

State of Alaska
FY2024 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 a full range of health care services and support services while ensuring management efficiencies and the capitalization of Medicaid financing to assure that services are available to customers.

Major RDU Accomplishments in 2022

Residential Licensing Program

- The Residential Licensing unit oversaw the new and ongoing licensure of 733 facilities statewide, including 691 assisted living homes and 42 residential childcare facilities. The unit experienced a 40 percent net gain of adult beds (196) to license during the year.
- Residential licensing specialists conducted 532 inspections this fiscal year, an increase of more than 50 percent over the previous year. There was a backlog due to limited travel during the COVID-19 public health emergency.

Health Facilities Licensing and Certification Program

- The Health Facilities Licensing and Certification unit responded to the COVID-19 public health emergency during multiple periods of COVID-19 surges by implementing hospital-to-hospital transfer guidance and expedited authorization review processes to limit administrative burdens and maximize available in-state resources. The unit conducted 148 health facility surveys, including safety surveys for state licensure and/or federal recertification, complaint investigations, assigned validation surveys for Centers for Medicare and Medicaid Services, and infection-control surveys.

Background Check Program

- The Background Check Unit tracked, processed, and issued determinations for 23,542 background check applications.

Medicaid Program

- The Medicaid Systems and Analysis unit completed the development of multiple interfaces to support federal interoperability requirements. Improvements include technology to allow Alaska Medicaid recipients to review payments for Medicaid services through a smartphone application, report discrepancies in services paid versus services delivered, and make informed decisions about their health care usage.
- The Medicaid Systems and Analysis unit added validation logic, in compliance with the federal CARES Act requirements, to ensure that personal care services were not paid by Alaska Medicaid unless a valid electronic visit verification was present.
- The Medicaid Pharmacy unit combined efforts with the Pharmacy and Therapeutics Committee and the Drug Utilization Review Committee to save more than \$45 million, approximately 45 percent of which was state funds.
- The Medicaid Pharmacy unit reimbursed community pharmacies over \$1 million throughout the COVID-19 federal public health emergency to support ongoing vaccination administration by pharmacists to individuals who chose to be vaccinated against COVID-19.
- The Medicaid Operations and Systems and Analysis units developed and implemented claim auditing rules for telehealth claims to ensure appropriate billing. The division identified 10,405 incorrectly billed claims.
- The Medicaid Operations unit oversaw contracted utilization management services that resulted in gross savings more than \$33.3 million during FY2022, a \$18.12 to \$1.00 return on investment through the denial of medically unnecessary services. Clinical case management overseen by the Medicaid Operations unit yielded gross savings exceeding \$990,000, a \$7.55 to \$1.00 return on investment for case management services provided to Medicaid recipients with complex and costly conditions.
- The Medicaid Quality Assurance unit adjudicated 13,200 first-level provider appeals and 830 second-level provider appeals while reducing processing times by over 80 percent.

- The Medicaid Quality Assurance unit facilitated a 105 percent increase in use of the Explanation of Medicare Benefits (EOMB) portal by Medicaid recipients.
- The Medicaid Quality Assurance unit avoided \$7.8 million in costs through increased Care Management Program placements under 7 AAC 105.600.
- The Medicaid Quality Assurance unit oversaw the processing of 9,564 provider enrollment applications in FY2022, a 30 percent increase over the previous year. Additionally, new provider types to support the ongoing COVID-19 public health emergency response were onboarded to the Medicaid Program this year.
- The Medicaid Tribal Health unit actively worked with tribal organizations to develop and implement solutions to the Centers for Medicare and Medicaid Services “Four Walls” grace period. In addition, the Medicaid Tribal Health unit drafted and successfully implemented tribal federally qualified health center regulations effective November 2021, resulting in the preservation of 100 percent federal funding for these services.
- The Medicaid Tribal Health unit, with the assistance of the tribal health organizations and other state departments, successfully reclaimed, through care coordination agreements, \$74.4 million during FY2022.
- The Medicaid Pharmacy, Systems and Analysis, and Operations units incorporated coverage and systematic changes for 14 off-cycle COVID-19 vaccine, testing, and treatment code updates, ensuring timely availability of these services to Medicaid recipients.
- The Medicaid Pharmacy unit implemented vaccine counseling coverage for Medicaid recipients, allowing the department to reimburse providers for time spent counseling patients under 21 on the purpose, side effects, and importance of receiving the COVID-19 vaccine.
- The Medicaid Operations unit implemented Centers for Medicare and Medicaid Services non-emergent transportation driver requirements to enhance the safety of recipients relying on Medicaid taxi transportation.
- The Medicaid Accounting and Recovery unit worked directly with Medicaid recipients over age 65 to assist with Medicare enrollment. For each Medicaid recipient who enrolls in Medicare, Medicaid moves from primary to secondary payer, thus reducing total Medicaid expenditures. During the last two months of FY2022, the Medicaid Accounting and Recovery unit enrolled 237 recipients, resulting in savings of \$4 million.
- The Medicaid Accounting and Recovery unit, in collaboration with the Department of Law and a third-party contractor, recovered \$155 million in claims that were overpaid for reasons such as the presence of other insurance and incorrect provider billing. As a result of the unit’s work with accounting and financial controls, auditing, collections, and optimizing other revenue sources, the department recovered and saved almost \$580 million during FY2022, an increase of almost nine percent from FY2021.
- The Medicaid Accounting and Recovery unit collaborated with the Division of Senior and Disabilities Services to distribute funds for the approved American Rescue Plan Act to supplement funding for Medicaid home and community-based providers. More than \$6 million has been distributed to over 200 providers. By the end of FY2023, \$19 million is projected to be distributed.

Key RDU Challenges

- The Residential Licensing program continues to experience significant growth in the number of providers it is responsible for licensing. The number of beds in licensed assisted living homes has increased by an average of 129 each year since the program’s inception. The annual number of critical incident reports for the unit to investigate has increased from approximately 1,800 in FY2011 to 11,185 in FY2022. Alaska continues to have one of the fastest growing senior populations in the nation; the number of older Alaskans is increasing at a rate more than four times the national average. This growth has directly impacted and will continue to impact the increase in assisted living home providers and beds, which adds to the current workload related to licensing, background checks, complaints, critical incident reports, and investigations.
- Residential Licensing reinstated onsite inspections in FY2022. This led to a significant increase in the number of inspections conducted due to facilities not being inspected for multiple years on some occasions due to pandemic restrictions. This nearly doubled the number of inspections usually conducted by Residential Licensing, creating an increased workload on the specialists to get facilities back into compliance.
- The Background Check unit is working on federal background check requirements and timelines for childcare programs that were extended in September 2021 due to the COVID-19 public health emergency. Additional statutory and regulatory changes may be needed as the federal government continues to refine the requirements.
- The Medicaid System and Analysis unit is challenged with continuing to meet changing Medicaid program needs while addressing procurement requirements for a system re-solicitation for the Medicaid Management Information System. The Systems and Analysis unit must simultaneously provide resources and capabilities to maintain ongoing operations, address existing system limitations, develop new, defensible contracts for system support,

and move toward system technology modernization. Each of these critical infrastructure requirements must be completed timely and accurately to avoid Medicaid service disruption.

- The Medicaid Tribal Health unit, through the reclaiming process, tracks the care coordination agreements and partners with 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 FY2022 was 155,991. The number for which sufficient documentation was available to validate the referral was 31,482 or 20 percent of referrals requested. The department continues to partner with the tribal health organizations to identify ways to increase the percentage of verified referrals.
- When the federal public health emergency declaration ends and flexibilities cease that were put in place during the public health emergency, the Medicaid Quality Assurance unit will be presented with additional challenges navigating emergency licenses, site visits, enrollment fees, and other activities.
- 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 FY2024

- The COVID-19 public health emergency significantly impacted the in-person provision of services and highlighted the need for telehealth delivery of services in communities around Alaska. The department is currently working with providers to determine the needs after the public health emergency. New Medicaid telehealth regulations will be proposed to ensure that reimbursement policies support increased access to care in underserved communities in the most cost-effective manner.
- The Quality Assurance unit will revise enrollment requirement regulations to reflect 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 20 percent and corresponding cost avoidance to increase 20 percent.

Contact Information
Contact: Sylvan Robb, Division Director Phone: (907) 465-1630 E-mail: sylvan.robbs@alaska.gov

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

All dollars shown in thousands

	FY2022 Actuals				FY2023 Management Plan				FY2024 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	0.0	0.0	0.0	0.0	907.3	100.0	2,065.3	3,072.6	922.2	100.0	2,104.3	3,126.5
Residential Licensing	0.0	0.0	0.0	0.0	2,983.3	362.8	1,368.8	4,714.9	3,013.7	366.5	1,392.2	4,772.4
Medical Assistance Admin.	0.0	0.0	0.0	0.0	5,833.5	189.7	7,201.1	13,224.3	5,965.5	191.6	7,424.2	13,581.3
Totals	0.0	0.0	0.0	0.0	9,878.0	652.5	10,635.2	21,165.7	10,055.3	658.1	10,920.7	21,634.1

Health Care Services
Summary of RDU Budget Changes by Component
From FY2023 Management Plan to FY2024 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>
FY2023 Management Plan	6,972.2	2,905.8	652.5	10,635.2	21,165.7
Adjustments which get you to start of year:					
-Medical Assistance Admin.	6.0	0.0	0.0	6.0	12.0
One-time items:					
-Medical Assistance Admin.	-1.2	0.0	0.0	-1.3	-2.5
Adjustments which continue current level of service:					
-Health Facilities Licensing & Ce	1.8	13.1	0.0	39.0	53.9
-Residential Licensing	14.6	15.8	3.7	23.4	57.5
-Medical Assistance Admin.	127.2	0.0	1.9	218.4	347.5
FY2024 Governor	7,120.6	2,934.7	658.1	10,920.7	21,634.1