future participation by individual healthcare providers.
- The Health Information Exchange is connected to Division of Public Health registries to support healthcare providers submitting required data to the State. Registries that have been connected are: immunization registry, syndromic surveillance registry, and the electronic laboratory results registry. In the future additional Public Health systems will be connected to the Health Information Exchange to allow providers the ability to submit required data. These future systems may include: Alaska Facility Data Reporting, Alaska Trauma Registry, Lead Electronic Lab Reporting, OZ System, Alaska Birth Defects Registry, Death and Injury Reporting registries, Human Immunodeficiency Virus/Sexually Transmitted Disease (HIV/STD) registry.
Department Core Measure 2.1
- The Residential Licensing Program is responsible for the licensing of 710 facilities statewide. These facilities are Assisted Living Homes and Residential Child Care Facilities. During FY2016, 68 new facilities were issued licenses and 48 facilities closed, for a net increase of 20 facilities.
Department Core Services 1.1; and 3.2, Division Core Service 1
- Increased need for medical services on behalf of certain recipients on the Health Insurance Premium Payment program resulted in a jump in annual Medicaid savings from \$432.8 in FY2015 to \$1,275.3 in FY2016. The savings clearly indicate the effectiveness of purchasing health insurance for Health Insurance Premium Payment recipients as a cost-avoidance method.

- Due to major improvements in Alaska Medicaid Management Information System (MMIS) interface functionality, a significant increase of Tricare and commercial insurance recoupment was made possible. For example, in FY2015 the reported combined recovery was \$17.3. In FY2016, the reported combined recovery was \$450.3 and the trend is expected to continue into the next budget year.
- Health Care Services leveraged participation in the multi-state National Medicaid Pooling Initiative (NMPI) to secure supplemental drug rebates for a variety of medications through the joint work of program management and the Drug Utilization Review and Pharmacy and Therapeutics Committees. Department Core Services 2.1 and 2.2, Division Core Measure 3
- The Division of Health Care Services realized a \$16.00 to \$1.00 return on investment (ROI) in FY2016 for inpatient and outpatient utilization management (UM) services performed by its contractor, Qualis Health, and a \$5.00 to \$1.00 return on investment for case management services provided by Qualis Health. Total net savings realized in FY2016 from services provided by Qualis Health was \$5,516.8. Department Core Services 1.1, Division Core Services 2
- The Quality Assurance provider enrollment section developed a new provider enrollment tracking system that provides staff with real-time access to actions taken on submitted provider enrollment applications. In addition to improving oversight of state fiscal agent provider enrollment activities, the new tracking system has streamlined deliberations on complex enrollments and reduced application processing time. Department Core Service 2.2, Division Core Services 2
- As part of ongoing efforts to reduce transportation costs, the department continues to provide policy guidance encouraging providers to coordinate multiple routine and non-emergent medical appointments for individuals into single trips, and to coordinate appointments of multiple family members into single trips. This includes reminding providers of covered and non-covered transportation services, medical necessity documentation requirements, and conditions of coverage for medical escort. The Tribal Programs section has been working with Tribal Health organizations to initiate care coordination agreements with non-tribal organizations to achieve 100 percent refinancing directly impacted by this policy. Another focus area for the department, given this policy change, is to work with tribal health organizations interested in taking over the service authorization and travel arrangement for Medicaid American Indian and Alaska Native beneficiaries. Department Core Services 1.1 and 2.2; Division Core Services 3 and 4
- ICD10: During FY2016 the Health Care Services systems unit completed activities related to MMIS implementation of the federally-mandated International Classification of Diseases (ICD) version 10. On October 1, 2015 processing rules enforced requirements for use of these new diagnoses and surgical procedure codes in claims editing and payment. Disease classifications and surgical procedure codes increased significantly within version 10 providing for greater disease specificity, granularity, laterally and more effective reporting of advances in medical technology. Department Core Service 2.2; Division Core Measure 3

Key RDU Challenges

Health Information Technologies:

- A significant challenge is the continued financial sustainability of the Health Information Exchange, there is an increased need for stakeholders to support the ongoing operations of the Health Information Exchange established under AS 18.23.300. The non-profit organization, Alaska eHealth Network, managing the Health Information Exchange for the department, is evaluating costs for Health Information Exchange services for all participants. Alaska eHealth Network, in partnership with the Alaska Mental Health Trust, is working to develop a strategic plan for the future of the Health Information Exchange including financial sustainability, value proposition of the Health Information Exchange, stakeholder participation, and future services to support sustainability.

Operations:

- The Division of Health Care Services is challenged to implement sweeping Medicaid reform measures required under Senate Bill 74. The resulting cost savings and streamlining of the Medicaid program will require significant time and effort, collaboration with internal and external entities, and will be met with mixed reactions from the provider and Medicaid member community.
- The department is challenged to identify ways to reduce transportation costs for recipients who must travel to receive non-emergent medical care. Because of the large number of communities that are inaccessible by road, and lack of providers in rural villages, recipients must frequently travel to medical hubs to receive services.
- The Operations Unit of Health Care Services is challenged to oversee claims processing, resolve 700 – 1,000 pending claims monthly, providing responses to questions and inquiries, and adjudicating appeals for more than 50 enrolled provider types.

Pharmacy Program:

- Two of the key challenges facing the Health Care Services Pharmacy program are: (1) managing the utilization and program costs for new and extremely costly drug regimens and; (2) managing provider expectation while operating an evidenced based, fiscally responsible program. Department Core Service 2.1, Division Core Services 2 and 4

Significant Changes in Results to be Delivered in FY2018

In FY2018, Health Care Services will complete MMIS enhancements to comply with the federally-mandated standards for Health Insurance Portability and Accountability Act Operating Rules. This Affordable Care Act requirement will improve business processes relating to electronic claims, electronic payments and electronic remittance notices. The content of electronically-transmitted claims-related data, as well as transmission channels and reporting, will be impacted by these new standards. Department Core Service 2.2; Division Core Measure 3

The federally-mandated project to replace the use of the Health Identification Claim Number with a Medicare Beneficiary Identifier on data files shared between Centers for Medicare and Medicaid and State systems will be underway in FY2018. Health Care Services will modify the Medicaid Management Information System to receive, use, and respond with this new identifier on data files exchanged with Centers for Medicare and Medicaid. Department Core Service 2.2; Division Core Measure 3

During FY2018, the Department will complete and submit to Centers for Medicare and Medicaid a Medicaid Information Technology Architecture version 3.0 State Self-Assessment of the Medicaid Management Information System. Medicaid Information Technology Architecture State Self Assessments are mandated by Centers for Medicare and Medicaid to profile the State's Medicaid information technology maturity level. These assessments are an essential tool for improving Medicaid technology and for securing federal funding for future Medicaid initiatives. Department Core Service 2.2; Division Core Measure 3

Contact Information
<p>Contact: Melissa M. Ordner, Budget Manger Phone: (907) 465-1629 Fax: (907) 465-8262 E-mail: melissa.ordner@alaska.gov</p>

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

All dollars shown in thousands

	FY2016 Actuals				FY2017 Management Plan				FY2018 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	450.1	0.0	0.0	450.1	171.0	0.0	0.0	171.0	153.9	0.0	0.0	153.9
Non-Formula Expenditures												
Health Facilities Licensing & Ce	755.7	0.0	1,128.4	1,884.1	771.7	100.0	1,340.2	2,211.9	714.7	100.0	1,347.3	2,162.0
Residential Licensing	3,277.6	0.0	960.4	4,238.0	3,042.5	263.0	1,116.4	4,421.9	2,928.9	363.0	952.6	4,244.5
Medical Assistance Admin.	4,176.3	332.9	4,060.4	8,569.6	5,342.2	1,698.3	6,471.4	13,511.9	5,178.2	685.9	6,310.9	12,175.0
Rate Review	1,079.3	8.2	1,069.3	2,156.8	1,406.9	60.0	1,483.7	2,950.6	1,263.2	60.0	1,340.4	2,663.6
Totals	9,739.0	341.1	7,218.5	17,298.6	10,734.3	2,121.3	10,411.7	23,267.3	10,238.9	1,208.9	9,951.2	21,399.0

Health Care Services
Summary of RDU Budget Changes by Component
From FY2017 Management Plan to FY2018 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>
FY2017 Management Plan	8,658.9	2,075.4	2,121.3	10,411.7	23,267.3
One-time items:					
-Medical Assistance Admin.	-8.8	0.0	-291.0	-8.9	-308.7
-Rate Review	-150.0	0.0	0.0	-150.0	-300.0
Adjustments which continue current level of service:					
-Health Facilities Licensing & Ce	2.7	0.0	0.0	7.1	9.8
-Residential Licensing	10.7	4.1	100.0	7.1	121.9
-Medical Assistance Admin.	-155.2	0.0	-97.5	-151.6	-404.3
-Rate Review	6.2	0.1	0.0	6.7	13.0
Proposed budget increases:					
-Medical Assistance Admin.	0.0	0.0	291.0	0.0	291.0
Proposed budget decreases:					
-Catastrophic & Chronic Illness	-17.1	0.0	0.0	0.0	-17.1
-Health Facilities Licensing & Ce	-59.7	0.0	0.0	0.0	-59.7
-Residential Licensing	-128.4	0.0	0.0	-170.9	-299.3
-Medical Assistance Admin.	0.0	0.0	-914.9	0.0	-914.9
FY2018 Governor	8,159.3	2,079.6	1,208.9	9,951.2	21,399.0