



FEBRUARY 10, 2026

Alaska Medicaid Rate Methodology Review

Senate Health and Social Services Committee

AK Department of Health (DOH) and Guidehouse

outwit complexity™

The work presented in this deliverable represents Guidehouse's professional judgement based on the information available at the time this report was prepared. The information in this deliverable may not be relied upon by anyone other than the Alaska Department of Health. Accordingly, Guidehouse disclaims any contractual or other responsibility to others based on their access to or use of the deliverable.

Agenda

Introduction and Background

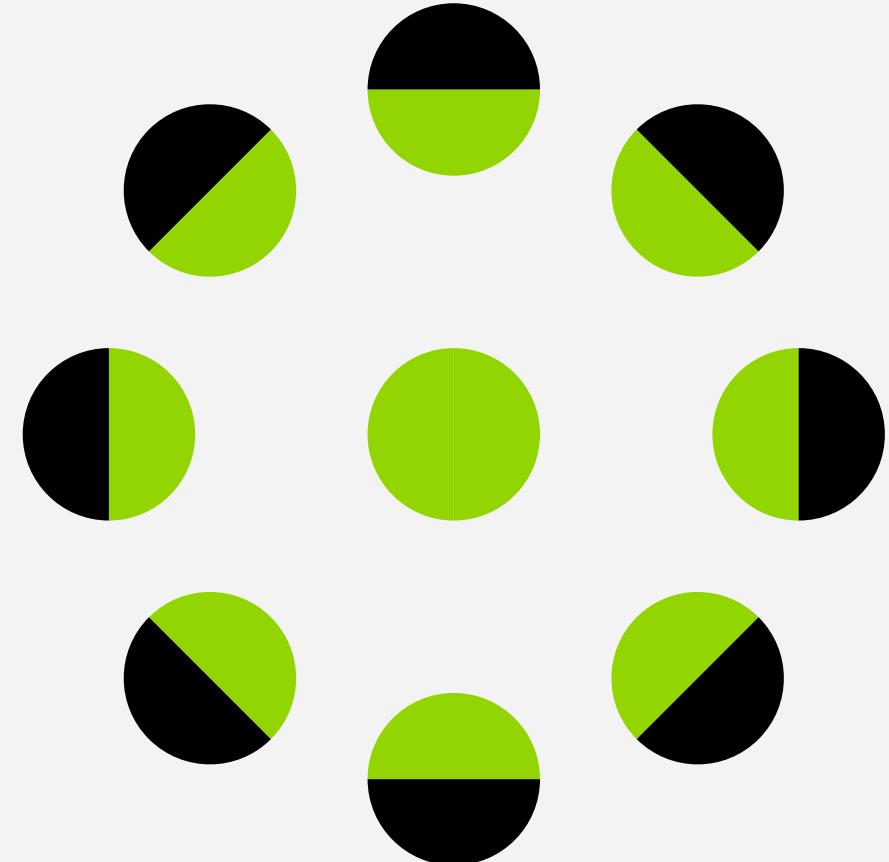
Behavioral Health (BH) Findings and Recommendations

Long Term Services and Supports (LTSS) Findings and Recommendations

Federally Qualified Health Center (FQHC) Findings and Recommendations

Medical Transportation Findings and Recommendations

Closing and Questions



What is a Rate Evaluation?

Overview: A rate evaluation is a comprehensive review of rates, rate structures, and rate methodologies, based on actual costs, service delivery processes, and policy objectives associated with individual services.

Purpose: The study equips DOH and Alaska's leadership with:

- Information to develop a **sustainable, standardized, and transparent rate setting methodology** based on reasonable provider costs, stakeholder input, and industry best practices
- A starting point to **identify and inform priorities** based on available resources and other timing considerations

Impact: Supporting **data-driven decisions** for the effective allocation of Medicaid dollars

Who Was Involved?

The rate evaluation was a collaborative effort among multiple stakeholder groups.



Guidehouse

Facilitator and analytic consultant to analyze financials, stakeholder input, and public data sources.



Alaska Department of Health

Intermediary between contractor and providers that also provided insights and support.



Alaska Providers

Tribal and non-Tribal providers shared data and thoughtful service delivery feedback throughout the process.



Alaskans with Lived Experience

People with lived experience and their family members participated through listening sessions to share their experience.

Engagement Scope and Phase 1 Service Categories

This rate evaluation encompassed several DOH divisions, programs, and services within the fee-for-service environment.



Behavioral Health

- Community Behavioral Health
- Applied Behavior Analysis (Autism)
- Crisis Services
- Adult and Children's Residential



Long Term Services and Supports (LTSS)

- Home and Community-Based Waiver Services
- Personal Care Services
- Community First Choice Services
- LTSS Targeted Case Management
- Intermediate Care Facilities for Individuals with Intellectual Disabilities



Federally Qualified Health Centers (FQHC)

- Prospective Payment System (PPS)
- Alternative Payment Methodology (APM)



Medical Transportation

- Ground and Air Ambulance
- Taxi
- Paratransit Services
- Accommodation Services

On Site Stakeholder Engagement



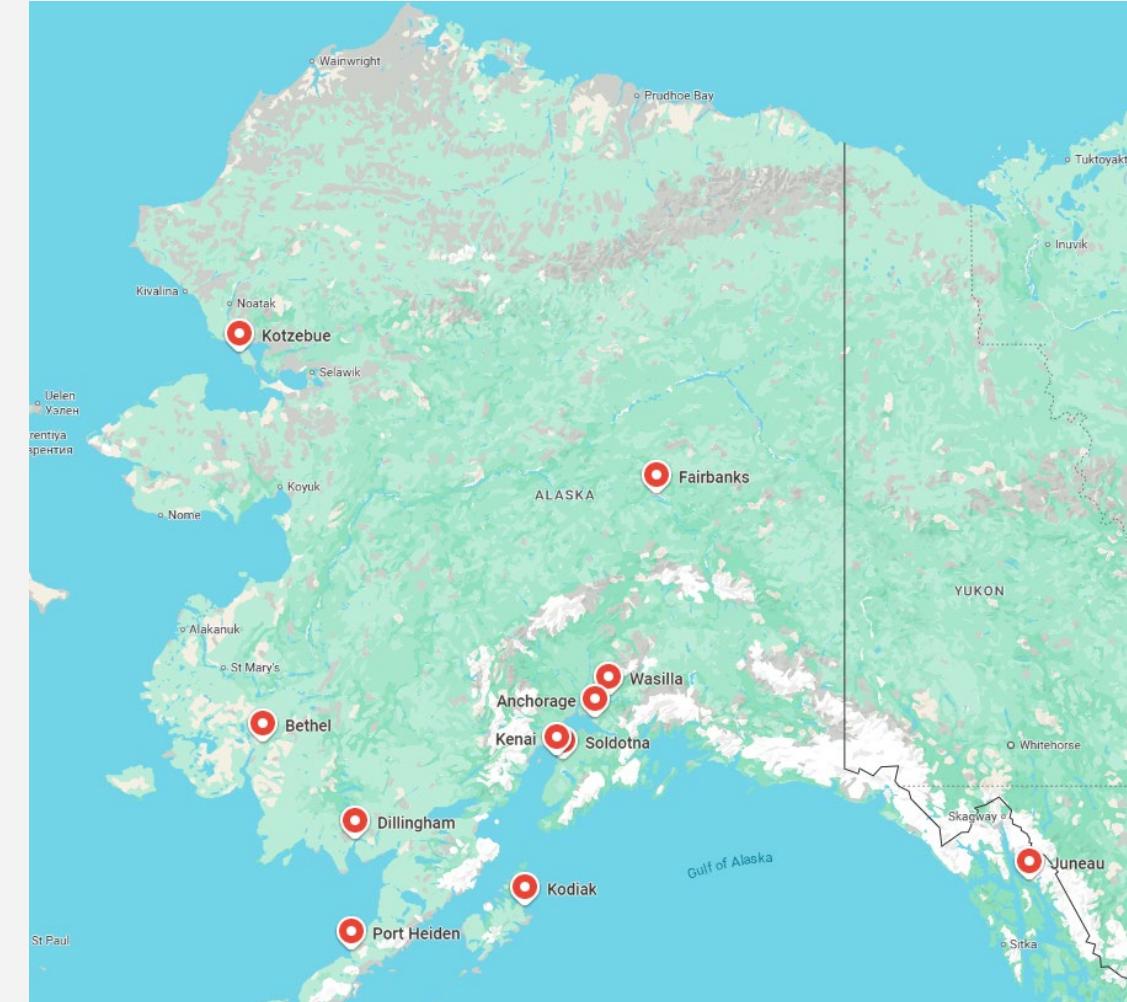
Guidehouse visited providers and associations across the state



Guidehouse visited each Alaska region to understand differences in city, rural hub, and village service infrastructure



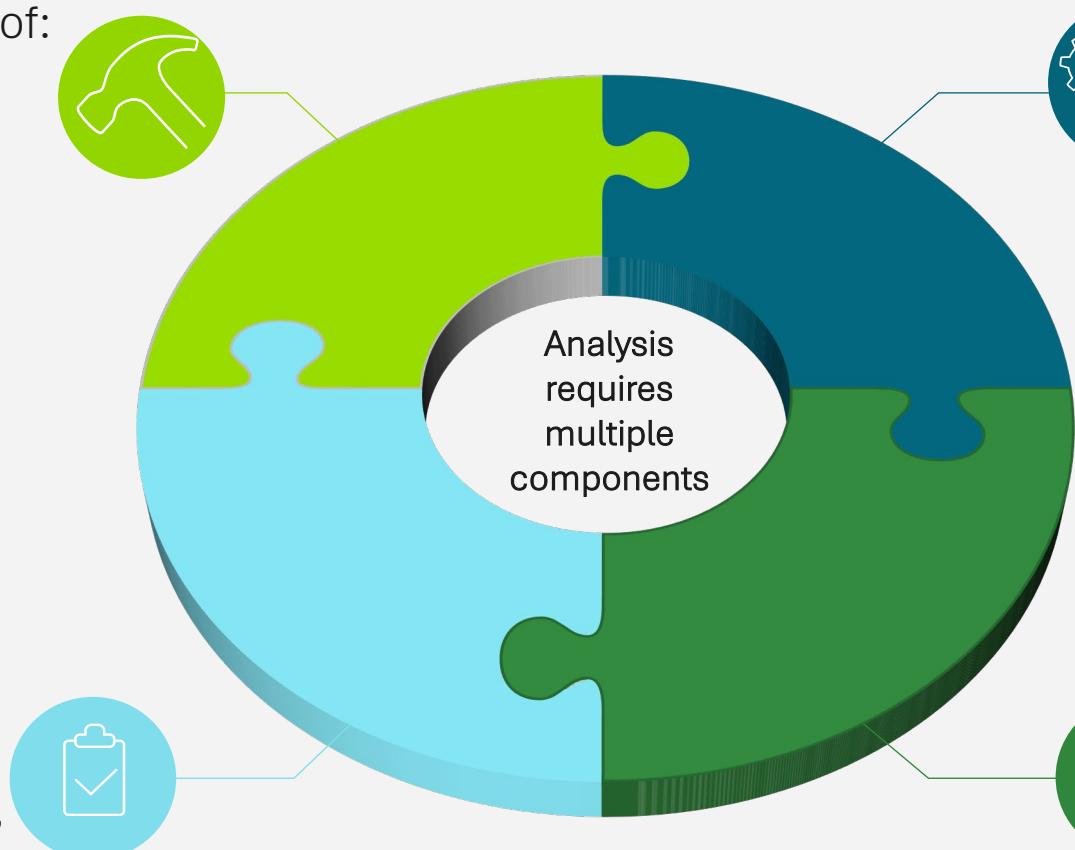
We met with providers representing service provision across all 4 workstreams



Approach to Rate-Building

Employs assumptions of:

- Wages
- Types of employees
- Staffing ratios
- Employee benefits
- Other provider costs
- Service utilization



Consideration of participant's specific needs (team dynamics, staffing ratios)

Recognizes the costs of services with service-specific variations

Independent Model Approach

– An approach using state-specific data sources to develop the estimates for each cost component for each service.

Assumptions can be derived from state, national or industry standard data

Behavioral Health Rate Evaluation Findings



Findings

1

Service reimbursement is misaligned with some services having adequate reimbursement while other services seem to be too high or too low.

2

Indirect costs which represent the overhead costs to deliver services are disproportionately high, even when accounting for Alaska's overall higher cost of living. Representing roughly 40 cents on every dollar.

3

Lack of historical standards (i.e., group sizes, wages and overhead assumptions) built into rate reimbursement has contributed to the misalignment of the system overall and has resulted in relying on historical costs without efficiency expectations.

BH Rate Evaluation Recommendations



Rates

- Methodology Transition and Rate Recalibration
- Hold Harmless
- Rate Rebalancing



Enhancements

- Geographic Adjustment
- Staff Transportation Add-On
- Service Definition Review
- Updates to Crisis Services



State Operations

- Cost Reporting
- Annual Rate Updates

LTSS Rate Evaluation Findings



Findings

1

With a few exceptions, service rates kept pace with Guidehouse-benchmarked rates, but LTSS methodologies still offer opportunities to adopt more responsive acuity-adjusted rates.

2

Personal care services remain essential to LTSS programs, yet reimbursement appears too low to sustain the workforce, and current cost reporting processes are unlikely to meet CMS Access Rule requirements if federal rules take effect.

3

Current LTSS geographic rate differentials rely on a methodology nearly 20 years old, and updating the data would better reflect current regional cost differences.

4

Indirect costs as a proportion of total LTSS costs are substantially higher than indirect cost ratios typically observed in other states, even when accounting for Alaska's overall higher costs.

LTSS Rate Evaluation Recommendations



Rate Adequacy and Transparency

- Methodology Transition and Rate Recalibration
- Hold Harmless or Other “Risk Corridors”



Methodological Improvements

- Geographic Adjustment
- Tiered Rates for Select Services
- Acuity-Adjusted Residential Reimbursement
- OHCDS Admin Fees and Policies
- Brokerage Impacts on Waiver Non-Medical Transportation



Administrative Processes

- Cost Reporting System
- Annual Admin Rate Updates
- Medicaid LTSS for Tribal Members

FQHC Rate Evaluation Findings



Findings

1

Many FQHCs have modified their service offerings over the past two decades. Those changes may not be reflected in their current Prospective Payment System (PPS) rates, but most providers have rates that reflect more recent cost data through the Alternative Payment Methodology (APM) rate.

2

FQHC providers report that they are experiencing service delivery challenges, some of which may be partially addressable through Medicaid policy revisions.

FQHC Rate Evaluation Recommendations



Catch-Up Change in Scope

- Offer providers an opportunity to capture significant changes in their PPS rates



Technical Assistance

- Help providers who need support to update their rate methodology



Policy Updates

- Create a policy and process moving forward that allows providers to update their PPS rates when they experience significant changes

Medical Transportation Rate Evaluation Findings



Findings

1

Rates have not been regularly updated for ambulance or lodging. Lack of regular updates has resulted in current reimbursement levels not aligning with current costs and lodging providers not accepting Medicaid.

2

Ambulance staffing is becoming a significant issue, as providers are unable to offer the compensation and training necessary to attract and retain staff.

3

Members and booking providers face challenges with lodging availability, particularly during tourist season. Rural Tribal entities often cover lodging out-of-pocket or house members within the hospital system, sometimes in common areas.

4

Alaska Medicaid policy and payment systems present challenges related to out-of-state lodging, transportation, and meals.

Medical Transportation Rate and Policy Recommendations



Rates

- Ambulance Rate Increase
- Single Lodging Rate Increase
- Seasonal Lodging Rates
- Wheelchair Van Rate Increase
- Administrative Rate Updates and Rebasing



Policy

- Urgent But Not Emergency Policy
- Escorts
- “Travel Event” Definition



Partnerships

- Brokerage
- Prior Authorization Fee Increase
- Public Transportation Partnerships



Thank You



outwit complexity™