

State of Alaska FY2017 Governor's Operating Budget

Department of Health and Social Services 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.

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

Core Services

- Ensure health care facilities are safe.
- Ensure health care capacity to meet client needs.
- Provide fiduciary oversight for Alaska Medicaid.
- Ensure access of clients to health care.

Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

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.

Major RDU Accomplishments in 2015

- As part of ongoing efforts to reduce transportation costs, the department issued policy guidance encouraging providers to coordinate multiple routine and non-emergent medical appointments for individuals into single trips, and to coordinate appointments of multiple family members into single trips. The memorandum also reiterated covered and non-covered transportation services, medical necessity documentation requirements, and conditions of coverage for medical escort.
Department Core Services 1.1 and 2.2; Division Core Services 3 and 4
- During FY2015, in addition to their ongoing responsibilities, Operations staff resolved pended/rejected Medicaid claims that could not be processed by the new Medicaid Management Information System (MMIS), Alaska Health Enterprise, without additional review. Pended claims increased from 300 – 600 per month in FY2013 to 2,500 – 3,000 per month in FY2014 as a result of implementation of Alaska Health Enterprise. During FY2015, the second year after implementation, staff manually processed approximately 700 pended claims per month, a significant decrease over the previous year.
Department Core Services 1.1, 2.1, and 2.2; Division Core Services 2 and 3
- Health Care Services leveraged participation in the multi-state National Medicaid Pooling Initiative (NMPI) to secure supplemental drug rebates for a variety of medications through the joint work of program management and the Drug Utilization Review and Pharmacy and Therapeutics Committees. Department Core Services 2.1 and 2.2, Division Core Measure 3
- Changes to regulations governing coverage and payment for prescription medications were implemented in May 2014 with savings realized in SFY2015. The revision of payment scheme aligns the program with rule CMS-2345-F which is anticipated to become effective by Fall 2015. Department Core Services 2.2, Division Core Measure 3
- Made substantial progress through collaborative meetings with home and community-based Waiver and personal care attendant service providers, and Senior and Disabilities Services staff, to finalize the scope of

several rate methodologies and to incorporate that scope into the department's federal waivers with the Centers for Medicare and Medicaid Services. Department Core Service 2.1 and 2.2, Division Core Service 2 and 3

- In FY2015 the Medicaid Management Information System was modified to accept a new interface file from Qualis, the State's contractor for inpatient service authorizations. Qualis had implemented a new computer system, necessitating a new interface file. Department Core Service 2.2, Division Core Measure 3.
- The Health Information Exchange has or is in progress of on-boarding 26 Alaska based hospitals and over 40 provider's organizations. The Health Information Exchange has also been connected to Division of Public Health registries to support healthcare providers achieving meaningful use. Registries that have been connected are: immunization registry, syndromic surveillance registry, and the electronic laboratory results registry. Department Core Measure 2.1
- Due to the implementation of a new tracking method that helped to streamline internal policy and processing, the Accounting and Recovery section realized a 47% increase in Medicaid trust recoveries, from \$1,036.4 to \$1,520.7 in FY2015. Department Core Service 2.1, Division Core Service 3
- The Health Facilities Licensing and Certification component collaborated with other state agencies within the Centers for Medicare and Medicaid Services region for assistance in completing critical health facility inspections. Department Core Services 1.1 and 3.2, Division Core Service 1
- The Residential Licensing Program is responsible for the licensing of 634 facilities statewide. These facilities are Assisted Living Homes (ALH) and Residential Child Care Facilities (RCCF). During FY2015, 42 new facilities were issued licenses and 33 facilities closed, for a net increase of 9 facilities. Department Core Services 1.1; and 3.2, Division Core Service 1
- The Quality Assurance provider enrollment section created procedures establishing improved communication with Senior and Disabilities Services (SDS) to ensure that Senior and Disabilities Services agency certification forms include provider enrollment requirements. This policy improvement aligns the department with certain Medicaid provider enrollment requirements of the Affordable Care Act and will also promote accurate reimbursement. Department Core Service 2.2, Division Core Services 2
- Health Care Services Tribal Programs continue to monitor Medicaid paid services for American Indian and Alaska Native (AI/AN) beneficiaries at non-tribal providers. The goal is to transition and maximize Medicaid service delivery at tribal facilities for American Indian and Alaska Native. This requires data analysis and thorough review of paid claims. The Health Care Services Tribal program has had difficulty pulling current and accurate claims data in the Enterprise system. This data assists with analyzing specific Medicaid services and service areas the tribes could take on in lieu of non-tribal providers to offer more inclusive care close to the home community. In the past, this type of data assisted with the determination to build two 18 bed tribal nursing homes in Kotzebue and Bethel, expand the prematernal home in Bethel, and provide support to fund a 178 bed residential facility in the Anchorage area. The lack of accurate claims data makes this type of large scale and long term planning very difficult. Department Core Service 2.2, Division Core Services 2 and 4

Key RDU 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
- 3.3 Promote Personal Responsibility and Accountable Decisions by 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

Health Information Technologies:

- A significant challenge is the continued sustainability of the Health Information Exchange since the end of the Health Information Exchange Cooperative Agreement Grant in FY2014. There is an increased need for the state and other stakeholders to fund the ongoing operations of the Health Information Exchange established under AS 18.23.300. There is no longer federal funding support for the ongoing maintenance and operations of Health Information Exchanges. The non-profit organization, Alaska eHealth Network, managing the Health Information Exchange for the Department, is evaluating costs for Health Information Exchange services for all participants. Department Core Measure 2.1.

Recipient Services:

- The department is challenged to implement and manage a new provider type for free-standing birth centers, in compliance with requirements of the Patient Protection and Affordable Care Act. Newly adopted regulations will establish enrollment requirements, covered services, payment methodology, and payment rate. Department Core Services 1.1, 2.1, and 2.2; Division Core Services 2, 3, and 4.
- The department is challenged to identify ways to reduce transportation costs for recipients who must travel to receive non-emergent medical care. Because of the large number of communities that are inaccessible by road, and lack of providers in rural villages, recipients must frequently travel to medical hubs to receive services. Department Core Services 1.1, 2.1, and 2.2; Division Core Services 3 and 4
- For more than 50 provider types, the Operations Unit of Health Care Services is challenged to oversee claims processing, resolve in excess of 700 pended claims monthly, provide responses to questions and inquiries, and adjudicate appeals in excess of 600 annually. Department Core Services 2.1 and 2.2; Division Core Services 2, 3, and 4
- Support with member eligibility, assistance with transportation issues, and identification of providers who are accepting new Medicaid patients continue to be the primary challenges for recipient services. Each recipient call is unique and requires research and resourcefulness to identify appropriate intervention. Other frequently occurring issues include access to dental care, management of enhanced dental benefits, and providers attempting to bill the Medicaid recipient for services. Department Core Services 1.1, 2.1 and 2.2; Division Core Services 2 and 4

Pharmacy Program:

- Two of the key challenges facing the Health Care Services Pharmacy program are: (1) managing the utilization and program costs for new and extremely costly drug regimens and; (2) managing provider

expectation while operating an evidenced based, fiscally responsible program. Department Core Service 2.1, Division Core Services 2 and 4

- **Durable Medical Equipment:** The primary challenge facing the Durable Medical Equipment program stems from the need for updated coverage and payment regulations. The department has initiated the regulation project in FY2014; however, significant provider pushback is anticipated as the department attempts to mirror Medicare coverage and payment logic. The changes are needed because current coverage and payment logic are outdated, which prevent the department from properly updating the program to ensure recipients have access to services. Department Core Service 1.2, Division Core Service 1

Significant Changes in Results to be Delivered in FY2017

In FY2017 Health Care Services will complete the federal mandate for the Transformed Medicaid Statistical Information System (T-MSIS) project. This will bring Alaska Medicaid into compliance with federal Medicaid reporting standards for paid claims, members and providers. Upon deployment of these changes, Alaska Medicaid will commence efforts to bring current filing of monthly Transformed Medicaid Statistical Information System information with the federal Centers for Medicare and Medicaid Services (CMS). Department Core Service 2.2, Division Core Measure 3.

Contact Information
<p>Contact: Sana P. Efird, Assistant Commissioner Phone: (907) 465-1630 Fax: (907) 465-2499 E-mail: sana.efird@alaska.gov</p>

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

All dollars shown in thousands

	FY2015 Actuals				FY2016 Management Plan				FY2017 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	1,442.2	0.0	0.0	1,442.2	500.0	0.0	0.0	500.0	171.0	0.0	0.0	171.0
Non-Formula Expenditures												
Health Facilities Licensing & Ce	576.1	46.1	1,155.8	1,778.0	815.7	60.0	1,407.6	2,283.3	999.4	100.0	1,391.3	2,490.7
Residential Licensing	2,908.5	235.7	974.9	4,119.1	3,220.3	263.0	1,267.1	4,750.4	3,024.1	263.0	1,070.9	4,358.0
Medical Assistance Admin.	4,518.8	790.4	4,688.6	9,997.8	5,194.0	1,467.6	6,020.6	12,682.2	5,352.2	1,467.6	6,129.3	12,949.1
Rate Review	1,007.1	0.0	1,007.1	2,014.2	1,182.4	0.0	1,257.4	2,439.8	1,161.6	0.0	1,236.6	2,398.2
Totals	10,452.7	1,072.2	7,826.4	19,351.3	10,912.4	1,790.6	9,952.7	22,655.7	10,708.3	1,830.6	9,828.1	22,367.0

Health Care Services
Summary of RDU Budget Changes by Component
From FY2016 Management Plan to FY2017 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>
FY2016 Management Plan	9,034.1	1,878.3	1,790.6	9,952.7	22,655.7
Adjustments which continue current level of service:					
-Residential Licensing	-166.5	0.0	0.0	-166.5	-333.0
-Medical Assistance Admin.	262.1	0.0	0.0	212.6	474.7
Proposed budget increases:					
-Health Facilities Licensing & Ce	0.0	200.0	40.0	0.0	240.0
Proposed budget decreases:					
-Catastrophic & Chronic Illness	-329.0	0.0	0.0	0.0	-329.0
-Health Facilities Licensing & Ce	-16.3	0.0	0.0	-16.3	-32.6
-Residential Licensing	-29.7	0.0	0.0	-29.7	-59.4
-Medical Assistance Admin.	-103.9	0.0	0.0	-103.9	-207.8
-Rate Review	-20.8	0.0	0.0	-20.8	-41.6
FY2017 Governor	8,630.0	2,078.3	1,830.6	9,828.1	22,367.0