

State of Alaska
FY2023 Governor's Operating Budget

Department of Health
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.

Core Services

- Provide support services through management efficiencies and the capitalization of Medicaid financing to assure that a full range of health care services is available to our customers.

Major RDU Accomplishments in 2021

- The Residential Licensing section is responsible for the licensing of 752 facilities statewide, including assisted living homes (707) and residential childcare facilities (45). During FY2021, the section saw a net gain of 12 adult facilities and 18 adult beds (4,367 versus 4,385).
- Residential licensing specialists conducted 233 inspections during FY2021. This is a decrease in inspections when compared to FY2020 and is directly related to the public health emergency.
- The Background Check Program processed and issued 16,370 determinations in FY2021.
- The systems unit implemented several additional systems configuration changes to ease the administrative burden on providers during the public health emergency and encourage the use of telehealth services.
- A Medicaid Information Technology Architecture (MITA) 3.0 assessment was completed. Medicaid Information Technology Architecture 3.0 is required by the Centers for Medicare and Medicaid Services for continued enhanced funding for the Medicaid Management Information System (MMIS). Medicaid Information Technology Architecture is required for all Medicaid programs. The information from the assessment allows the division to target system and operational processes that can be improved and identified for future upgrades.
- The systems unit also completed a major system upgrade to an updated technology stack to ensure maximum current and future operating potential for the MMIS claims processing system.
- As behavioral health services continued to transition from the MMIS for processing to the administrative services organization, the systems unit worked to implement a payer-to-payer solution to ensure holistic backend reporting for each Medicaid member.
- The systems unit is also actively working on the implementation of diagnosis related group payment methodology for inpatient claims, implementation of a validation process between personal care claims and electronic visit verification data, and compliance with the Centers for Medicare and Medicaid Services Interoperability Rule.
- The pharmacy services unit worked with legislative partners to pass SB44 which allowed the program to update the preferred drug list after the publicly noticed Pharmacy and Therapeutics Committee meetings. The ability to update the preferred drug list allows the program to be more responsive to new-to-market drugs in negotiating supplemental rebates for direct cost savings while providing access to new therapeutics that may have improved patient outcomes, thus offering indirect medical cost savings. FY2021 was the first-year results were able to be realized due to review cycle timing; the program garnered an additional \$30,000 supplemental rebate collections per \$1 million in covered outpatient drug payments because of this initiative.
- The pharmacy services unit leveraged the public health emergency to gain disaster relief state plan approval to reimburse pharmacists for non-dispensing professional services, such as vaccine administration and naloxone independent dispensing. As part of the effort, the Health Care Services team was able to complete the system configurations necessary to enroll pharmacists and pharmacy professional groups.
- During FY2021, the program enrolled 14 pharmacy professional groups in ten different Alaska communities and 199 pharmacists. Pharmacists independently administered and billed COVID vaccine claims for over 7,300 unique Alaskans enrolled in the Medicaid program during the same period.
- Medicaid operations developed and implemented transportation claims submission Medicaid Management Information System changes to further reduce misuse and fraud. Medicaid is now rejecting an average of 70 duplicate travel invoice submissions per month and Medicaid operations staff are now able to compare issued travel voucher forms against submitted invoice identifiers and recouped 45 claims with fraudulent travel invoice numbers.
- In FY2021, the division realized gross savings more than \$41.8 million, resulting in a \$27.22 to \$1.00 return on investment for utilization management through the denial of medically unnecessary services, and gross savings

more than \$1.1 million, resulting in a \$8.67 to \$1.00 return on investment for case management services for Medicaid recipients with complex and costly conditions.

- The division adjudicated 13,200 first-level provider appeals and 830 second-level provider appeals while reducing processing times by over 80 percent.
- The division researched, developed, and implemented medical criteria and authorization guidance for multiple high-dollar durable medical equipment items to ensure less expensive, medically appropriate alternatives are considered prior to approving high-dollar items.
- Health Care Services worked with tribal organizations to develop and implement a solution to the Centers for Medicare and Medicaid Services “Four Walls” grace period that would cease reimbursement for services performed outside the four walls of a Medicaid-enrolled tribal clinic. The division drafted and proposed tribal federally qualified health center regulations which were adopted and will go into effect November 2021, preserving 100 percent federal funding for these services.
- The division implemented more stringent quality reviews for manually priced claims to address problematic areas across provider types. This effort has already significantly improved claims reimbursement accuracy and reduced legislative audit findings.
- Medicaid home health regulations were amended to allow additional provider types to order home health services, within scopes of practice.
- The accounting and recovery unit worked with the third-party liability contractor to identify a full claims data set from the Alaska Medicaid Management Information System to bill commercial insurance companies for reclamation billing. This larger more complete data set increases commercial insurance and provider recoveries. Prior to FY2020, the annual recoveries averaged \$6.5 million, and anticipated average annual recoveries are expected to increase to \$13 million. Additionally, the accounting and recovery unit provided the third party liability contractor a complete claims file for the last three years to retroactively bill claims. This resulted in an increased recovery for FY2021 of \$18.6 million.
- The accounting and recovery unit, in collaboration with the Department of Law and a third-party contractor, collected \$154.5 million in recoveries. This unit’s work with accounting and financial controls, auditing, collections, and optimizing other revenue sources, has helped the department recover and save over \$520.5 million dollars for FY2021.
- Health Care Services was tasked with the distribution of the Cares Act funding project statewide to assist residential congregate care facilities to help address additional expenses incurred as a direct result of the public health emergency. Over three million dollars was paid out to providers across the state to help with additional expenses incurred as a direct result of the public health emergency. The accounting and recovery unit worked with other agencies within the department to ensure every eligible provider impacted would receive assistance through this program. There were 516 checks issued for over 4,300 beds across the state.
- With the assistance of the tribal health organizations and other state departments, the tribal health unit was able to reclaim \$57.5 million dollars for FY2021.
- The quality assurance and systems units collaborated to launch a new explanation of Medicaid benefits member portal for recipients to review claims paid on their behalf. The portal also allows recipients to provide feedback regarding claims that are suspected of fraud, waste, or abuse anomalies.
- The quality assurance unit facilitated the updating of 7 AAC 105.600 to streamline the review process for consideration of recipients entering the care management program. These updated regulations have reduced the provider records request burden by 1.8 million pages annually. Additionally, the new regulations have facilitated Care Management Program growth by 10 percent and will lead to additional cost avoidance.
- The quality assurance unit processed 7,341 provider enrollment applications in FY2021 (44 percent increase). Additionally, new provider types to support the 1115 waiver and public health emergency response were added to the Medicaid Program this year.
- The quality assurance unit implemented a fair hearings mediation process to better serve the Medicaid member population as an alternative to a traditional fair hearing. In addition to being a less contentious process, this effort saved the division an estimated \$142 thousand in administrative hearing costs.

Key RDU Challenges

- The Residential Licensing program has grown significantly since its creation in FY2007, at which time there were approximately 510 licensed assisted living homes, with 2,774 beds statewide. Since FY2007, the number of assisted living homes has increased by 197 adult facilities and 1,611 beds. Since FY2011, the number of critical incident reports received annually has increased significantly from around 1,800 to nearly 10,000. Alaska continues to have one of the fastest growing senior populations in the nation; the number of older Alaskans is increasing at a

rate of more than four times the national average. This growth will directly impact the growth in assisted living home provider numbers, which ultimately adds to the current workload related to licensing, background checks, and complaint investigations.

- Due to the public health emergency, Residential Licensing work has shifted from conducting onsite inspections to spending a significant amount of time helping facilities and public health agencies mitigate and triage COVID–19 positive cases in licensed facilities. This has put a significant burden on our facilities who are dealing with a variety of challenges related to the public health emergency.
- Federal background check requirements and timelines for implementation of required background checks for certain childcare programs were extended in September 2020 due to the public health emergency. Additional statutory and regulatory changes may be needed as the federal government continues to refine the requirements and some will require regulation changes as well as new staff which may need to be funded through reimbursable services agreements. Due to the cyberattack in May 2021, all progress was completely halted and will resume once systems are restored and resources are available.
- The systems unit is challenged to address multiple large implementation projects concurrently and comply with changing department policies, regulations, and state/ federal legislation. Many Medicaid reform and federal initiatives are under policy development throughout the department, and nearly all of these initiatives has systems implications that must be evaluated and scheduled. Additional long-term system planning work is underway to ensure that the state has cost-effective, customer-oriented fiscal agent services and a flexible, stable claims processing system for the foreseeable future.
- Since 2018, Medicaid pharmacy point-of-sale system claims processing rules and targeted prescriber outreach, sanctioned by the Drug Utilization Review Committee, have been used to employ progressively tighter opioid limits; prior authorization supported with a treatment plan is required for any daily morphine milligram equivalent more than 150. In the six-month period from January 2021 through June 2021, fewer than 180 unique Medicaid members received opioid prescriptions with a combined daily morphine milligram equivalent more than 120. This is down from 206 members during the period inclusive of April 2020 through September 2020, a 12.6 percent reduction in utilizers. Decreased amounts of unused circulating opioids decrease the risk of incidental access to unsecured opioids, decrease costs for the program, decrease pharmaceutical waste, and decrease risks related to an individual’s transition from short-term to chronic opioid use. Promoting the selection of alternate therapies for pain management and prevention of conversion to chronic use is a goal of the University of Washington Medicine Pain and Opioid Consult Hotline available to all Alaska clinicians at no charge.
<http://depts.washington.edu/anesth/care/pain/telepain>
- In addition to monitoring the prescribing of opioids, the Pharmacy Drug Utilization Review program monitors medications supporting substance use recovery within its member population. Access to treatment continues to grow with a 25 percent increase in providers (50 professionals) prescribing buprenorphine-based therapies from July 2020 to June 2021; members accessing this service increased by 11.7 percent (185 individuals) over the same period. Total pharmacy reimbursement costs for buprenorphine-based products exceeded \$6.6 million during FY2021, down from \$9 million during FY2020.
- As part of the reclaiming process, the tribal health section within the Division of Health Care Services tracks the care coordination agreements and partners with the tribal health organizations to verify referrals and exchange of health records for the state to claim 100 percent federal funding. The number of referrals requested and verified by the department since the new policy was implemented through the end of FY2021 was 123,201. The number for which sufficient documentation was available to validate the referral was 24,203 or 20 percent of referrals requested. Due to the steady increase of referral requests, required extensive review of medical records, and staffing issues within the tribal health organizations, the number of verified referrals showed a continued decline in FY2021. The department continues to partner with the tribal health organizations to identify ways to increase the percentage of verified referrals.
- When the public health emergency draws to a close, the quality assurance unit will be presented with challenges for navigating emergency licenses, site visits, enrollment fees, and other screening element flexibilities set aside during this time.
- The volume of inbound Medicaid enrollment applications and subsequent revalidations continues to grow as new provider types are onboarded. The required risk-based screening elements and application throughput of the fiscal agent continue to be a challenge.

Significant Changes in Results to be Delivered in FY2023

- The division expects to move forward a vision regulation package that was delayed in FY2021. This package includes eliminating coverage for non-standard products, increasing service authorization requirements for

specialized product, decreasing limits for adult vision products, and increasing program monitoring for services such as fitting fees.

- The public health emergency has significantly impacted the need for telehealth services in communities around Alaska. The department is currently working with providers to determine what needs will be on-going after the public health emergency. This will be followed by updates to Medicaid telehealth regulations to ensure reimbursement policies support increased access to care in underserved communities in the most cost-effective manner.
- The Medicaid early periodic screening, diagnosis, and treatment (EPSDT) program reconvened the collaboration with the Municipality of Anchorage on the mTicket pilot project in July 2021, which was postponed in January 2020 due to the public health emergency. The purpose of this project is to test the feasibility and cost effectiveness of enforcing a new transportation method, the electronic Municipality of Anchorage People Mover monthly bus pass, for a target population of frequent EPSDT travelers in Anchorage. The mTicket allows users monthly unlimited access to the People Mover system which may be used to travel to all EPSDT services. Current participation has exceeded initial expectations, and general fund expenditures have decreased 50 percent from other modes of transportation.
- Alaska Medicaid was invited to participate in the Advancing Prevention and Reducing Childhood Cavities as part of the Medicaid and Children's Health Insurance Program (CHIP) Affinity Group sponsored by the Centers for Medicare and Medicaid Services; the purpose of the project is to increase child preventive dental service usage to reduce expenditures on complex dental treatments long-term.
- The quality assurance unit will be working toward the revision of enrollment regulations related to provider risk level, change of ownership, enrollment of all practice locations, retroactive-enrollments, and other regulatory updates.
- The quality assurance unit expects additional care management program growth of at least ten percent and corresponding cost avoidance to increase ten percent.

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

All dollars shown in thousands

	FY2021 Actuals				FY2022 Management Plan				FY2023 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	0.0	0.0	0.0	0.0	153.9	0.0	0.0	153.9	153.9	0.0	0.0	153.9
Non-Formula Expenditures												
Health Facilities Licensing & Ce	438.8	36.1	1,584.4	2,059.3	932.0	100.0	2,054.7	3,086.7	894.0	100.0	2,030.6	3,024.6
Residential Licensing	2,650.7	195.4	925.3	3,771.4	2,987.9	363.0	1,373.7	4,724.6	2,957.1	359.9	1,348.8	4,665.8
Medical Assistance Admin.	5,450.0	71.9	5,454.5	10,976.4	6,140.3	188.2	7,118.1	13,446.6	5,842.0	185.2	6,971.7	12,998.9
Totals	8,539.5	303.4	7,964.2	16,807.1	10,214.1	651.2	10,546.5	21,411.8	9,847.0	645.1	10,351.1	20,843.2

Health Care Services
Summary of RDU Budget Changes by Component
From FY2022 Management Plan to FY2023 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>
FY2022 Management Plan	7,323.0	2,891.1	651.2	10,546.5	21,411.8
Adjustments which continue current level of service:					
-Health Facilities Licensing & Ce	-22.5	-15.5	0.0	-24.1	-62.1
-Residential Licensing	-34.5	3.7	-3.1	-24.9	-58.8
-Medical Assistance Admin.	-97.3	0.0	-3.0	-146.4	-246.7
Proposed budget decreases:					
-Medical Assistance Admin.	-201.0	0.0	0.0	0.0	-201.0
FY2023 Governor	6,967.7	2,879.3	645.1	10,351.1	20,843.2