

State of Alaska
FY2018 Governor's Operating Budget

Department of Health and Social Services
Medicaid Services
Results Delivery Unit Budget Summary

Medicaid Services Results Delivery Unit

Contribution to Department's Mission

Medicaid is a jointly funded (federal and state) program that provides coverage for the cost of medically necessary health care services for Alaska's low-income children, pregnant women, families, disabled individuals, and elderly. The program is managed through a contractual relationship with the U.S. Centers for Medicare and Medicaid Services (CMS), articulated in a series of documents which comprise the State Plan.

Major RDU Accomplishments in 2016

Children's Health Insurance Program:

- With passage of the Patient Protection and Affordable Care Act by Congress, the Children's Health Insurance Program, a program known as Denali KidCare and administered by Medicaid in Alaska, has been re-authorized nationwide through 2019 with funding authorized through the first quarter of state fiscal year 2018.
- The enhanced federal medical assistance percentage for the Children's Health Insurance Program which is currently 23 percent above the usual 65 percent remains in effect through September 30, 2017, unless Congress re-authorizes the higher federal medical assistance percentage for an extension. The estimated savings to the Department of Health and Social Services is approximately \$16,000.0 through the end of the Children's Health Insurance Program authorization. Department Core Service 2.2 Division Core Services 3 and 4

Systems and Analysis:

- Provider Risk Assessment: Medicaid Management Information System changes were implemented in FY2016 to comply with Affordable Care Act requirements to assign categorical risk screening levels to providers enrolled in the Medicaid program. Department Core Service 2.2; Division Core Measure 3

Operations:

- In compliance with the Patient Protection and Affordable Care Act, in consideration of public input and tribal consultation, the department implemented regulations establishing a new provider type for free-standing birth centers, allowing direct billing by and reimbursement to these facilities. Under previous regulations, payments for costs related to use of a birth facility are made to the attending midwife. Department Core Service 1.1, Division Core Services 2 and 4
- The Division of Health Care Services implemented new dental and orthodontic services regulations to apply service limitations for full and partial dentures and for lifetime limitations for orthodontic appliances. These changes align Medicaid requirements more closely with that of commercial insurance carriers and were fully supported by enrolled dental providers, based on solicited input prior to drafting of the proposed regulations and on public comment received. Department Core Services 1.1, 2.1, and 2.2; Division Core Services 2, 3, and 4

Tribal Medicaid

- In February 2016, CMS released the State Health Officials letter #16-002 which revises payment policy with respect to tribal providers referring Medicaid American Indians/Alaska Native beneficiaries to non-tribal providers. This policy change expands the scope and nature of services that qualify for 100percent Federal Medical Assistance Percentage (FMAP). This change in policy improves access to necessary care and care coordination for American Indians/Alaska Natives. This was initiated with medevac agreements to achieve close to \$2,000.0 in savings in just one quarter. Department Core Service 2.1 Division Core Service 3

- Worked with tribal health organizations to finesse their registration and enrollment process to continually utilize Hospital Presumptive eligibility to increase the number of American Indian/Alaska Native Medicaid eligible beneficiaries gaining access to care. This also increases Federal Medical Assistance Percentage. Department Core Service 2.2 Division Core Service 4
- Enrolled two tribal health organizations to provide transportation services. This allows tribes to perform service authorization and travel arrangements. This increases ease of access for Medicaid American Indian/Alaska Native beneficiaries to go through their tribal health organization instead of going through the fiscal intermediary and travel broker. This will allow a higher Federal Medical Assistance Percentage. Department Core Service 2.1 Division Core Service 3

Quality Assurance:

- The Division of Health Care Services received 154 fair hearing requests during FY2016. Of those, 81 were resolved and closed prior to hearing, with 58 presented to an administrative law judge. The significant number of cases closed without involvement from an administrative law judge translates into potential cost savings to the Department's reimbursable services agreement with the Department of Law. Of the cases presented, 52 were agency upheld, 2 were agency overturned, and 4 are awaiting final decision. The significant percentage of upheld cases demonstrates the Department's high-level of proficiency with respect to recipient coverage and service delivery requirements. The Alaska Medicaid Coordinated Care Initiative produced estimated savings of \$2,564.4 in FY2016 from reduced utilization of the emergency room and office visits. Department Core Service 2.1, Division Core Measure 3.

Senior and Disabilities Medicaid Services

- Implemented cost control measure for the Intellectual and Developmental Disabilities (IDD) Waiver. The IDD waiver was amended, reducing the number of individuals drawn from the Registry for entry onto the IDD waiver from 250 per year to 50 per year.
- Revised Regulations for Home and Community Based Services which allowed the Division to increase oversight of services authorized. This increased oversight ensures that the appropriate level of service is delivered to meet recipient needs.

Adult Preventative Dental Medicaid Services

- During FY2016, Alaska Medicaid increased the number of enrolled dentists statewide by 62, or 8 percent, from 742 to 804. Further, the percentage of enrolled dentists who provided services to Alaska Medicaid members increased from 43 percent (319 of 742) in FY2015 to 55 percent (442 of 804) in FY2016.

Behavioral Health Medicaid Services

- In FY2016 the Behavioral Health Medicaid component provided services to 14,019 persons at an average annual cost of \$10.9 per recipient. This is a decrease from the previous year when we served 15,956 persons at an average annual cost of \$11.6. At the same time we have seen an expansion in persons accessing care through the Medicaid Expansion.

Key RDU Challenges

- The Division of Health Care Services is challenged to explore ways to reduce transportation costs while meeting the needs of Alaskans and remaining in compliance with federal Medicaid transportation regulations.
- Additionally, Alaska Medicaid is challenged to establish reasonable reimbursement rates for local ground transportation services that do not discourage transportation providers from participating in the program.
- The Division of Health Care Services' Operations Unit oversees claims processing, resolving 700 – 1,000 claim pends and other claim issues per month, providing responses to questions and inquiries, and adjudicating appeals from more than 50 provider types.

Senior and Disabilities Medicaid Services

- Maintain compliance with federal and state requirements to manage the Medicaid waiver programs and meet documentation and timeline requirements. This includes initial assessments, reassessments, level of care determinations, and completed plans of care that must be mailed to each participant.

Adult Preventative Dental Medicaid Services

- With few exceptions, Alaska's dentists are located only in larger communities; consequently, costly Medicaid travel, including airfare and in some instances overnight lodging and meals, is necessary. Although dental health aide therapists meet some of the minor dental needs in small communities, dental-related travel continues to be one of the greatest, and the most costly, challenges to the Adult Preventive Medicaid program.

Behavioral Health Medicaid Services

- The Division of Behavioral Health is very close to implementing a payment methodology to support the costs of providing services including the feasibility of incorporating an acuity adjustment into the rate methodology applied to outpatient behavioral health services. The Division has plans to implement an interim rate increase for community behavioral health clinic and rehabilitation services in FY2017 with a full implementation of the new rate methodology in FY2018.

Significant Changes in Results to be Delivered in FY2018**Health Care Medicaid Services**

- In FY2018, Health Care Services will complete Medicaid Management Information System 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.
- 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 Services 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 Services.
- During FY2018, the Department will complete and submit to Centers for Medicare and Medicaid Services 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 Services 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.
- The Division of Health Care Services' Operations Unit will continue to be focused on development and implementation of initiatives required under SB74. Initial priorities include reduction in travel expenditures by

requiring Medicaid recipients to receive medical services in their home communities and to combine appointments for non-emergent care to reduce the number of travel episodes per recipient.

- The Division of Health Care Services will propose new regulations to further align Medicaid adult preventive dental services with that of commercial insurance carriers.
- The Division of Health Care Services' Operations Unit will continue to support the tribal health program in its continuing transition of travel authorizations and arrangements for American Indian/Alaska Native beneficiaries to Alaska Native Tribal Health Consortium.

Senior and Disabilities Medicaid Services

- To implement Medicaid reform, the division will collaborate with the Division of Behavioral Health to refinance the General Relief program to the 1115 demonstration waiver.

Adult Preventative Dental Medicaid Services

- The Department will continue to explore ways to increase the cost-effectiveness of the adult preventive dental program and maximize its impact on adult Medicaid recipients.

Behavioral Health Medicaid Services

- Development of 1115 Behavioral Health Waiver and other ramifications of SB74 and SB91 are requiring significant restructuring of the current services array. Some of these models will be in full operation by FY2018, and others will still be in development. Managing all of the moving parts of the project require significant staff time and attention and close coordination with our Commissioner's team on Medicaid redesign and reform.

Contact Information
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**Medicaid 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												
Behavioral Hlth Medicaid Svcs	80,298.0	85.5	126,869.1	207,252.6	66,858.0	1,142.5	132,337.5	200,338.0	66,858.0	2,630.0	135,387.0	204,875.0
Children's Medicaid Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svcs	5,518.9	0.0	9,718.8	15,237.7	2,882.6	0.0	12,767.6	15,650.2	2,882.6	0.0	12,767.6	15,650.2
Health Care Medicaid Services	337,561.9	4,956.1	716,228.7	1,058,746.7	258,886.1	8,207.9	709,010.6	976,104.6	258,678.6	8,202.9	719,780.6	986,662.1
Senior/Disabilities Medicaid Svc	215,632.3	237.1	236,565.3	452,434.7	251,967.9	1,068.4	289,227.0	542,263.3	252,217.9	1,068.4	297,193.1	550,479.4
Non-Formula Expenditures												
None.												
Totals	639,011.1	5,278.7	1,089,381.9	1,733,671.7	580,594.6	10,418.8	1,143,342.7	1,734,356.1	580,637.1	11,901.3	1,165,128.3	1,757,666.7

**Medicaid 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	580,162.2	432.4	10,418.8	1,143,342.7	1,734,356.1
One-time items:					
-Behavioral Hlth Medicaid Svcs	0.0	0.0	-425.0	0.0	-425.0
-Health Care Medicaid Services	0.0	0.0	-7.5	0.0	-7.5
Adjustments which continue current level of service:					
-Health Care Medicaid Services	-250.0	0.0	0.0	-250.0	-500.0
-Senior/Disabilities Medicaid Svc	250.0	0.0	0.0	250.0	500.0
Proposed budget increases:					
-Behavioral Hlth Medicaid Svcs	0.0	0.0	1,912.5	3,049.5	4,962.0
-Health Care Medicaid Services	15,162.9	0.0	2.5	0.0	15,165.4
-Senior/Disabilities Medicaid Svc	0.0	0.0	0.0	7,716.1	7,716.1
Proposed budget decreases:					
-Health Care Medicaid Services	-15,162.9	42.5	0.0	11,020.0	-4,100.4
FY2018 Governor	580,162.2	474.9	11,901.3	1,165,128.3	1,757,666.7