

State of Alaska
FY2024 Governor's Operating Budget

Department of Health
Medicaid Services
Results Delivery Unit Budget Summary

Medicaid Services Results Delivery Unit

Contribution to Department's Mission

To provide health coverage to Alaskans in need.

Major RDU Accomplishments in 2022

- The department finalized a report with contractor Public Consulting Group (PCG) on Alaska Medicaid Strategy: Recommended Reform Principles and Savings Initiatives.
- The department received federal approval for nine state plan amendments (SPA) during FY2022. Several amendment approvals align Alaska Medicaid with new or changing mandates, requirements, and guidance from the Centers for Medicare and Medicaid Services (CMS).
- The department published its Long-Term Forecast of Medicaid Enrollment and Spending in Alaska: FY2022-FY2042, a 20-year projection of spending on 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 \$71.6 million.
- The department processed and issued an average of \$46.4 million per week in claims and related transactions.
- Total FY2022 general fund expenditures were \$608.9 million representing an increase of 10.2 percent from FY2021.
- Medicaid recipients or the enrollees who received a Medicaid service in FY2022 increased by 4.9 percent since FY2021.
- Medicaid Program Integrity programs recovered \$5,859,920; received 24 incoming referrals from complaints; issued seven payment suspensions including credible allegations of fraud to the Medicaid Fraud Control Unit; finalized and issued 89 audits under AS 47.05.200; facilitated 151 focused reviews; and received 72 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 \$2.47 billion annually.
- The Office of Rate Review has implemented the Supplemental Emergency Medical Transportation program (HB 176, 2018). The regulations were filed by the Lieutenant Governor and made effective October 9, 2021. Government-owned emergency transportation providers can seek supplemental reimbursement for emergency medical transportation services provided to Medicaid enrollees.
- The Office of Rate Review is continuing collaboration with the Alaska State Hospital and Nursing Home Association (ASHNHA, now the Alaska Hospital and Healthcare Association) for development of the diagnosis related group 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 diagnosis related group payment system based on the intensity of services provided. The project is targeted for implementation by July 1, 2023.
- The Division of Senior and Disabilities Services has implemented the approved American Rescue Plan Act enhanced federal medical assistance percentage (ARPA eFMAP) plan for home and community based services that qualifies for additional federal reimbursement and continues 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 health care services.
- Developing and implementing cost saving program updates while complying with a complex federal and state regulatory environment is a challenge.
- Both the Division of Health Care Services and Division of Behavioral Health administer contracts for complex Medicaid case management systems requiring considerable specialized staff resources and agency oversight.

- The Division of Health Care Services entered into a contract for a new fiscal agent for the Alaska Medicaid Management Information System (MMIS). The department will manage continued engagement with the current vendor for the other components of the MMIS during transition of the fiscal agent component.
- 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 implementation of federal regulations.
- Development of a case tracking system to facilitate tracking of audits, reviews, and investigations was placed on indefinite hold resulting from lack of information technology resources.

Significant Changes in Results to be Delivered in FY2024

- The department must manage the return to the regular federal medical assistance percentage of 50 percent from the enhanced COVID-19 rate of 56.2 percent received during the public health emergency.
- 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
<p>Contact: Sylvan Robb, Division Director Phone: (907) 465-1630 E-mail: sylvan.rob主@alaska.gov</p>

**Medicaid 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												
Medicaid Services	0.0	0.0	0.0	0.0	642,023.6	20,714.1	1,750,332.5	2,413,070.2	662,756.2	20,714.1	1,750,482.5	2,433,952.8
Adult Prev Dental Medicaid Svcs	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	650,297.2	20,714.1	1,769,063.4	2,440,074.7	671,029.8	20,714.1	1,769,213.4	2,460,957.3

Medicaid 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	649,867.4	429.8	20,714.1	1,769,063.4	2,440,074.7
Adjustments which get you to start of year:					
-Medicaid Services	0.0	0.0	0.0	150.0	150.0
Proposed budget increases:					
-Medicaid Services	20,732.6	0.0	0.0	0.0	20,732.6
FY2024 Governor	670,600.0	429.8	20,714.1	1,769,213.4	2,460,957.3