

State of Alaska FY2019 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 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.
- The SB74 target for Tribal Health savings of \$32,000.0 was exceeded in FY2017 and the department is on target to achieve projected savings of \$42,000.0 in FY2018. The 2016 change in tribal policy continues to improve access to necessary medical services and care coordination across providers for American Indians/Alaska Natives. Tribal refinance efforts were initiated with Medevac agreements in the initial fiscal year. These efforts expended to include over 65 non-tribal providers and 18 tribal health providers for an approximate total of 750 agreements.
- Worked with all tribal health organizations to encourage the utilization of Tribal Medicaid Administrative claiming dollars to sustain and enhance their registration and enrollment process. This includes maintaining current and increasing enrollment through outreach efforts to assist American Indian/Alaska Native Medicaid eligible beneficiaries with gaining access to care. This also increases Federal Medical Assistance Percentage.
- Enrolled two tribal health organizations to provide transportation arrangement services for non-emergent travel for American Indian and Alaska Native Medicaid eligible beneficiaries in designated service areas statewide. A third tribal health organization is coming on line in early 2018. This allows tribes to perform service authorization and travel arrangements while increasing the ease of access for beneficiaries by removing the need of using a fiscal intermediary and travel broker. This also allows a higher Federal Medical Assistance Percentage match to these claims.
- The Program Integrity unit recovered \$2,600.0 in overpayments and cost avoidance exceeding \$5,200.0 through program and payment suspension/terminations
- 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.
- The Office of Rate Review managed the actuarial contract supporting Senate Bill 74 Initiatives. ORR collaborated with Health Care Services, Behavioral Health, Senior and Disabilities Services, Commissioner's Office and the selected contractor to develop a data book that allows the Department to analyze historical claims information.
- The Division of Senior and Disability Services (SDS) continued collaboration with the Medicaid Fraud Control Unit and Program Integrity. 283 investigations were conducted and 75 allegations substantiated. In addition to

those referred to Program Integrity for overpayment recoveries, the division recovered \$14,538.66 in payment corrections for billing errors discovered during reviews for prior authorizations.

- The division of Senior and Disability Services completed 119 initial assessments and 81 re-assessments using Telehealth resources to reach recipients in rural Alaska, resulting in improved timeliness and efficiencies.
- In FY2017 the Behavioral Health Medicaid component provided services to 15,148 persons at an average annual cost of \$9.8 per recipient. This is an increase of 8% in persons served in FY2016 and a decrease of 10% in the average annual cost for the same period.

Key RDU Challenges

- The opioid crisis has placed a strain on limited state resources for substance dependence services and chronic pain management. The pharmacy program has observed a two-fold increase in pharmacy reimbursement payments for medication-assisted therapy drug products since 2015; pharmacy reimbursement costs exceeded \$2.8 million in pharmacy reimbursement during SFY2017. A corresponding trend in decreased opioid utilization due to initiatives at both the division and state level may help to blunt the financial impact in the short-term by off-setting part of the increased costs in this area; however, the rate of increase will continue to outpace the offsets in the near-term.
- Uncertainty of action to be taken by the United States Congress in re-authorization of the Children's Health Insurance Program (CHIP) and if it is re-authorized, whether the program will remain reimbursable to the state at the enhanced federal medical assistance percentage of 23 percent above the normal 65 percent.
- 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 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. With a small staff of subject matter experts, this becomes a resourcing challenge.

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.
- In FY2018 the division will develop State regulations, amend the Medicaid State Plan, and amend the approved Medicaid Waivers to establish the Community First Choice Program (requirement of SB74)
- In FY2018 the division will develop regulations and create new 1915(c) Home and Community Based Waiver for Individuals with Intellectual and Developmental Disabilities. The new waiver refinances the 100% general fund program Community and Developmental Disabilities Grant.

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 has significantly reorganized its staffing sections in order to begin to respond to the impact of the various initiatives approved in SB74 (2016) that impact the Division, working to better position the Division and its staff for the advent of the many changes coming its way. Additional staffing changes will be necessary as the full extent of the redesigned behavioral health care system is better understood.

Significant Changes in Results to be Delivered in FY2019

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

- Development and Implementation of Electronic Visit Verification System for Personal Care Services and Home Health, as required by the 21st Century Cures Act.
- Final implementation and ongoing monitoring of the federally mandated Home and Community Based Settings Requirements.
- Design, development and implementation of the InterRAI assessment tool and person centered support plan with in the Harmony database. The implementation the database system upgrade will provide increased efficiency to the State by automating Medicaid access services, service authorization and resource allocation. Additional efficiencies include the management of eligibility assessment tools and service authorization process.

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

	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												
Behavioral Hlth Medicaid Svcs	71,132.1	13,108.5	149,255.1	233,495.7	66,658.0	2,630.0	135,387.0	204,675.0	86,106.1	3,367.5	167,773.2	257,246.8
Adult Prev Dental Medicaid Svcs	6,467.7	0.0	15,605.2	22,072.9	2,882.6	0.0	12,767.6	15,650.2	8,273.6	0.0	18,730.9	27,004.5
Health Care Medicaid Services	334,333.7	6,535.2	988,610.3	1,329,479.2	243,362.5	8,202.9	719,780.6	971,346.0	344,848.4	8,202.9	1,076,724.7	1,429,776.0
Senior/Disabilities Medicaid Svc	226,461.1	0.0	265,447.3	491,908.4	251,805.7	1,068.4	297,193.1	550,067.2	253,085.6	1,068.4	320,814.7	574,968.7
Non-Formula Expenditures												
None.												
Totals	638,394.6	19,643.7	1,418,917.9	2,076,956.2	564,708.8	11,901.3	1,165,128.3	1,741,738.4	692,313.7	12,638.8	1,584,043.5	2,288,996.0

Medicaid 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	564,233.9	474.9	11,901.3	1,165,128.3	1,741,738.4
One-time items:					
-Behavioral Hlth Medicaid Svcs	0.0	0.0	-1,912.5	0.0	-1,912.5
-Health Care Medicaid Services	-9,916.7	0.0	-2.5	-2,716.7	-12,635.9
Adjustments which continue current level of service:					
-Senior/Disabilities Medicaid Svc	-12,378.5	0.0	0.0	12,378.5	0.0
Proposed budget increases:					
-Behavioral Hlth Medicaid Svcs	19,073.1	375.0	2,650.0	32,386.2	54,484.3
-Adult Prev Dental Medicaid Svcs	5,391.0	0.0	0.0	5,963.3	11,354.3
-Health Care Medicaid Services	111,350.2	52.4	2.5	359,660.8	471,065.9
-Senior/Disabilities Medicaid Svc	13,658.4	0.0	0.0	11,243.1	24,901.5
FY2019 Governor	691,411.4	902.3	12,638.8	1,584,043.5	2,288,996.0