

State of Alaska
FY2023 Governor's Operating Budget

Department of Health
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 2021

- The department entered in a Medicaid Strategic Advising contract with Public Consulting Group (PCG) to provide recommendations for Alaska Medicaid budget savings and provide a roadmap for systematic program reform. The report, "Alaska Medicaid Strategy: Recommended Reform Principles and Savings Initiatives" has been finalized and was distributed with the annual Medicaid reform report.
- The department submitted ten State Plan Amendments (SPA) and two time-limited disaster relief amendments associated with the COVID-19 public health emergency. Federal approval for all these amendments were received during FY2021. One crucial SPA involved substantially rewriting behavioral health services to align with the 1115 waiver and to come into compliance under direction of Centers for Medicare and Medicaid Services (CMS). The department collaborated closely with Tribal Health Organizations during extensive negotiations with CMS, after which the SPA was approved.
- The department published its Long-Term Forecast of Medicaid Enrollment and Spending in Alaska: FY2021-FY2041, a 20-year projection of spending of Medicaid services that demonstrates how the state of Alaska continues to bend the cost curve.
- Medicaid; Allocation; and Audit Services continues to monitor the enhanced COVID-19 federal medical assistance percentage of 6.2 percent and successfully report additional federal reimbursement totaling approximately \$64.8 million.
- The department processed and issued an average of \$40.8 million per week in claims and related transactions.
- Total FY2021 general fund expenditures were \$552.4 million representing a decrease of 5.6 percent from FY2020.
- Medicaid recipients or the enrollees who received a Medicaid service in FY2021 decreased by 0.2 percent since FY2020.
- Medicaid Program Integrity programs recovered \$5,540,658; received 20 incoming referrals from complaints; issued five referrals of credible allegations of fraud to the Medicaid Fraud Control Unit; handled 84 audits under AS 47.05.200; facilitated 106 focused reviews; and received 755 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 \$2.16 billion annually.
- In FY2021, the Office of Rate Review rebased: three hospitals; two nursing homes; and two Federally Qualified Health Centers. In addition to facility rebase activities, updated rates were completed for free-standing birthing centers, nine out of state Residential Psychiatric Treatment Centers (RPTC) and end stage renal dialysis centers 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). The regulations were filed by the Lt. Governor and were effective October 9, 2021. 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 closely collaborated with the Alaska State Hospital and Nursing Home Association (ASHNHA) during the development stages of 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. The project is targeted for implementation by July 1, 2022.
- Office of Rate Review continued 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. After meaningful engagement with and based upon feedback from stakeholders, the Department concluded this project on November 17, 2020.
- Medicaid Program Integrity is developing a case tracking system which will assist tracking of audits; reviews; and investigations including provider self-audits required by Alaska Statute 47.05.235.
- Senior and Disabilities Services has engaged with stakeholder agencies and submitted an ARP eFMAP plan for Home and Community Based Services to qualify for additional FMAP and continue the ongoing COVID-19 relief.

Key RDU Challenges

- The Public Health Emergency associated with the COVID-19 pandemic continues to pose a challenge to ensuring adequate safe healthcare services during the public health emergency.
- Developing and implementing cost saving program updates while complying with a complex federal and state regulatory environment is a challenge.
- Both the Divisions of Health Care Services and Behavioral Health administer contracts for complex Medicaid case management systems requiring considerable specialized staff resources and agency oversight.
- Division of Health Care Services is in the final stages of a request for proposals (RFP) for a fiscal agent for the Alaska Medicaid Management Information System (MMIS), using the highly effective “Best Value” RFP process. The department will need to manage continued engagement with the current vendor for the other components of the MMIS during transition of the fiscal agent component.
- The Children’s Health Insurance Program (CHIP) enhanced federal medical assistance percentage of 76.5 percent decreased another 11.5 percentage points to 65 percent in federal fiscal year 2021.
- The work performed by the Department’s Medicaid divisions and units directly affect enrollee benefits and/or payments to Medicaid providers and is always heavily impacted by complex legal challenges over its established regulations; services; rate setting methodologies; cost containment strategies; and the implementation of federal regulations.

Significant Changes in Results to be Delivered in FY2023

- Implementing the PCG roadmap for the Medicaid system, including engagement with tribal partners, ASHNHA, Alaska Primary Care Association, and other stakeholders and providers will require significant changes.
- In FY2023 the department must manage the return to the regular federal medical assistance percentage of 50.0 percent from the enhanced COVID-19 rate of 56.2 percent 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 available options and “lessons learned” from states.
- All Medicaid cases open as of March 18, 2020, remain open through the end of the COVID-19 public health emergency, unless an individual requests to have the case closed, is no longer a resident of Alaska, or the individual is deceased. When the public health emergency ends Medicaid eligibility must be redetermined for all cases.

Contact Information
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**Medicaid 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												
Medicaid Services	552,663.1	1,932.9	1,595,256.4	2,149,852.4	603,195.8	20,714.1	1,732,743.5	2,356,653.4	648,195.8	20,714.1	1,732,743.5	2,401,653.4
Adult Prev Dental Medicaid Svcs	4,969.6	0.0	22,190.0	27,159.6	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	557,632.7	1,932.9	1,617,446.4	2,177,012.0	611,469.4	20,714.1	1,751,474.4	2,383,657.9	656,469.4	20,714.1	1,751,474.4	2,428,657.9

Medicaid 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	610,567.1	902.3	20,714.1	1,751,474.4	2,383,657.9
Adjustments which continue current level of service:					
-Medicaid Services	472.5	-472.5	0.0	0.0	0.0
Proposed budget increases:					
-Medicaid Services	45,000.0	0.0	0.0	0.0	45,000.0
FY2023 Governor	656,039.6	429.8	20,714.1	1,751,474.4	2,428,657.9