

State of Alaska
FY2019 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.>)

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

Major RDU Accomplishments in 2017

- The Health Information Exchange has or is in progress of connecting Alaska's hospitals. Currently seventeen (17) hospitals are connected with the Health Information Exchange and another five hospitals are in the process of connecting. There are over 750 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 robust strategic planning during this year, revised the roadmap for the Health Information Exchange system to include system upgrades, additional provider onboarding, and improved care coordination and analytic tools.
- 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. During the next year it is anticipated additional department systems will be connected to include: Division of Behavioral Health Alaska's Automated Information Management System (AKAIMS), Medicaid claims data, and more Division of Public Health systems. Department Core Measure 2.1
- The Residential Licensing Program is responsible for the licensing of 686 facilities statewide. These facilities are Assisted Living Homes (632) and Residential Child Care Facilities (54). During FY2017, 43 new facilities were issued licenses and 67 facilities closed, for a net loss of 24 facilities. While there was a decrease in the number of facilities there was a net increase of 87 beds (5660 vs 5744) in FY2017.
- The Division of Health Care Services realized a \$14.91 to \$1.00 return on investment in FY2017 for inpatient and outpatient utilization management services performed by its contractor, Qualis Health, yielding a net Medicaid program savings of \$21,623,677. The division realized a \$3.52 to \$1.00 return on investment for case management services provided by Qualis Health, yielding a net Medicaid program savings of \$2,454,220. Total net savings realized in FY2017 from services provided by Qualis Health was \$24,077,897.
- The Background Check Program processed 18,571 determinations, a decrease of 1,315 determinations from

FY2016. The decrease in the number of determinations processed continues to be a direct result of the implementation of the new background check database on November 12, 2014. The database added efficiencies which circumvent duplicate applications and, by design, allow an individual's background check to follow them when adding other employment at no additional cost or requiring a new background check application.

- During SFY2017 the Health Care Services systems unit completed activities related to the Medicaid Management Information System (MMIS) implementation of the federally-mandated Transformed Medicaid Statistical Information System (T-MSIS) reporting requirements. After many months of work, the state submitted the first set of T-MSIS files to The Centers for Medicare and Medicaid Services (CMS) on July 11, 2017. These files contain complete records of all claims processed by Alaska Medicaid, in addition to all provider, member, and Third Party Liability information. These expanded data reports allow for cross-state comparisons of Medicaid data and national analyses of Medicaid health outcomes.
- With responsibilities that include effective management of the state's contract with the federal Center for Medicare and Medicaid Services, covering all aspects of the Medicaid program, the unit drafted and submitted 11 Medicaid state plan amendments in FY2017. As part of the submission process, the unit arranged and performed tribal consultation for each amendment, coordinating with multiple divisions to ensure timely and concurrent notice to the public of associated regulatory changes.
- The Office of Rate Review partnered with Tribal Health Organizations to develop a new rate setting methodology that includes Community Health Aides and Practitioners (CHA/Ps) and a new provider type, Behavioral Health Aides and Practitioners. The proposed methodology was implemented July 1, 2017.
- During FY2017, the Care Management Program saved the Medicaid program approximately \$2,957.0 in Medicaid costs attributed to overutilization of services. The program assigns recipients with a history of overutilization of services to a single primary care provider and pharmacy to improve continuity of care for the individual and reduce unnecessary office visits and excessive medications.
- During FY2017, the Alaska Medicaid Coordinated Care Initiative saved the Medicaid program approximately \$8,500.0 in Medicaid costs attributed to overutilization of services. The program provides case management and healthcare navigation services to recipients that are high-utilizers of Medicaid benefits. The savings from this program are primarily attributed to reductions in emergency room use, and inpatient hospitalizations.

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, developed a robust strategic plan that included financial sustainability, value proposition, stakeholder participation, and future services to support sustainability. Alaska eHealth Network is now challenged with quickly implementing the strategic plan to rebuild trust with participants.

Health Facilities Licensing and Certification:

- The new Federal regulations implemented in FY2016 in three phases will continue into FY2017 and has required continuous training. A new federal survey process for skilled nursing facilities was introduced and training was initiated at the end of FY2017 and will continue for all surveyors into FY2018.

Residential Licensing:

- Federal background check requirements for certain programs, such as Head Start and Child Care Programs, have been updated and federal timelines for implementation provided. While the many of these changes were

incorporated in the FY2017 revised regulations, additional statutory changes may be necessary to ensure the Background Check Program has the authority to continue to run background checks for programs no longer under state jurisdiction.

Systems:

- The Systems Unit is challenged to address multiple large implementation projects, concurrently, to comply with changing department policies and regulations, and state and federal legislation. Many Medicaid Reform initiatives are under policy development throughout the department, and nearly each of these initiatives has systems implications that must be evaluated and scheduled.

Operations:

- Health Care Services Operations Unit are challenged to oversee Medicaid Management Information System (MMIS) claims processing for 7,477,457 claims annually, submitted by 30,077 enrolled providers; research and manually resolve 1,500 pended claims monthly; provide regulatory oversight and management of more than 30 provider types and services; adjudicate 2nd level appeals for more than 50 enrolled provider types; provide regulatory oversight and management of the operations, publications, and training components of the fiscal agent contract; provide regulatory oversight and management of the division's utilization management and case management contract; provide regulatory oversight and management of the division's vision services contract; promulgate regulations for more than 40 provider types; provide legislative session support and respond to all legislative inquiries and requests for information; and comply with state and federal annual, monthly, and ad hoc reporting requirements.

Office of Rate Review:

- The Office of Rate Review is completing development of new rate methodology for Community Behavioral Health Services. As a result of potential changes attributed to Senate Bill 74 activities, this project requires coordination with the Division of Behavioral Health to promote a smooth transition to the new rates. These rates will be revised as necessary in response to potential future changes in the behavioral health delivery system.

Significant Changes in Results to be Delivered in FY2019

Health Information Technologies:

- Substantial changes to the Centers for Medicare and Medicaid Services Medicaid Electronic Health Record Incentive Program rules for the Alaska Medicaid Electronic Health Record (EHR) Incentive Program will go into effect in FY2018 and more changes are expected to occur in FY2019. In FY2019, the rules will require changes to how clinical quality measures are reported by providers. There will also be additional reporting requirements for Public Health measures including electronic case management reporting. During FY2018, the department has been conducting stakeholder meetings, surveys and other information gathering techniques to determine Alaska's existing health information technology landscape and a vision for the future for what technology will be needed. These plans will contribute to the Medicaid Reform Health Information Infrastructure Plan and help to drive the Department's Enterprise Information Technology Strategic Framework.

Operations:

- The cost of medically necessary travel, both intrastate and interstate, continues to be a challenge for the Medicaid program. As a result of Alaska's limited availability of basic medical services in remote villages, and Alaska Medicaid members who live in remote areas must travel to receive a majority of their medical care. And as a result of the limited availability of specialized medical services in Alaska, those who require services not available in Alaska must travel outside to receive specialized care. The Division of Health Care Services continues to explore new ways to reduce transportation costs while meeting the needs of rural Alaskans and remaining in compliance with federal Medicaid transportation regulations.

Systems:

- Significant changes to Medicaid Systems processing are scheduled to be completed within FY2019, including the implementation of the Health Insurance Portability and Accountability Act Operating Rules Federal mandate impacting electronic data submission. Additionally, federal requirements associated with the Social Security Removal Initiative will be implemented within the Medicaid claims processing system. This will provide the Medicaid/Medicare eligible with added measures of privacy and security in transmission of data. A Medicaid Information Technology Architecture (MITA) 3.0 assessment is being completed. MITA 3.0 is required by Centers for Medicare & Medicaid Services (CMS) for continued enhance funding for the MMIS system. MITA framework is required for all Medicaid Programs. From the information we will be able to tell prescriber habits as well as the number of Medicaid recipients that each provider is seeing. With more targeted data analytics we will be able to determine which Medicaid Reform activities are successful much quicker. It will also provide a basis for other Medicaid Reform initiatives.

Contact Information
Contact: Shawnda O'Brien, Assistant Commissioner Phone: (907) 465-1630 Fax: (907) 465-2499 E-mail: shawnda.obrien@alaska.gov

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

All dollars shown in thousands

	FY2017 Actuals				FY2018 Management Plan				FY2019 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	53.6	0.0	0.0	53.6	153.9	0.0	0.0	153.9	153.9	0.0	0.0	153.9
Non-Formula Expenditures												
Health Facilities Licensing & Ce	394.4	22.4	1,190.1	1,606.9	714.7	100.0	1,347.3	2,162.0	716.3	100.0	1,351.3	2,167.6
Residential Licensing	2,906.9	0.0	841.3	3,748.2	2,928.9	363.0	952.6	4,244.5	2,887.1	363.0	1,326.3	4,576.4
Medical Assistance Admin.	3,948.3	391.5	4,315.9	8,655.7	5,178.2	685.9	6,310.9	12,175.0	5,239.0	686.6	6,372.8	12,298.4
Rate Review	1,291.9	0.7	1,246.3	2,538.9	1,263.2	60.0	1,340.4	2,663.6	1,266.3	60.0	1,343.5	2,669.8
Totals	8,595.1	414.6	7,593.6	16,603.3	10,238.9	1,208.9	9,951.2	21,399.0	10,262.6	1,209.6	10,393.9	21,866.1

Health Care Services
Summary of RDU Budget Changes by Component
From FY2018 Management Plan to FY2019 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>
FY2018 Management Plan	8,159.3	2,079.6	1,208.9	9,951.2	21,399.0
One-time items:					
-Medical Assistance Admin.	0.0	0.0	-292.5	0.0	-292.5
Adjustments which continue current level of service:					
-Health Facilities Licensing & Ce	1.6	0.0	0.0	4.0	5.6
-Residential Licensing	-44.2	2.4	0.0	-44.8	-86.6
-Medical Assistance Admin.	60.8	0.0	2.2	61.9	124.9
-Rate Review	3.1	0.0	0.0	3.1	6.2
Proposed budget increases:					
-Residential Licensing	0.0	0.0	0.0	418.5	418.5
-Medical Assistance Admin.	0.0	0.0	291.0	0.0	291.0
FY2019 Governor	8,180.6	2,082.0	1,209.6	10,393.9	21,866.1