

State of Alaska
FY2021 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, adults without dependents, 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 2019

- The Centers for Medicare and Medicaid Services approved Alaska's section 1115 demonstration project titled Substance Use Disorder Treatment and Alaska Behavioral Health Program authorizing the state to implement additional services to enhance the comprehensive services available under the behavioral health system for children, youth, and adults with, or at risk of, serious mental illness, severe emotional disturbance, and/or substance use disorders.
- Implementation of the Alaska Emergency Medical Transportation program that allows the state to pass-through additional federal reimbursement to municipalities and/or tribes which increase community self-sufficiency.
- Total FY2019 general fund expenditures excluding the FY2018 claims pushed forward for payment in FY2019 were \$623,569,349 or a decrease of 7.3 percent from FY2018.
- Unduplicated Medicaid recipients or the enrollees who actually received a Medicaid service during some point in FY2019 increased only 1.1 percent since FY2018.
- Implementation of the Community First Choice 1915 (k) state plan option increased the federal participation by an additional 6 percent for services provided during the fiscal year.
- Implementation of the Individualized Supports Waiver to replace the community and developmental disabilities 100 percent general fund grant.
- Increased Tribal reclaiming by adding pharmacy and home and community based waiver service provider care coordination.
- Successful implementation of regular and emergency regulation packages and state plan amendments.
- Timely certification and submittal of the state's Medicaid and Children's Health Insurance Program (CHIP) Expenditure and Budget quarterly reports and claims totaling \$2.3 billion annually.
- Processing and issuing an average of \$42 million per week in claims and related transactions.

Key RDU Challenges

- The Children's Health Insurance Program (CHIP) enhanced federal medical assistance percentage of 88 percent decreased by 11.5 percent to 76.5 percent in federal fiscal year 2020 and will decrease another 11.5 percent by federal fiscal year 2021.
- Essential adult benefits may not be optional but mandatory due to the choice made by the state regarding using the Medicaid state plan benefits as the alternate benefit plan to avoid cost and complications of multiple plans in the MMIS.
- The opioid crisis continues to strain limited state resources for substance dependence services and chronic pain management.
- Developing and implementing cost saving program updates within compliance of a complex federal and state regulatory environment.
- The transition to the 1115 Behavioral Health Medicaid Demonstration Waiver require considerable agency resources to ensure a fully compliant program, in addition to continuing ongoing operations require that also considerable departmental resources.
- The Division of Health Care Systems Unit continue to be challenged to address multiple large implementation projects, concurrently, to comply with changing department policies and regulations, and state and federal legislation. Many cost containment and 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.
- Health Care Services Operations Unit is challenged to oversee Medicaid Management Information System

(MMIS) claims processing millions of claims annually, submitted by thousands of enrolled providers; research and manual resolution of over a thousand 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 utilization management and case management contracts; provide regulatory oversight and management of the vision services contract; promulgate regulations for more than 40 provider types; and comply with state and federal annual, monthly, and ad hoc reporting requirements.

- 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.
- Behavioral Health Services 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. In November 2019, the Division executed a contract with Optum, an Administrative Services Organization. The purpose of an Administrative Services Organization is to work with the Division in implementing and managing 1115 Behavioral Health Medicaid Waiver and Behavioral Health Medicaid services. Contracting with Optum will allow the Division to improve coordination around Medicaid services through supporting providers, managing costs, and achieving efficiencies in the delivery of behavioral health services.

Significant Changes in Results to be Delivered in FY2021

- Implementation of the 1115 demonstration project titled Substance Use Disorder Treatment and Alaska Behavioral Health Program and the utilization of an Administrative Services Organization to increase access to healthcare.
- Continued development of cost containment initiatives including partnering with the National Association of Medicaid Directors to gain an understanding of what is available and “lessons learned” from sister states.
- Development and Implementation of Electronic Visit Verification System for Personal Care Services and Home Health, as required by the 21st Century Cures Act.
- The rate reductions implemented in FY2020 are set to expire in FY2021.

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**Medicaid Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2019 Actuals				FY2020 Management Plan				FY2021 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												
Medicaid Services	0.0	0.0	0.0	0.0	517,233.0	13,111.3	1,577,826.4	2,108,170.7	636,933.0	20,714.1	1,729,455.3	2,387,102.4
Behavioral Hlth Medicaid Svcs	88,872.9	845.7	192,143.8	281,862.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svcs	6,799.2	0.0	16,260.0	23,059.2	0.0	0.0	0.0	0.0	8,273.6	0.0	18,730.9	27,004.5
Health Care Medicaid Services	363,377.9	2,680.6	1,152,559.6	1,518,618.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Senior/Disabilities Medicaid Svc	217,263.7	0.0	279,382.2	496,645.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Formula Expenditures												
None.												
Totals	676,313.7	3,526.3	1,640,345.6	2,320,185.6	517,233.0	13,111.3	1,577,826.4	2,108,170.7	645,206.6	20,714.1	1,748,186.2	2,414,106.9

Medicaid Services
Summary of RDU Budget Changes by Component
From FY2020 Management Plan to FY2021 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>
FY2020 Management Plan	516,330.7	902.3	13,111.3	1,577,826.4	2,108,170.7
One-time items:					
-Medicaid Services	-300.0	0.0	-3,125.0	-2,934.5	-6,359.5
Proposed budget increases:					
-Medicaid Services	120,000.0	0.0	10,727.8	154,563.4	285,291.2
-Adult Prev Dental Medicaid Svcs	8,273.6	0.0	0.0	18,730.9	27,004.5
FY2021 Governor	644,304.3	902.3	20,714.1	1,748,186.2	2,414,106.9