

State of Alaska
FY2022 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 2020

- The department submitted 11 State Plan Amendments (SPA) during FY2020, of which two were time-limited disaster relief amendments associated with the COVID-19 public health emergency. Federal approval for 10 of these amendments were received during the fiscal year and the 11th approval was received in the first quarter of FY2021.
- Medicaid; Allocation; and Audit Services effectively implemented the enhanced COVID-19 federal medical assistance percentage of 6.2% and financial structure updates to successfully report additional federal reimbursement totaling approximately \$36 million.
- The department processed and issued an average of \$42 million per week in claims and related transactions.
- Total FY2020 general fund expenditures in FY2020 were \$582.7 million representing a decrease of 6.5 percent from FY2019.
- Medicaid recipients or the enrollees who actually received a Medicaid service in FY2020 decreased by 1.5% since FY2019.
- Medicaid Program Integrity programs recovered \$5,590,720; received 41 incoming referrals from complaints; issued six referrals of credible allegations of fraud to the Medicaid Fraud Control Unit; handled 57 audits under AS 47.05.200; facilitated 217 focused reviews; and received 98 self-audits from Medicaid providers.
- Medicaid; Allocation; and Audit Services completed timely certification and submittal of the state's Medicaid and Children's Health Insurance Program (CHIP) Expenditure and Budget quarterly reports and claims totaling \$2.2 billion annually.
- In FY2020, the Office of Rate Review entered one of its heaviest facilities rebase cycles: 12 hospitals; two nursing homes; and two Federally Qualified Health Centers. In addition to facility rebase activities, free-standing birthing centers and end stage renal dialysis centers were completed during this same time period.
- Office of Rate Review facilitated a work group and proposed changes necessary to 7 AAC 145 and 7 AAC 160 to implement HB176 Emergency Medical Transport Service Payments (Supplemental Emergency Medical Transportation or SEMT Program). Public comment period on proposed changes closed October 23, 2020. This new program allows government-owned emergency transportation providers to seek supplemental reimbursement for emergency medical transportation services provided to Medicaid enrollees. To meet federal requirements for implementation of the program, the Office of Rate Review annually audits cost reports submitted by these providers.
- Office of Rate Review initiated the Diagnosis Related Group (DRG) Payment Methodology for Inpatient Hospital Services project to explore moving from a cost-based per diem prospective payment system for inpatient hospital services to a DRG system based on the intensity of services provided. Project is anticipated to end by June 30, 2021.
- Office of Rate Review initiated the Skilled Nursing Facility (SNF) Case-Mix Based Payment Methodology project to explore moving from a cost-based per diem payment system to a case mix reimbursement system incorporating resident acuity and the associated resource needs of those residents into the rate setting process. Project is anticipated to end by June 30, 2021.
- Medicaid Program Integrity received approval to procure a case tracking system which will assist tracking of audits; reviews; and investigations including provider self-audits required by Alaska Statute 47.05.235.

Key RDU Challenges

- The Public Health Emergency associated with the COVID-19 pandemic has posed a challenge to ensuring adequate safe healthcare services during the public health emergency.
- Developing and implementing cost saving program updates within compliance of a complex federal and state

regulatory environment.

- Both the Divisions of Health Care Services and Behavioral Health Services administer contracts for complex Medicaid case management systems requiring considerable specialized staff resources and agency oversight.
- 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.
- The work performed by the Office of Rate Review directly affects payments to Medicaid providers and is always heavily impacted by complex legal challenges over its established rates and rate setting methodologies.
- The Office of Rate Review and Medicaid; Allocation; and Audit Services both continue to experience significant staff turnover.

Significant Changes in Results to be Delivered in FY2022

- The return to the regular federal medical assistance percentage of 50% from the enhanced COVID-19 rate of 56.2% received during the public health emergency.
- The public health emergency is reducing the number of on-site audits conducted and is extending desk audit and review process time due to providers working remotely. Contacting Medicaid providers and ensuring records requests are directed to the correct individuals frequently requires multiple attempts.
- 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.

Contact Information
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**Medicaid Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2020 Actuals				FY2021 Management Plan				FY2022 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	588,451.3	5,649.2	1,647,185.1	2,241,285.6	637,694.3	20,714.1	1,731,889.5	2,390,297.9	602,600.8	20,714.1	1,731,798.5	2,355,113.4
Adult Prev Dental Medicaid Svcs	2,332.2	0.0	5,520.7	7,852.9	8,273.6	0.0	18,730.9	27,004.5	8,273.6	0.0	18,730.9	27,004.5
Non-Formula Expenditures												
None.												
Totals	590,783.5	5,649.2	1,652,705.8	2,249,138.5	645,967.9	20,714.1	1,750,620.4	2,417,302.4	610,874.4	20,714.1	1,750,529.4	2,382,117.9

Medicaid Services
Summary of RDU Budget Changes by Component
From FY2021 Management Plan to FY2022 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>
FY2021 Management Plan	645,065.6	902.3	20,714.1	1,750,620.4	2,417,302.4
One-time items:					
-Medicaid Services	-27.9	0.0	0.0	-91.0	-118.9
Proposed budget decreases:					
-Medicaid Services	-35,065.6	0.0	0.0	0.0	-35,065.6
FY2022 Governor	609,972.1	902.3	20,714.1	1,750,529.4	2,382,117.9