

**State of Alaska
FY2016 Governor Amended Operating
Budget**

**Department of Health and Social Services
Health Care Medicaid Services
Component Budget Summary**

Component: Health Care Medicaid Services

Contribution to Department's Mission

The Health Care Medicaid Services component is responsible for the majority of Medicaid programs, which assist in the provision of adequate and competent medical care to eligible persons.

This component of Alaska Medicaid is under the programmatic oversight of the DHSS Division of Health Care Services.

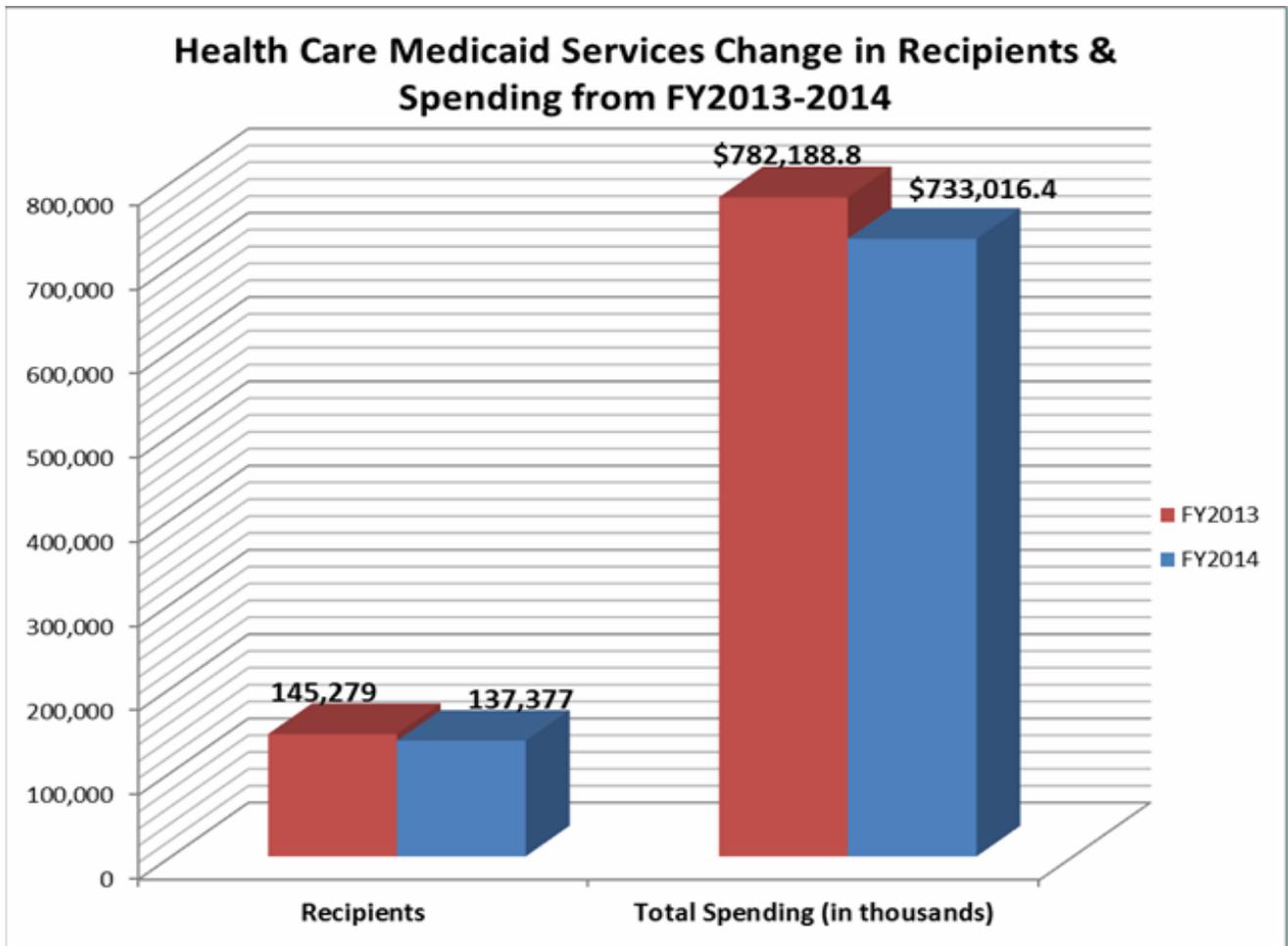
Core Services

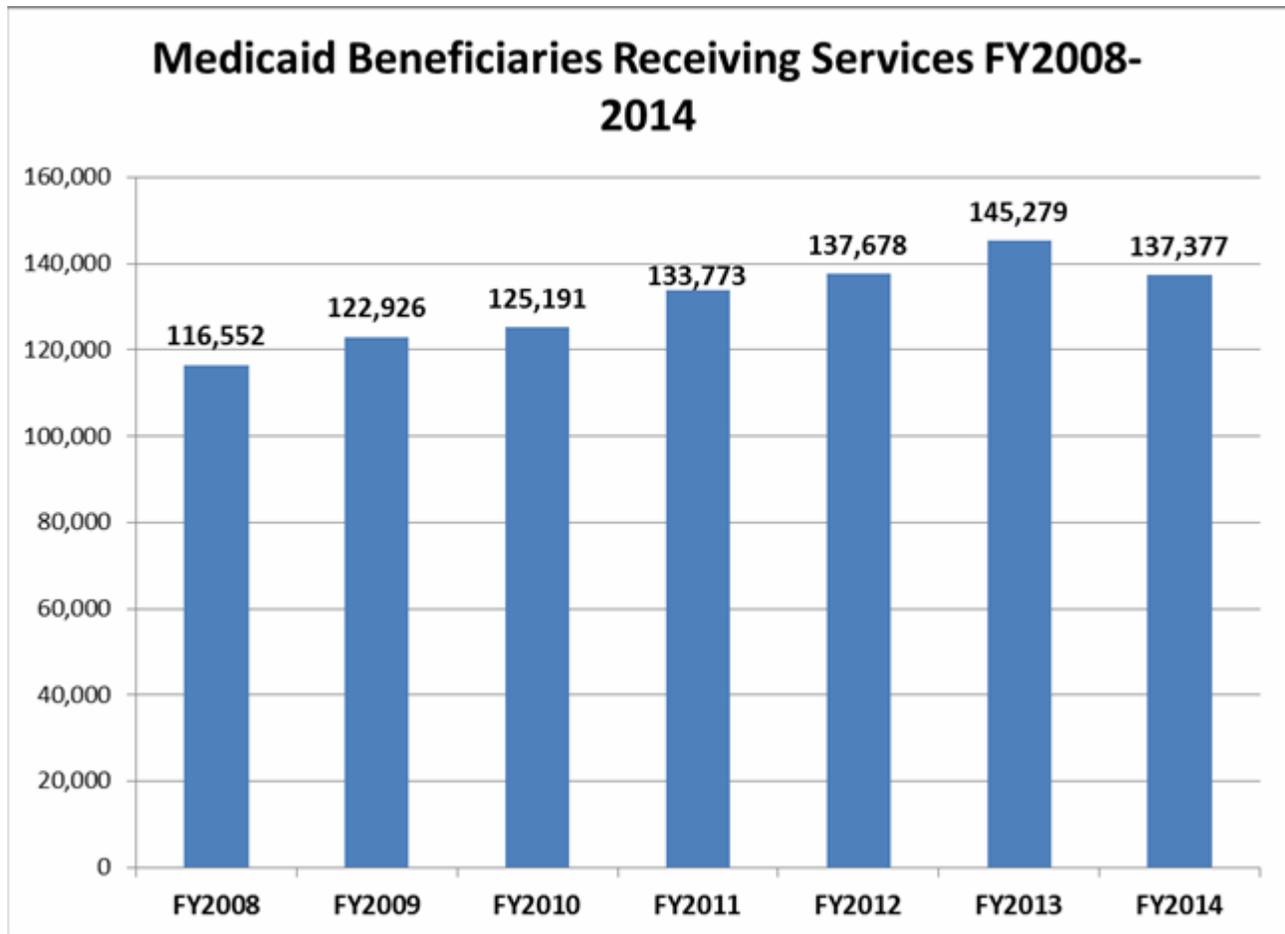
- Direct Services provided to the client and processed through the Medicaid Management Information System. Direct Services include these service categories: inpatient and outpatient hospital, physician, health clinic, surgical clinic, prescribed drugs, durable medical equipment, prosthetic devices, dental, transportation, physical therapy, and occupational therapy.
- Indirect services include payments for insurance premiums (primarily Medicare), contracts for Medicaid operations and cost containment activities, third-party liability services, subrogation, estate recovery, and supplemental payments to hospitals for uninsured and uncompensated care (Disproportionate Share Hospital program or DSH).
- Medicaid Financing Services for activities that maximize federal funding.

Major Component Accomplishments in 2014

- The Health Care Services Medicaid component provided services to 137,377 Medicaid beneficiaries during FY2014 with expenditures of \$733,016.4. The average annual Medicaid cost for services billed was approximately \$5,336 per recipient during FY2014. Benefits provided to children (standard health care) comprised 36.26 percent of all claim payments processed in FY2014. Medical benefits provided to adults comprised 23.94 percent, services for disabled adults 27.25 percent, elderly 8.23 percent, and disabled children 4.32 percent. These five groups are treated as discrete, non-overlapping beneficiary categories in the Medicaid program. Department Core Service 2.1, Division Core Service 3
- During FY2014, Alaska Medicaid provided services to 7,902 less recipients than in FY2013. Total cost for services decreased by \$49,172.4, and cost per recipient decreased by \$48. Department Core Service 2.1, Division Core Service 3

**Health Care Medicaid Services
Change in Recipients and Spending from FY2013-2014**





Source: Systems and Analysis Section, Health Care Services

Note: The Division of Health Care Services makes every effort to ensure that reported numbers are as accurate as possible. However, due to possible defects in the new Health Enterprise Medicaid Management Information System, claims processing system (including converted historical records), the data provided in this report is to be considered a draft and may be updated in future iterations.

OPERATIONS:

The return on investment (ROI) for inpatient and outpatient utilization review services performed by Qualis Health increased 25 percent, from \$19.88:\$1.00 in FY2013 to \$24.851:\$1.00 in FY2014; return on investment for case management services provided by Qualis Health increased 27 percent, from \$5.08:\$1.00 in FY2013 to \$6.45:\$1.00 in FY2014. Net savings realized from services provided by Qualis Health increased 33 percent, from \$3,900,426 to \$5,168,960 over the same time period. Department Core Service 1.1, Division Core Service 2

Regulations were written and published for public notice to:

- remove limitations that CMS determined were unnecessarily restrictive
- establish nutrition assessment service limitations
- establish nutrition services rates to adequately compensate providers for services rendered using RBRVS methodology consistent with other midlevel providers
- adopt the most recently version of the Bright Futures/American Academy of Pediatrics

Department Core Service 2.1, Division Core Service 2

A team consisting of staff from the Division of Health Care Services (Operations, Program Integrity, and Certification and Licensure), Division of Behavioral Health, Division of Senior and Disabilities Services, Office of Rate Review, DHSS Commissioner's Office, and Department of Law concluded its research and evaluative

efforts and entered the development phase drafting new provider sanction regulations. Department Core Services 1.1, 1.2, 2.1, 2.2, 3.1, 3.2, Division Core Measures 1 and 3

SYSTEMS:

- International Classification of Diseases, tenth revision: Continued development, design and provider out-reach activities related to the federally mandated implementation of the International Classification of Diseases, tenth revision. Full International Classification of Diseases, tenth revision implementation is required by October 1, 2015. Department Core Service 2.2, Division Core Service 3
- In FY2014 the team expended considerable efforts in problem resolution and support of the Department's implementation of a new Medicaid Management Information System (MMIS) and a new Decision Support System (DSS). Department Core Service 2.2, Division Core Service 3
- The Systems and Analytics team implemented phase I of a project to bring the new Medicaid Management Information System in compliance with the July 1, 2013 Senior and Disability Services waiver regulations. Department Core Service 2.2, Division Core Service 3
- Behavioral Rehabilitation Service changes were implemented in the new Medicaid Management Information System to support the Department's transition of this service category from the Office of Children's Services to the Division of Behavioral Health management and oversight. Department Core Service 2.2, Division Core Service 3
- System quality assurance and implementation support efforts resulted in the successful implementation of pharmacy regulation changes within the Pharmacy Benefit Management System. Department Core Service 2.2, Division Core Service 3

PHARMACY:

- Psychotropic Medication Review Contract: During FY2014 the division secured a contractor to provide a second opinion review for high dose and duplicative psychotropic medication therapy with the primary focus being on foster children. The contract is not anticipated to generate cost savings by reducing the number of prescriptions for psychotropic medications, but it is expected to improve the quality of pharmaceutical care Medicaid recipients receive. Department Core Service 2.1, Division Core Services 2 and 4
- Revised Coverage and Payment Regulations for Prescription Medications: In FY2014 changes to the coverage and payment regulations for prescription medications were implemented. The regulations made the payment rates for covered drugs more competitive and comparable to other third party payers. The revisions will maximize the services recipients receive with the allocated program resources. Department Core Service 2.1, Division Core Services 4

QUALITY ASSURANCE

- The Quality Assurance Section streamlined processes for Surveillance Utilization Review (SUR), Care Management Lock-in Program (CMP) and Fair Hearings. Department Core Services 1.1 and 2.1, Division Core Services 3 and 4
- Emergency Room Super-utilizer Project (also known as the Alaska Medicaid Coordinated Care Initiative -AMCCI): The National Governors Association (NGA) selected the State of Alaska as one of seven states to receive and to participate in its' "Developing State- Level Capacity to Support Super-Utilizers National Governors Association Policy Academy". This grant for NGA consulting services was developed to assist states in creating super-utilizer care models, including addressing regulatory environment, payment reform, financing structures, stakeholder relationships, data systems and workforce. The Quality Assurance Team is in the process of developing, implementing and administering the grant for the Super-utilizer Project. A

primary goal of this project is to reduce and contain health care costs of the Super-utilizer population. Department Core Services 1.1, 1.2, 2.1, and 2.2, Division Core Services 2 and 4

Key Component Challenges

Department Priorities, Core Services, and Division Core Services to Meet Department's Mission

1. Health and Wellness Across the Lifespan

Core Service:

- 1.1 Protect and Promote the Health of Alaskans
- 1.2 Provide Quality of Life in a Safe Living Environment for Alaskans

2. Health care Access Delivery and Value

Core Service:

- 2.1 Manage Health Care Coverage for Alaskans in Need
- 2.2 Facilitate Access to Affordable Health Care for Alaskans

3. Safe and Responsible Individuals, Families, and Communities

Core Service:

- 3.1 Strengthen Alaska Families
- 3.2 Protect Vulnerable Alaskans

Division Core Services

1. Ensure Health Care Facilities are Safe
2. Ensure Health Care Capacity to Meet Client Needs
3. Provide Fiduciary Oversight for Alaska Medicaid
4. Ensure Access of Clients to Health Care

- For Medicaid members who must travel out of area to receive care, the division is exploring ways to reduce transportation costs by coordinating, and/or encourage the member to coordinate, appointments such that multiple appointments can be accomplished during a single travel episode, Department Core Services 1.1, and 2.2, Division Core Services 2, 3, and 4
- The division continues to analyze reasonable alternative payment methodologies for reimbursement of local ground transportation providers (taxis, cars for hire) while continuing to meet federal and state requirements. Department Core Services 1.1 and 2.2, Division Core Services 2, 3, and 4
- During FY2014, Operations staff expended considerable time and effort to resolve a significant increase in pends from 300 – 600 per month in FY2013 to 2,500 – 3,000 per month in FY2014. Department Core Services 1.1 and 2.2, Division Core Services 2 and 3
- With passage of the Affordable Care Act (ACA) by Congress, the Children's Health Insurance Program (CHIP), a program administered in Alaska known as Denali KidCare, has been re-authorized nationwide through 2019 with funding authorization through 2015. Unless, Congress acts to continue funding for the Children's Health Insurance Program before September 30, 2015, enhanced Children's Health Insurance Program funding will not continue even though the Children's Health Insurance Program is federally authorized through 2019.

This means that the federal medical assistance percentage for children currently enrolled and funded by Title XXI would revert to the lower regular Medicaid federal medical assistance percentage of 50 percent versus current enhanced federal medical assistance percentage mentioned previously. If Congress acts to extend funding for the Children's Health Insurance Program before 09/30/2015, then on October 1, 2015 (FFY2016), under the Affordable Care Act, the enhanced federal medical assistance percentage for Children's Health Insurance Program is scheduled to increase by 23 percentage points, from 65 percent to 88 percent federal

medical assistance percentage, meaning that the state general funds would be \$.12 on every dollar spent for Children's Health Insurance Program children in Alaska. Department Core Service 2.2 Division Core Services 3 and 4)

Significant Changes in Results to be Delivered in FY2016

- In compliance with the Patient Protection and Affordable Care Act, regulations will be promulgated to allow direct billing by, and reimbursement to, free-standing birth centers. Under current payment practices, payments for costs related to use of the birth facility are made to the attending midwife. Department Core Service 1.1, Division Core Services 2 and 4
- In FY2016, the department will implement the federally mandated International Classification of Diseases, tenth revision. The implementation date was extended from October 1, 2014 to October 1, 2015. The increase from several thousand to more than 68,000 diagnosis codes and to 87,000 inpatient procedure codes is expected to improve health care quality, research, and public health reporting. It is also expected to promote accurate reimbursement. Department Core Service 2.2, Division Core Service 3
- The Quality Assurance Section will continue to develop and implement a Continuous Quality Improvement Program including but not limited to development and implementation of systems to detect and prevent provider and recipient fraud, waste, and abuse. Department Core Services 1.1 and 2.1, Division Core Services 3 and 4

Statutory and Regulatory Authority

Alaska Statutes:

AS 47.07 Medical Assistance for Needy Persons

AS 47.08 Assistance for Catastrophic Illness and Chronic or Acute Medical Conditions

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 48 Chronic and Acute Medical Assistance

7 AAC 100 Medicaid Assistance Eligibility

7 AAC 105 - 7 AAC 160 Medicaid Coverage and Payment

Code of Federal Regulations:

Title 42 CFR Chapter IV

Contact Information

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**Health Care Medicaid Services
Component Financial Summary**

All dollars shown in thousands

	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	22,276.2	26,975.0	26,975.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	779,157.1	861,956.4	994,305.3
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	801,433.3	888,931.4	1,021,280.3
Funding Sources:			
1002 Federal Receipts	486,601.4	544,409.5	676,758.4
1003 General Fund Match	243,467.6	251,377.1	251,377.1
1004 General Fund Receipts	65,895.1	86,590.6	86,590.6
1005 General Fund/Program Receipts	107.0	200.0	200.0
1007 Interagency Receipts	4,398.4	4,700.4	4,700.4
1108 Statutory Designated Program Receipts	866.3	1,556.3	1,556.3
1168 Tobacco Use Education and Cessation Fund	97.5	97.5	97.5
Funding Totals	801,433.3	888,931.4	1,021,280.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	486,601.4	544,409.5	676,758.4
General Fund Program Receipts	51060	107.0	200.0	200.0
Interagency Receipts	51015	4,398.4	4,700.4	4,700.4
Statutory Designated Program Receipts	51063	866.3	1,556.3	1,556.3
Restricted Total		491,973.1	550,866.2	683,215.1
Total Estimated Revenues		491,973.1	550,866.2	683,215.1

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

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>
FY2015 Management Plan	337,967.7	297.5	6,256.7	544,409.5	888,931.4
Proposed budget increases:					
-Medicaid Expansion	0.0	0.0	0.0	132,348.9	132,348.9
FY2016 Governor Amended	337,967.7	297.5	6,256.7	676,758.4	1,021,280.3

Component Detail All Funds
Department of Health and Social Services

Component: Health Care Medicaid Services (AR23301) (2077)
RDU: Medicaid Services (595)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	22,276.2	25,375.0	25,375.0	26,975.0	26,975.0	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	779,157.1	883,556.4	883,556.4	861,956.4	994,305.3	132,348.9	15.4%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	801,433.3	908,931.4	908,931.4	888,931.4	1,021,280.3	132,348.9	14.9%
Fund Sources:							
1002Fed Rcpts (Fed)	486,601.4	564,409.5	564,409.5	544,409.5	676,758.4	132,348.9	24.3%
1003G/F Match (UGF)	243,467.6	251,377.1	251,377.1	251,377.1	251,377.1	0.0	0.0%
1004Gen Fund (UGF)	65,895.1	86,590.6	86,590.6	86,590.6	86,590.6	0.0	0.0%
1005GF/Prgm (DGF)	107.0	200.0	200.0	200.0	200.0	0.0	0.0%
1007I/A Rcpts (Other)	4,398.4	4,700.4	4,700.4	4,700.4	4,700.4	0.0	0.0%
1108Stat Desig (Other)	866.3	1,556.3	1,556.3	1,556.3	1,556.3	0.0	0.0%
1168Tob Ed/Ces (DGF)	97.5	97.5	97.5	97.5	97.5	0.0	0.0%
Unrestricted General (UGF)	309,362.7	337,967.7	337,967.7	337,967.7	337,967.7	0.0	0.0%
Designated General (DGF)	204.5	297.5	297.5	297.5	297.5	0.0	0.0%
Other Funds	5,264.7	6,256.7	6,256.7	6,256.7	6,256.7	0.0	0.0%
Federal Funds	486,601.4	564,409.5	564,409.5	544,409.5	676,758.4	132,348.9	24.3%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2015 Conference Committee To FY2015 Authorized *****												
FY2015 Conference Committee												
	ConfCom	908,931.4	0.0	0.0	25,375.0	0.0	0.0	883,556.4	0.0	0	0	0
1002 Fed Rcpts		564,409.5										
1003 G/F Match		251,377.1										
1004 Gen Fund		86,590.6										
1005 GF/Prgm		200.0										
1007 I/A Rcpts		4,700.4										
1108 Stat Desig		1,556.3										
1168 Tob Ed/Ces		97.5										
Subtotal		908,931.4	0.0	0.0	25,375.0	0.0	0.0	883,556.4	0.0	0	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Transfer to Senior and Disabilities Medicaid Services to Compensate for Change in Federal Medical Assistance Percentage												
	Trout	-20,000.0	0.0	0.0	0.0	0.0	0.0	-20,000.0	0.0	0	0	0
1002 Fed Rcpts		-20,000.0										
Transfer to Services for Personal Care Electronic Monitoring Pilot and Other Contract Needs												
	LIT	0.0	0.0	0.0	1,600.0	0.0	0.0	-1,600.0	0.0	0	0	0

Transfer from grants to services to fund the following:

- 1) Personal Care Attendant Electronic Monitoring Program Pilot: \$721.0. The Personal Care Attendant Electronic Monitoring Program Pilot will develop, implement, and manage an electronic visit verification and monitoring system. The program requires a pilot group of Personal Care Agencies to use an Electronic Visit Verification system. Personal Care Attendants will use the Electronic Visit Verification system to check-in at the beginning and check-out at the end of each client visit. As a direct result of implementing this system, it is anticipated significant cost savings will be realized comparable to that experienced by other states. Alaska Medicaid Personal Care Attendant expenditures for FY2013 were \$124,150.2.
- 2) Add Operating Rules to the Medicaid Management Information System for HIPAA and Transformed - Medicaid Statistical Information Systems (T-MSIS): \$454.0. Medicaid will contract for the addition of Alaska Medicaid Health Insurance Portability Accountability Act operating rules. The Transformed Medicaid Statistical Information Systems will provide data for gap analysis that will be used to help prepare the Centers for Medicaid and Medicare Services 64 report. It will help to define data elements not available in Health Enterprise. It will also be used to map requirements to derive missing data.
- 3) Super-Utilizer Case Management (Alaska Medicaid Coordinated Care Initiative): \$425.0. This initiative is designed to assist Medicaid clients to navigate the health care system and to appropriately use the benefits of the Alaska Medicaid program. In order to better assure appropriate use of medical services, improved

Change Record Detail - Multiple Scenarios with Descriptions
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
health outcomes, and better control increasing Medicaid costs, the state Division of Health Care Services is undertaking a 24-month project. The initiative will serve recipients of Alaska's Medical Assistance program, which includes Medicaid, Denali Kid Care, Catastrophic and Chronic Illness Assistance, and other programs. Initiative goals include reduction of emergency room visits, improved use of preventive services, comprehensive case management and care coordination, and integration of medical care and behavioral health services.												
Subtotal		888,931.4	0.0	0.0	26,975.0	0.0	0.0	861,956.4	0.0	0	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
Medicaid Expansion												
Inc		132,348.9	0.0	0.0	0.0	0.0	0.0	132,348.9	0.0	0	0	0
1002 Fed Rcpts	132,348.9											

The change request for Medicaid Expansion is calculated by multiplying the estimated number of new enrollees for FY2016 and an estimated number of per-enrollee costs of Medicaid services for the expansion population in FY2016. Below is the breakdown for estimates of the size of the expansion population and the average cost per potential new enrollee.

1. The Expansion Population.

To estimate the number of persons newly eligible for Medicaid expansion, the study relied on information collected by the Division of Public Health through the Behavioral Risk Factor Surveillance System (BRFSS) survey for 2012 and 2013 and population estimates and projections reported by the Alaska Department of Labor and Workforce Development (ADLWD). The BRFSS survey is a statewide household survey that collects detailed demographic, household, and health-related information on Alaskans. In this survey, adult respondents are asked their age, the number of other adults living in the home, the presence and ages of any dependent children living in the home, and household income.

The primary enrollees of Medicaid expansion are working-age adults 21–64 years of age who are not caring for dependent children, are not disabled or pregnant, and are at or below 138 percent of Federal Poverty Level (FPL). This group is currently not eligible for Medicaid in Alaska. In addition, Medicaid expansion affects a small number of other adults, 19–64 years of age that do not meet current income limits for Medicaid eligibility. Based on our analysis of the BRFSS data for 2012 and 2013, our midpoint estimate of the number of persons in the Medicaid expansion population is 41,910 for FY2016. Our lower and upper bound estimates of the expansion population are 34,833 and 48,988.

Approximately 43 percent of newly eligible adults do not have health insurance. Of those with health insurance, the most common forms of coverage are employer sponsored (19.6 percent) and partial coverage (29.3 percent). Another 3.4 percent did not know or refused to disclose if they had insurance. It is important to note that anyone with Medicare is not eligible for Medicaid through the expansion.

According to the study only 63 percent of newly eligible population will eventually enroll in Medicaid. In the study we call it the "Take up Rate". Also, only 76 percent of those that will eventually enroll in Medicaid will actually enroll in the first year of the implementation, followed by 88 percent in the second year and 100 percent in the third year of implementation. In the study we call this "Lag Rate". By multiplying estimated expansion population (41,910 individuals) by 63 percent and multiplying it again by 76 percent we get 20,066 individuals who will enroll in the first year.

2. Per-Enrollee Spending on Medicaid Services for Newly Eligible Population.

Change Record Detail - Multiple Scenarios with Descriptions
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)

RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP

Because Alaska's Medicaid program does not currently serve the expansion population, we do not know with certainty how much expansion to the newly eligible enrollees will cost. There are, however, working-age adults enrolled in the Medicaid program who are a good proxy for the expansion population. The majority of these enrollees are enrolled through the Family Medicaid eligibility category, which is comprised of non-disabled adults who are eligible for Medicaid services due to being low income with dependent children. With the exception of having dependent children, we believe these enrollees are a good proxy for the expansion population.

Based on the analysis of data from the Department's Medicaid Budget Group, between FY2009 and FY2013, average spending per enrollee for adults in Family Medicaid grew on an average annual basis by just one percent to \$6,712 in FY2013. Over this same period, average spending per enrollee was little changed for all working-age adults (growing from \$12,282 to \$12,374). The substantial difference in average spending per enrollee is due to the fact that the overall working-age population includes individuals who are disabled or pregnant.

The estimated annual cost of Medicaid services for the expansion population varies by gender and age. For men, cost of service rises substantially from about \$3,500 per enrollees for those under 35 to just under \$7,200 for those between 55 and 64. For women, costs do not vary substantially by age, ranging from about \$7,500 for women under 35 to just under \$8,200 for women between 45 and 54.

Distribution of the Expansion Population by Gender and Age.

The study shows that this group will be mostly male (54 percent) and that about 21 percent of this group will be males between the ages of 19 and 34. This is important because this demographic group has significantly lower per-enrollee spending than all other gender-age cohorts.

We estimate that the average cost of services per newly eligible Medicaid enrollee for FY2016 will be about \$7,250, growing to \$8,400 by FY2021. Over this same period, we project that the per-person cost for currently eligible, non-disabled adult Medicaid enrollees will be several hundred dollars less each year. The difference in costs is due to the expansion population likely containing a relatively small number of persons with disabilities.

3. Estimated Costs of Medicaid Expansion.

The take-up rate (63 percent) was taken in consideration when estimating the number of new enrollees and represents the proportion of newly eligible adults that will ultimately enroll through the Medicaid expansion and the lag rate represents the percent of the take-up rate that will be achieved that year. Both the take-up and lag rate are from the 2014 study conducted by the Lewin Group for the State of Alaska. The Lewin assumption of the take-up rate is consistent with the few studies we are aware of that were conducted prior to the CY2014 expansion.

According to a study conducted in 2012 by the Kaiser Family Foundation, Medicaid participation rates in the Health Insurance Policy Simulation Model (HIPSM) average 60.5 percent among newly eligible people. Similarly, in 2012 Sommers et al estimated that Medicaid participation averaged 62.6 percent among eligible adults without private insurance, with state-level estimates ranging from 43 percent to but modified from calendar year to fiscal year.

Based on the results of this study, the estimated number of newly eligible population that will enroll in FY2016 is 20,066 enrollees. The average cost per newly eligible enrollee is estimated to be \$7,248. By multiplying the number of enrollees and the average cost per enrollee it results in \$145,438.4 of the total funds needed for Medicaid Expansion in FY2016. Since in the first years of implementation of the Expansion the spending for the newly eligible population are going to be reimbursed by Federal government at 100 percent match rate, all the funds in this request are federal funds.

Based on recent historical spending patterns by the proxy group, that mostly consists of current Medicaid enrollees in Family Medicaid, 91 percent of total spending on Expansion or \$132,348.9 will be contributed by spending through inpatient and outpatient hospital care, physician/practitioner services and other primary care related services that are under Health Care Services Medicaid Component.

Change Record Detail - Multiple Scenarios with Descriptions
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
	Totals	1,021,280.3	0.0	0.0	26,975.0	0.0	0.0	994,305.3	0.0	0	0	0

Line Item Detail
Department of Health and Social Services
Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services		22,276.2	26,975.0	26,975.0
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000 Services Detail Totals			22,276.2	26,975.0	26,975.0
73050	Financial Services		2,321.0	0.0	0.0
73150	Information Technlgy		117.7	0.0	0.0
73175	Health Services	Contract with Medicaid fiscal agents	0.0	4,340.3	0.0
73175	Health Services	Xerox Contract for Medicaid Claims processing FFP 75% CC 6214127	0.0	15,671.3	15,671.3
73175	Health Services	Xerox Contract for Medicaid Claims processing FFP 50% CC 6214126	0.0	1,925.0	1,925.0
73175	Health Services	Qualis Medicaid Necessity Review Contract CC 6214128	0.0	1,875.9	1,875.9
73175	Health Services	Meyers and Stauffer Medicaid audit contract CC 6214129	0.0	900.0	900.0
73175	Health Services	Xerox Contract for State Maximum Acquisition Cost Contract (SMAC) CC 6214163	0.0	0.0	0.0
73175	Health Services	STARS License and Support Fees Contract to support Medicaid services CC 6214165	0.0	0.0	0.0
73175	Health Services	Oregon Health Services (OHS) Medicaid Evidence Based Descriptions CC 6214166	0.0	160.0	160.0
73175	Health Services	Medicaid Pharmacy Cost of Dispensing Survey contract CC 6214170	0.0	150.0	150.0
73175	Health Services	Medicaid Data Pathways - Pharmacy Claims Processing contract CC 6214171	0.0	0.0	0.0
73175	Health Services	Pediatric Dental Care Contract for Medicaid Children CC 6214172	0.0	60.0	60.0
73175	Health Services	Disproportionate Share Hospital (DSH) Audit CC 6214173	0.0	42.5	42.5
73175	Health Services	McKesson Contract for Medicaid InterQual license and	0.0	80.0	80.0

Line Item Detail
Department of Health and Social Services
Services

Component: Health Care Medicaid Services (2077)

RDU: Medicaid Services (595)

Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000 Services Detail Totals			22,276.2	26,975.0	26,975.0
		software CC 6214174			
73175	Health Services	Seattle Children's Hospital Contract - Psychotropic Medication Oversight, CC 6214190	0.0	0.0	250.0
73175	Health Services	Personal Care Attendant Electronic Monitoring Program Pilot - CC 6214196	0.0	0.0	721.0
73175	Health Services	Alaska Medicaid Coordinated Care Initiative (Super-Utilizer Case Management), CC 6214192	0.0	0.0	700.0
73175	Health Services	Health Management Systems - Third Party Liability Collections, Contingency Fee, CC 6214449	0.0	0.0	2,229.3
73175	Health Services	DataStat Inc Contract - Consumer Assessment of Healthcare Providers and Systems, 6214160	0.0	0.0	75.0
73175	Health Services	Advanced Pain Center of Alaska Inc - Opioid Drug Class Study Contract	0.0	0.0	10.0
73175	Health Services	Transformed - Medicaid Statistical Information Systems (T-MSIS) and Operating Rules to the Medicaid Management Information System for Alaska Medicaid Health Insurance Portability Accountability Act (HIPAA), CC 6214135	0.0	0.0	455.0
73225	Delivery Services		111.0	0.0	0.0
73450	Advertising & Promos		0.8	0.0	0.0
73750	Other Services (Non IA Svcs)		18,198.0	0.0	0.0
73812	Legal		925.0	0.0	0.0
73823	Health		500.0	0.0	0.0
73823	Health	Commerce RSA with Commerce, Community, and Economic Development, Board of Pharmacy for Prescription Drug Monitoring Database Program, CC 6214187	0.0	85.0	85.0
73823	Health	Women, Infants and Children RSA with Public Health for Specialty Clinics for Medicaid Eligible Clients CC 6214352	0.0	100.0	100.0
73823	Health	Health Planning & Systems Develo RSA with DPH Health Planning and Systems Development Telehealth Program CC 6214167	0.0	60.0	60.0
73823	Health	Admin Services RSA with DOA for Recipient Support Guardianship	0.0	500.0	500.0

Line Item Detail
Department of Health and Social Services
Services

Component: Health Care Medicaid Services (2077)

RDU: Medicaid Services (595)

Expenditure Account		Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
			73000 Services Detail Totals	22,276.2	26,975.0	26,975.0
			Clients CC 6214168			
73823	Health	Office of the Attorney General	RSA with Dept. of Law for Medicaid Collections (TPL/Subrogation) CC 6214169	0.0	425.0	425.0
73823	Health	Infant Learning Program Grants	RSA with OCS for Infant Learning Outreach Program CC 6214162	0.0	600.0	500.0
73826	Other Equip/Machinry			85.0	0.0	0.0
73827	Safety (IA Svcs)			17.7	0.0	0.0

Line Item Detail
Department of Health and Social Services
Grants, Benefits

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
77000	Grants, Benefits		779,157.1	861,956.4	994,305.3
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
77000 Grants, Benefits Detail Totals			779,157.1	861,956.4	994,305.3
77670	Benefits	<p>Services for Medicaid clients including: hospitals, physicians, pharmacy, dental transportation, Lab & X-ray, durable medical equipment, audiology, vision, physical therapy, occupational & speech therapy, chiropractic, home health & hospice.</p> <p>This also includes payments for services for Medicaid clients who will be newly eligible through Medicaid expansion.</p>	779,157.1	861,956.4	994,305.3

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51010	Federal Receipts				486,601.4	544,409.5	676,758.4
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51010	Federal Receipts		6214199	11100	0.0	544,409.5	676,758.4
	Medicaid Federal Collections- The bulk of the federal funding for the Medicaid benefits comes from claims reimbursed at the federal medical assistance percentage of FMAP. Additional Medicaid funds sources are IHS (Indian Health Services) at 100% FMAP for specific programs; Enhanced FMAP is for the State Children's Health Insurance Program (SCHIP); and, Breast and Cervical Cancer (BCC). Actual collections are based on the proportion of the expenditures eligible for each type of federal reimbursement.						
57301	Title XIX Map				473,254.8	0.0	0.0
57302	Title Xix Map Admin				13,346.6	0.0	0.0

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51015	Interagency Receipts				4,398.4	4,700.4	4,700.4
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
59060	Health & Social Svcs				4,398.4	0.0	0.0
59060	Health & Social Svcs	Alaska Psychiatric Institute	6214199A	11100	0.0	4,700.4	1,321.9
	I/A refinancing match from other divisions for DSH and ProShare. Exact amounts will vary depending on the upper payment limits (UPL's) and date of payments.						
59060	Health & Social Svcs	Adult Public Assistance	6214199B	11100	0.0	0.0	178.5
	Medicaid Services Reimbursement from Public Assistance for non-Medicaid eligible clients who receive disability exams -25 (DE-25 Exams)						
59060	Health & Social Svcs	Designated Eval & Treatment	6214199C	11100	0.0	0.0	1,300.0
	State Match from Behavioral Health for Bartlett Regional Hospital Designated Evaluation and Treatment (DET) Disproportionate Share Hospital (DSH) Medicaid payments.						
59060	Health & Social Svcs	Designated Eval & Treatment	6214199D	11100	0.0	0.0	1,900.0
	State Match from Behavioral Health for Fairbanks Memorial Hospital Designated Evaluation and Treatment (DET) Disproportionate Share Hospital (DSH) Medicaid payments.						

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended	
51060	General Fund Program Receipts			107.0	200.0	200.0	
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51060	GF Program Receipts Third party liability recoveries		6214199	11100	0.0	200.0	200.0
51181	DH&SS Medicaid Recov				107.0	0.0	0.0

Restricted Revenue Detail
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51063	Statutory Designated Program Receipts				866.3	1,556.3	1,556.3
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51063	Stat Desig Prog Rec Recovery of Overpayments to Medicaid providers discovered through audit.		6214199	11000	0.0	1,556.3	1,556.3
54252	Recovd Medicaid Pymt				538.0	0.0	0.0
55922	Stat Desig -Contract				328.3	0.0	0.0

Interagency Services
Department of Health and Social Services

Component: Health Care Medicaid Services (2077)
RDU: Medicaid Services (595)

Expenditure Account		Service Description	Service Type	Servicing Agency	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73812	Legal		Inter-dept		925.0	0.0	0.0
73812 Legal subtotal:					925.0	0.0	0.0
73823	Health		Inter-dept		500.0	0.0	0.0
73823	Health	RSA with Commerce, Community, and Economic Development, Board of Pharmacy for Prescription Drug Monitoring Database Program, CC 6214187	Inter-dept	Commerce	0.0	85.0	85.0
73823	Health	RSA with Public Health for Specialty Clinics for Medicaid Eligible Clients CC 6214352	Intra-dept	Women, Infants and Children	0.0	100.0	100.0
73823	Health	RSA with DPH Health Planning and Systems Development Telehealth Program CC 6214167	Intra-dept	Health Planning & Systems Develo	0.0	60.0	60.0
73823	Health	RSA with DOA for Recipient Support Guardianship Clients CC 6214168	Inter-dept	Admin Services	0.0	500.0	500.0
73823	Health	RSA with Dept. of Law for Medicaid Collections (TPL/Subrogation) CC 6214169	Inter-dept	Office of the Attorney General	0.0	425.0	425.0
73823	Health	RSA with OCS for Infant Learning Outreach Program CC 6214162	Intra-dept	Infant Learning Program Grants	0.0	600.0	500.0
73823 Health subtotal:					500.0	1,770.0	1,670.0
73826	Other Equip/Machinry		Inter-dept		85.0	0.0	0.0
73826 Other Equip/Machinry subtotal:					85.0	0.0	0.0
73827	Safety (IA Svcs)		Inter-dept		17.7	0.0	0.0
73827 Safety (IA Svcs) subtotal:					17.7	0.0	0.0
Health Care Medicaid Services total:					1,527.7	1,770.0	1,670.0
Grand Total:					1,527.7	1,770.0	1,670.0