

# **State of Alaska FY2009 Governor's Operating Budget**

## **Department of Health and Social Services Medical Assistance Administration Component Budget Summary**

## Component: Medical Assistance Administration

### Contribution to Department's Mission

Department wide, Health Care Services administers the State Children's Health Insurance Program (SCHIP), the Medicaid Management Information System (MMIS), claims payments and accounting, third-party liability collections and recoveries, and the Chronic and Acute Medical Assistance Program.

### Core Services

The Division of Health Care Services maintains the Medicaid core services for hospitals, physician services, pharmacy, dental services, transportation, and other services including physical, occupational, and speech therapy; laboratory; x-ray; durable medical equipment; and hospice and home health care. Department wide, HCS administers the State Children's Health Insurance Program (SCHIP), the Medicaid Management Information System (MMIS), claims payments and accounting, third-party liability collections and recoveries, federal reporting activities, Medicaid Administrative Claiming, Medicaid Error Rate program, and the Chronic and Acute Medical Assistance program.

The Medical Assistance Administration component provides support for these programs in the areas of systems and analysis, financial recoveries, contracts management, budget and fiscal management, accounts receivable and payable, regulations and legislation support and tracking, data processing and information management, research and analysis for in-house, the governor, the legislature, outside agencies and the general public.

Medicaid Services Administration - Federal financial participation (FFP) for Medicaid administrative activities are federally matched at a base rate of 50%. This means the federal government will provide funds equal to the sum the state contributes toward total administrative expenditures. However, higher matching rates or enhanced rates of 75% and 90% are authorized by law for certain administrative functions and activities.

In order to receive federal matching dollars for medical services under the Medicaid program, states must maintain a Medicaid state plan. The state plan details the scope of each state's Medicaid program by listing the eligibility groups and standards, the services provided, any applicable service requirements, and payment rates for those services. While states generally have flexibility in forming their Medicaid programs, Medicaid state plans must include certain elements of information and must be consistent with mandates detailed in federal statutes.

In FY06, the functions formerly provided under the Health Purchasing Group (HPG) component moved to the Medical Assistance Administration (MAA) component to more accurately represent the division's function and structure. The Medicaid Assistance Administration assures on-going, timely, and accurate payment of medical claims through management and monitoring of the MMIS, through routine updates to service providers on policy and procedural changes, through utilization reviews for medical necessity and quality assurance, and through monitoring and tracking of recoveries. Units within this component and the specific services they provide include the following:

#### Systems and Analysis

- Monitoring Claims Payments
- Identifying/Correcting Medicaid Management Information System (MMIS) System Errors
- Implementing and Supervising MMIS Enhancements and Testing
- MMIS Data and Research

#### Financial Services and Recovery

- Post Payment Review and Cost Avoidance
- Third Party Liability/Recovery
- Accounting – Claims Payment Check Writes and Expenditure

Early and Periodic Screening, Diagnosis & Treatment (EPSDT) Program - The EPSDT program assures that children enrolled in Medicaid receive preventive health care and additional diagnosis or treatment services as needed. Good quality preventive health care reduces subsequent medical care costs for these children. All Medicaid Services/EPSDT

program activities are directed toward addressing federal EPSDT regulations and related federal initiatives. The program sends notice to parents or guardians of children due for well-child exams and immunizations; assists families in finding physicians, nurse practitioners, dentists and vision care providers in their home community who accept new Medicaid patients; and, coordinates and funds transportation reimbursement to preventive health care appointments for children and pregnant women. Reimbursement assistance is available for health care appointments if the family would not otherwise be able to afford to attend the appointment.

<b>FY2009 Resources Allocated to Achieve Results</b>		
<b>FY2009 Component Budget: \$31,285,000</b>	<b>Personnel:</b>	
	Full time	77
	Part time	0
	<b>Total</b>	<b>77</b>

### Key Component Challenges

Administration of the Medicaid and Chronic and Acute Medical Assistance (CAMA) Programs - Programmatic and financial responsibility for Medicaid services and CAMA are housed under Health Care Services (HCS), whose customers are the major users of the services. HCS maintains the operations aspects of the programs, i.e., claims payments; contract management; provider, facility and client services.

Medicaid Management Information System Development Project - Federal law requires all states participating in the Medicaid program to operate an automated claims processing system that must be certified by the federal government as a Medicaid Management Information System (MMIS). Federal rules also require these fiscal agent contracts be competitively bid. The contract for HCS's current fiscal agent was negotiated and awarded in May 1987.

A priority goal for the division is to transition to a new MMIS system with minimum disruption to its service providers and clients. The new system must satisfy the needs of the state, medical service providers and the clients they serve.

The department has awarded a contract to Affiliated Computer Systems (ACS). The contract includes: design, development and implementation of a new claims payment system; a claims data warehouse information system; and operations of the new system for five years. The department has set up a project management office to manage the state's responsibilities for this effort.

Surveillance, Utilization & Review - HCS is committed to an aggressive recruitment and retention effort to build and sustain a highly competent resource infrastructure with substantive program and business management expertise and depth. This will assure the state continues to enjoy the benefits of a service delivery system of the highest caliber, and well-managed, comprehensive and consistent health program policy under an aggressive cost containment strategy.

Expanding healthcare service programs and federal mandates have required HCS to focus on preparedness and training to meet the needs associated with these changes. HCS has been instrumental in working on the Payment Error Rate Measurement grant project and is preparing for the new Medicaid Payment Error Rate Measurement federal regulations.

In order to more effectively respond to increased Federal and State interest in pursuing fraudulent providers the Department has established within the Commissioners' Office a contact individual to address issues and requests from the Medicaid Fraud Control Unit and the Federal Office of the Inspector General.

Increased emphasis on curbing fraudulent and abusive behavior has also led the Department to establish a high level Audit Committee to assure consistence and effective Program Integrity efforts.

### Significant Changes in Results to be Delivered in FY2009

None.

## Major Component Accomplishments in 2007

The Systems Unit made significant progress on several initiatives, including the National Provider Identifier project. This national provider identifier number must be used in the transmission of electronic transactions, including claims, to identify the provider of services. Health care payers, including the Alaska Medicaid program, are challenged to develop crosswalks and processes to match these identifiers to internal records of providers authorized to render services to ensure payment to the correct and authorized providers. The NPI Project Team completed a provider ID crosswalk, collected NPIs and associated taxonomy codes for 50% of enrolled providers, and transitioned enrolled providers into a phase where use of both Medicaid ID and NPI numbers are required on billing transactions. This project is ongoing in FY08.

In addition, the Systems Unit completed system implementation efforts relating to (1) the Enhanced Adult Dental Program initiative, (2) changes needed for expansion of claims processing for Targeted Case Management services to include services from the Division of Juvenile Justice, (3) federally-mandated changes to the patient eligibility process for coordination of Medicare to Medicaid claims, (4) changes needed for expansion of service coverage to include Tobacco Cessation products, and (5) processing of new paper claim forms mandated by the National Uniform Billing Committee, the National Uniform Claim Committee and the American Dental Association.

The System Unit participated in the project planning phase of several department initiatives including the FASD/SED demonstration waiver project and Deficit Reduction Act mandates relating to partial-month eligibility and J-code Drug Rebate. These projects are ongoing in FY08.

HCS has played a major role in implementing cost containment measures in an effort to reduce the cost of Medicaid Services while maintaining levels of services provided wherever possible.

### Summary of Cost Containment – Health Care Services

- Expanded efforts to identify drug abuse through client lock-in to single physician.
- Continued expansion of the Preferred Drug List in conjunction with the National Medicaid Pooling Initiative.
- Continued work on prior authorization requirements for hospital visits.
- Implemented new claim edits for home and community based care services to more effectively enforce the regulation of these services.
- Implemented a new personal care service claim edit and personal care services tracking to more effectively enforce the regulation of these services.
- Increase efforts to eliminate duplicative services through MMIS claims editing.
- Identify and implement administrative claiming activities with IHS facilities.
- Continue to use Behavioral Pharmacy Management System in conjunction with the Division of Behavioral Health to improve the quality of care and prescribing habits of those providers prescribing behavioral health medications.
- Continued expansion of Pharmacy clinical appropriateness edits to improve quality of care and avoid costs.

## Statutory and Regulatory Authority

Alaska Statutes:

AS 47.07 Medical Assistance for Needy Persons

AS 47.25 Public Assistance

Social Security Act:

Title XVIII Medicare

Title XIX Medicaid

Title XXI Children's Health Insurance Program

Administrative Code:

7 AAC 43 Medicaid

7 AAC 48 Chronic and Acute Medical Assistance

Code of Federal Regulations:

Title 42 CFR Part 400 to End

Contact Information
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**Medical Assistance Administration  
Component Financial Summary**

*All dollars shown in thousands*

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	4,455.9	5,923.0	7,779.0
72000 Travel	110.8	94.8	124.8
73000 Services	21,695.8	22,718.1	23,219.9
74000 Commodities	208.1	115.0	125.3
75000 Capital Outlay	67.2	21.0	21.0
77000 Grants, Benefits	13.1	15.0	15.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>26,550.9</b>	<b>28,886.9</b>	<b>31,285.0</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	17,555.6	20,659.5	21,148.6
1003 General Fund Match	8,099.1	7,468.6	7,931.1
1004 General Fund Receipts	698.8	755.4	776.9
1007 Inter-Agency Receipts	6.5	3.4	3.4
1061 Capital Improvement Project Receipts	0.0	0.0	1,425.0
1189 Senior Care Fund	190.9	0.0	0.0
<b>Funding Totals</b>	<b>26,550.9</b>	<b>28,886.9</b>	<b>31,285.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	3.0	0.0	0.0
<b>Unrestricted Total</b>		<b>3.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	17,555.6	20,659.5	21,148.6
Interagency Receipts	51015	6.5	3.4	3.4
Capital Improvement Project Receipts	51200	0.0	0.0	1,425.0
<b>Restricted Total</b>		<b>17,562.1</b>	<b>20,662.9</b>	<b>22,577.0</b>
<b>Total Estimated Revenues</b>		<b>17,565.1</b>	<b>20,662.9</b>	<b>22,577.0</b>

**Summary of Component Budget Changes  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>8,224.0</b>	<b>20,659.5</b>	<b>3.4</b>	<b>28,886.9</b>
<b>Adjustments which will continue current level of service:</b>				
-ETS Chargeback Redistribution	3.8	0.0	0.0	3.8
-Transfer in Positions and Funding from Office of Program Review for Medicaid Policy Unit	384.4	384.4	0.0	768.8
-FY 09 Health Insurance Increases for Exempt Employees	0.3	1.2	1.9	3.4
-FY 09 Bargaining Unit Contract Terms: General Government Unit	95.5	103.5	7.9	206.9
<b>Proposed budget increases:</b>				
-Capital Improvement Projects (CIP) Receipts for Medicaid Management Information System (MMIS) Project Personnel	0.0	0.0	1,415.2	1,415.2
<b>FY2009 Governor</b>	<b>8,708.0</b>	<b>21,148.6</b>	<b>1,428.4</b>	<b>31,285.0</b>

Medical Assistance Administration Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2008 Management Plan	FY2009 Governor		
Full-time	71	77	Annual Salaries	5,202,762
Part-time	0	0	COLA	239,630
Nonpermanent	6	7	Premium Pay	0
			Annual Benefits	2,660,710
			Less 4.00% Vacancy Factor	(324,124)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>77</b>	<b>84</b>	<b>Total Personal Services</b>	<b>7,778,978</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	1	0	0	0	1
Accounting Clerk II	1	0	0	0	1
Accounting Tech I	1	0	0	0	1
Accounting Tech III	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Assoc Coordinator	1	0	0	0	1
Business Manager	1	0	0	0	1
Conversion, System Analyst	1	0	0	0	1
Deputy Director	1	0	0	0	1
Division Director	1	0	0	0	1
Health Program Mgr III	1	0	0	0	1
Health Program Mgr IV	3	0	0	0	3
Hlth & Soc Svcs Plnr II	1	0	0	0	1
Interfaces, System Analyst	1	0	0	0	1
Internal Auditor III	3	0	0	0	3
Internal Auditor IV	1	0	0	0	1
Medical Assist Admin I	5	0	0	0	5
Medical Assist Admin II	10	0	0	0	10
Medical Assist Admin III	14	0	1	0	15
Medical Assist Admin IV	4	0	2	0	6
Nurse Consultant II	2	0	0	0	2
Pharmacist	2	0	0	0	2
Project Analyst	10	0	0	0	10
Project Asst	1	0	0	0	1
Project Coordinator	1	0	1	0	2
Project Director	1	0	0	0	1
Project Manager	1	0	0	0	1
Research Analyst I	1	0	0	0	1
Research Analyst II	3	0	0	0	3
Research Analyst III	1	0	0	0	1
Staff Physician	0	0	1	0	1
Testing Systems Analyst	1	0	0	0	1
Transition Manager	1	0	0	0	1
<b>Totals</b>	<b>79</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>84</b>