

# Alaska Medicaid

*Innovation & Change*

Margaret Brodie, Director





## What is Medicaid

Medicaid is an entitlement program created in 1965 by the federal government, but administered by the state, to provide payment for medical services for low-income citizens. People qualify for Medicaid by meeting federal income and asset standards for specified eligibility categories. Medicaid covers aged, blind, or disabled persons and single parent families. In addition, Medicaid coverage was expanded in 1998 through the Children's Health Insurance Program (CHIP) to children whose income is too high to qualify for regular Medicaid, but too low to afford private health insurance. The CHIP program is administered through the Denali Kid Care Office within the Division of Health Care Services. Enrollment for regular Medicaid and CHIP is managed by the Division of Public Assistance.

# Department of Health & Social Services



Medicaid Program	Covered Services
Behavioral Health Medicaid	Mental health clinics, substance abuse clinics, psychiatric physicians, residential psychiatric treatment centers, and inpatient psychiatric hospitals.
Children's Medicaid Services	Behavioral rehabilitation services for children.
Health Care Medicaid Services	Inpatient and outpatient hospital services, physician services, pharmacy, transportation, dental, vision, laboratory and Xray services, physical/occupational/speech therapy, chiropractic, medical equipment, home health, hospice, and state-only Medicaid benefits. Other activities supporting direct services delivery include providing Medicare premium assistance for dual eligibles, recovering third-party liability payments, and making supplemental (disproportional share, or DSH) payments to hospitals.
Adult Preventative Dental Medicaid Services	Preventive and restorative dental services for adults.
Senior and Disabilities Medicaid Services	Nursing home and personal care services. Home and community based waiver programs for children with complex medical conditions (CCMC), individuals with intellectual and developmental disabilities (IDD), Alaskans living independently (ALI), and adults with physical and developmental disabilities (APDD).

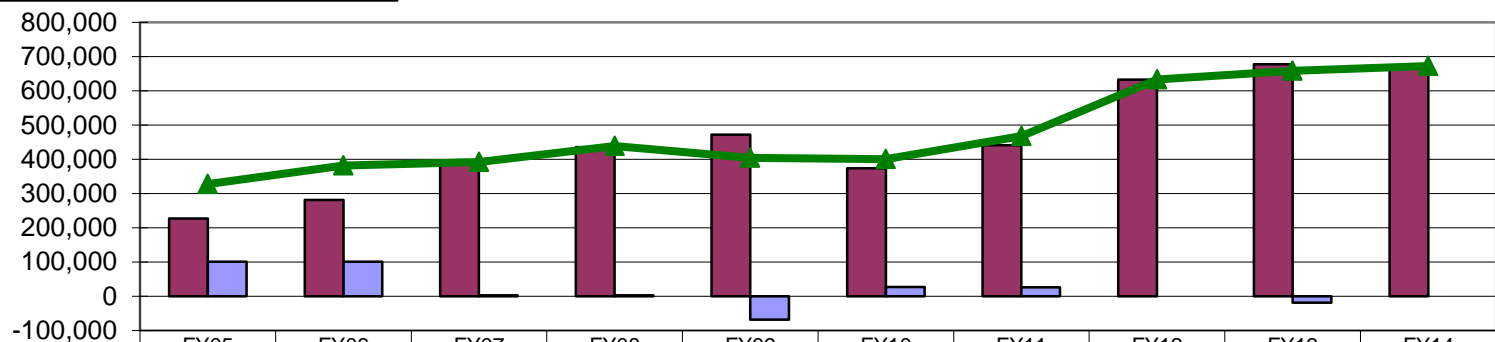
# Department of Health & Social Services



**Medicaid** has grown by \$345 million (105%) between the FY05 Final Budget and the FY14 Budget. Significant changes attributable to:

- \$134.8 million is attributable to FairShare/ProShare
- \$75.2 million is attributable to FMAP changes
- \$32.5 million is attributable to Rate Rebased

## TOTAL MEDICAID FORMULA APPROPRIATIONS (GF ONLY) (\$ Thousands)



Management Plan	226,932.6	281,049.8	389,776.9	435,844.1	472,144.8	374,055.2	441,206.3	633,261.8	677,823.8	672,306.3
Supplementals/RPLs/Adjustments	100,447.9	100,638.4	2,744.0	3,061.6	(68,250.0)	26,817.0	26,261.1	-	(19,000.0)	-
Total Funding	327,380.5	381,688.2	392,520.9	438,905.7	403,894.8	400,872.2	467,467.4	633,261.8	658,823.8	672,306.3

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**Appropriation Increase (05-14): \$563 million (52%) -- An annual increase of 4.8%**

## Medicaid Services (All Funds) (\$ Thousands)

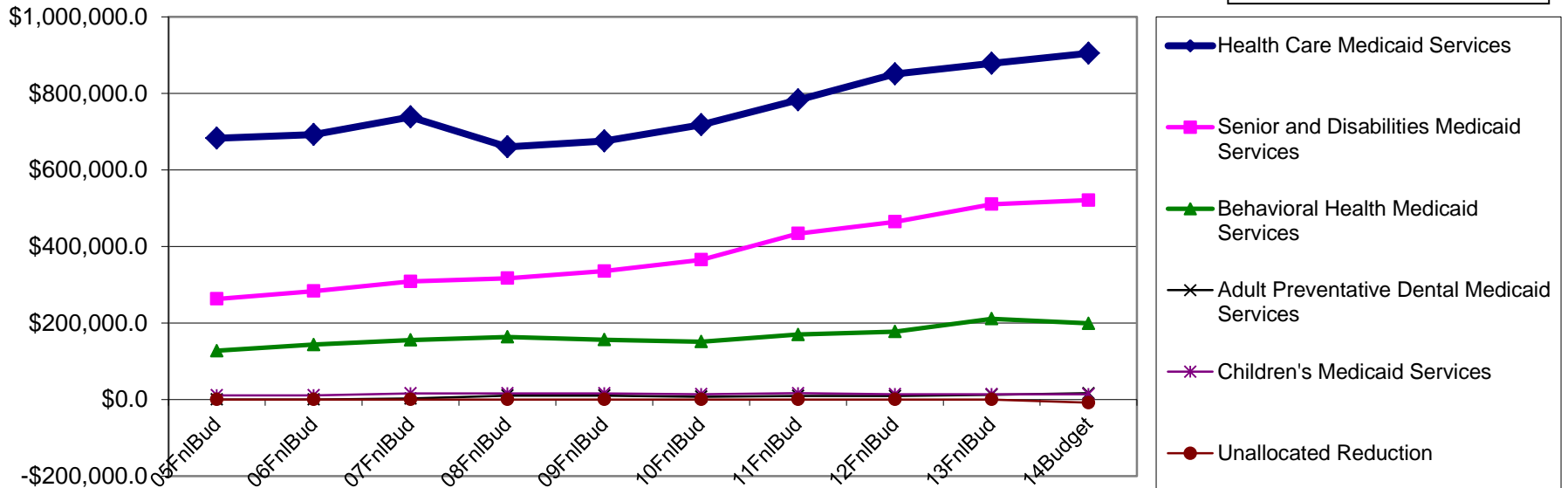
**Total FY14 Budget: \$1.6 billion**

UGF: \$670,508.8

DGF: \$1,797.5

Other: \$8,042.6

Fed: \$966,321.2



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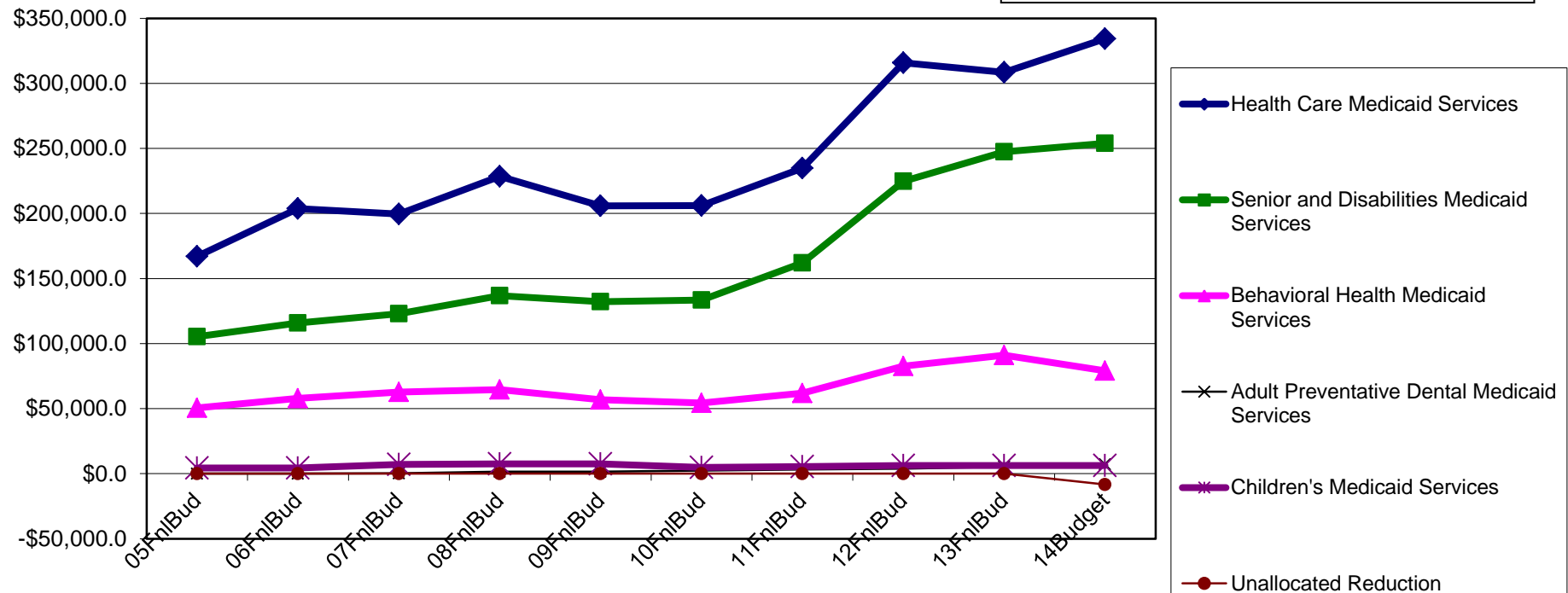


**Appropriation GF Increase (05-14): \$345 million (105%) --**  
*An annual increase of 8.3%*

## Medicaid Services (GF Only) (\$ Thousands)

**The largest Medicaid Increases occurred in:**

--Health Care Medicaid Services: up \$167 million (100%)  
 --Senior & Disabilities Medicaid: up \$149 million (141%)

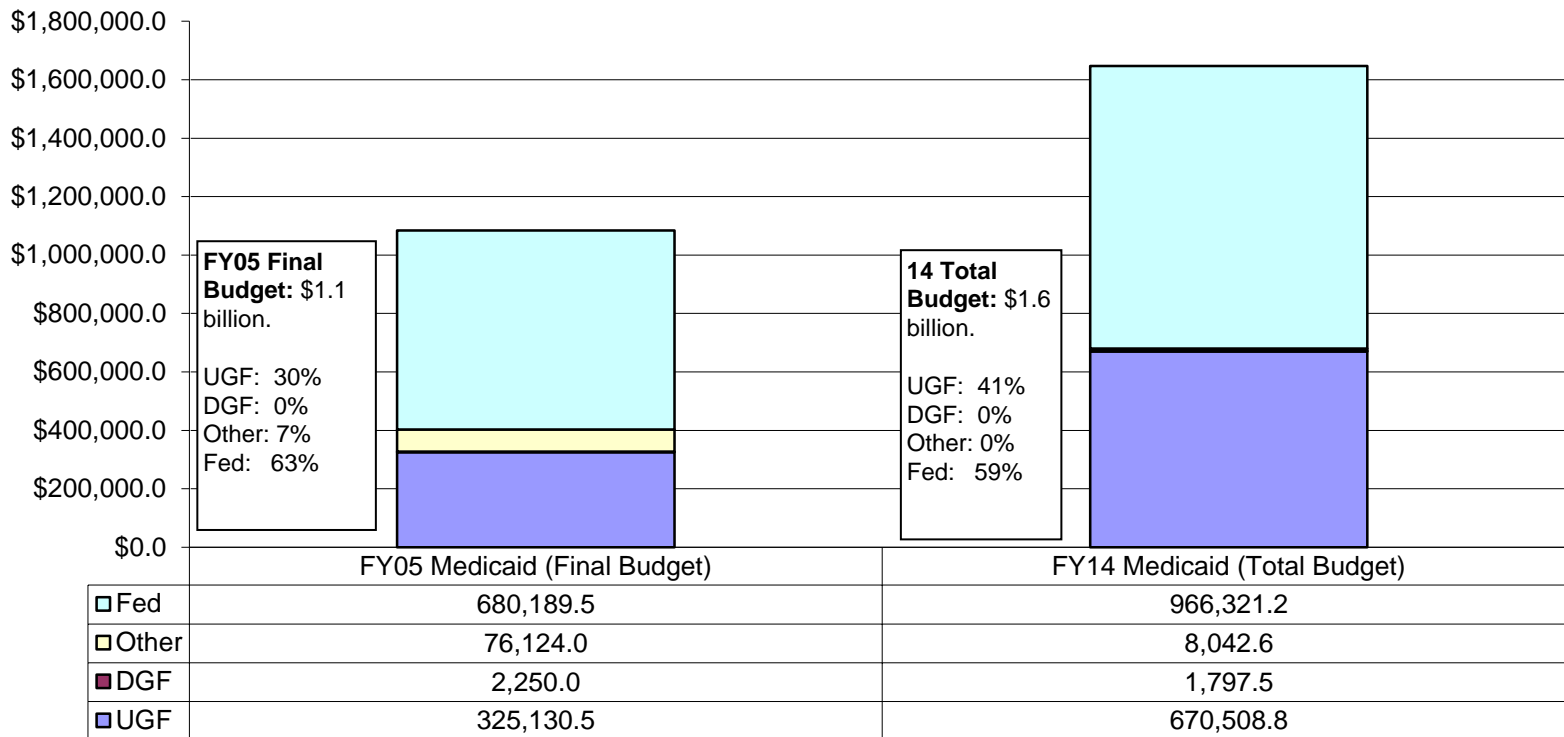


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**Appropriation Increase (05-14): \$563 million (52%) --**  
*An annual increase of 4.8%*

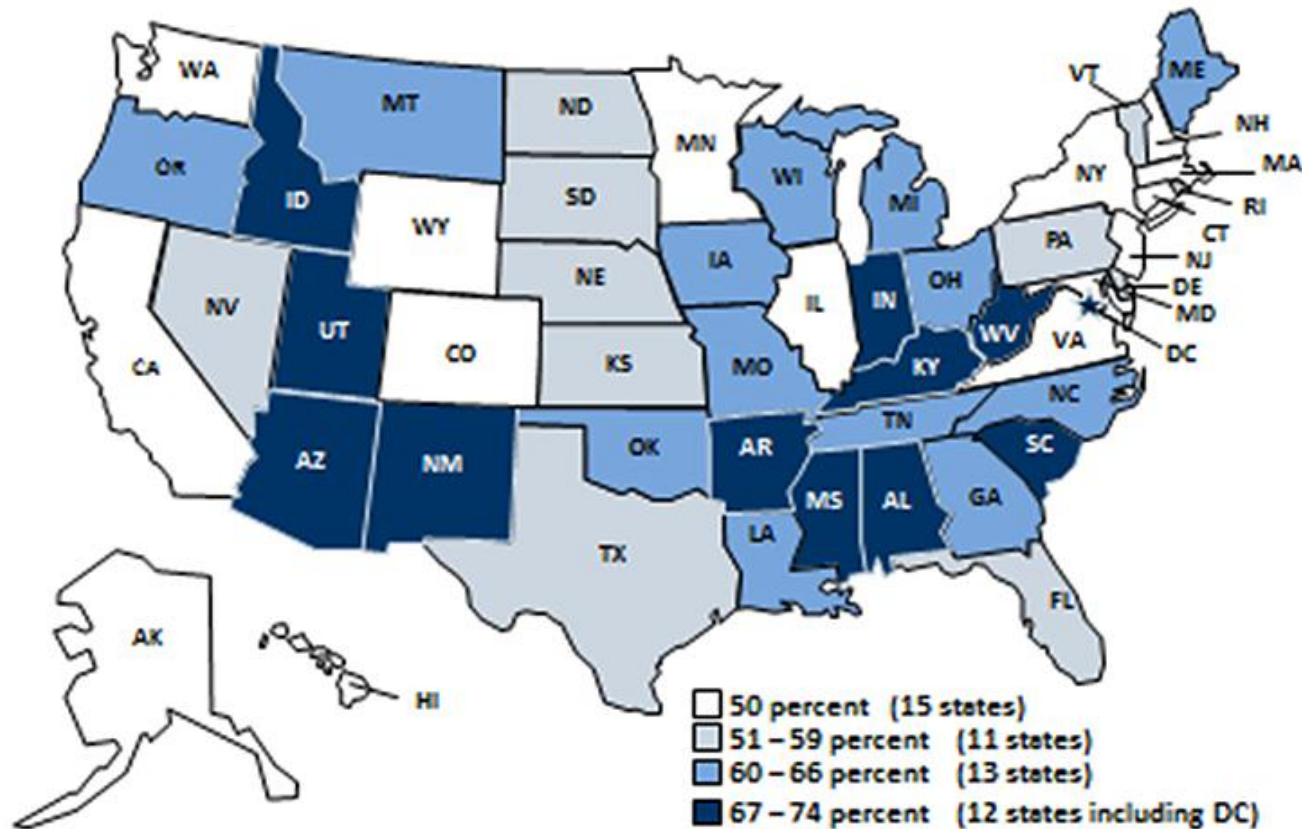
## Medicaid Services Appropriation (\$ Thousands)



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## Statutory Federal Medical Assistance Percentages (FMAP). FY 2012



NOTE: Rates are rounded to nearest percent. These rates will be in effect Oct. 1, 2011.

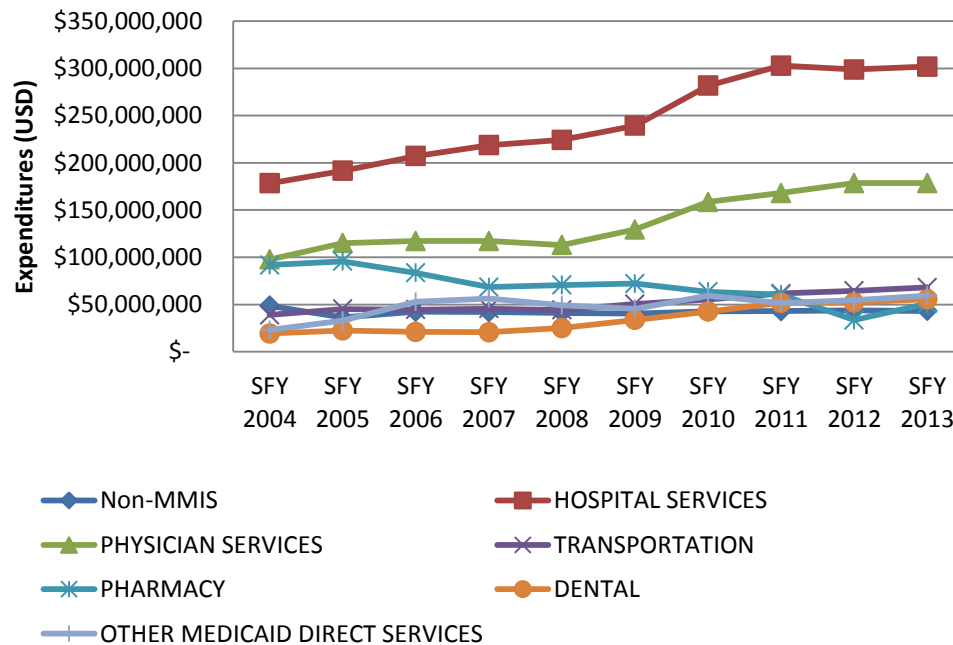
SOURCE: Federal Register, Nov. 10 2010 (Vol. 75, No. 217), pp. 69082-69083

<http://edocket.access.gpo.gov/2010/pdf/2010-28319.pdf>

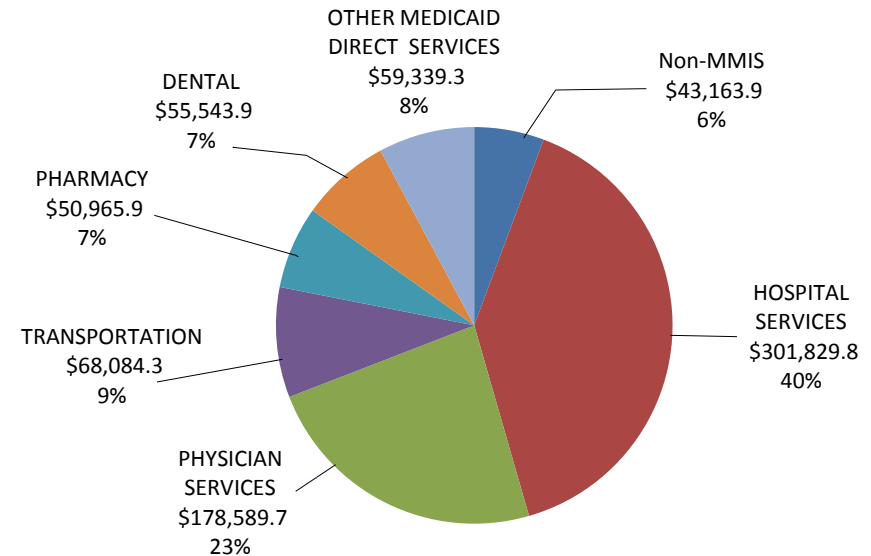
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**Health Care Services Medicaid SFY 2004-2013**  
**Expenditures by Service Type**



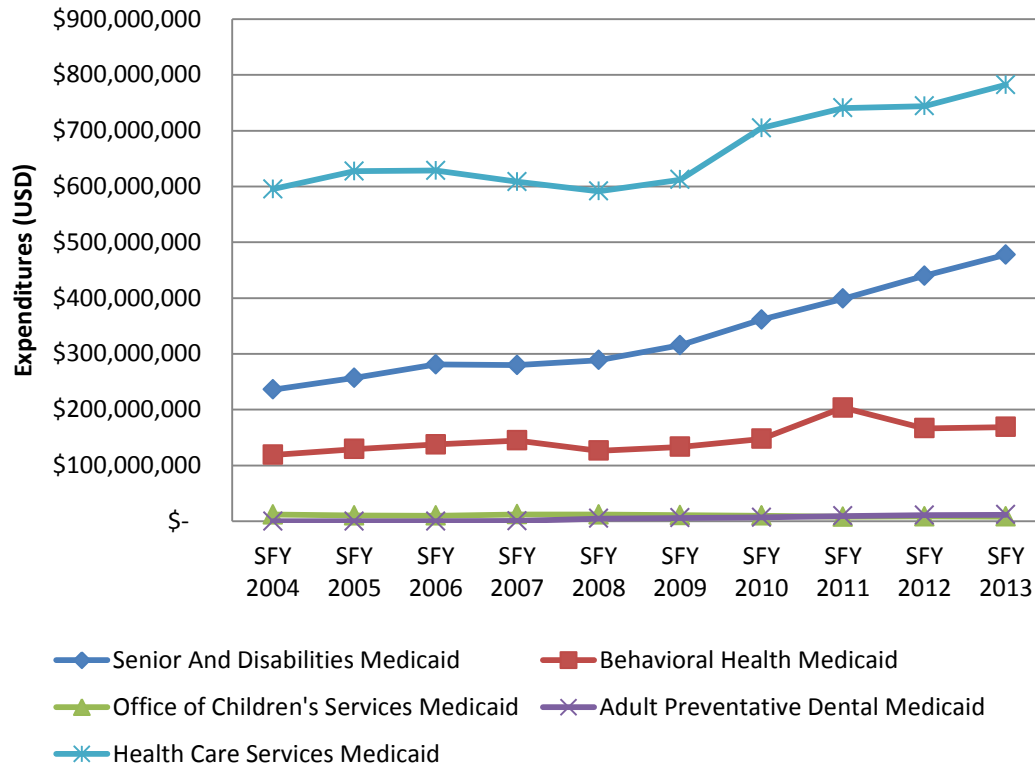
**Health Care Services Medicaid FY 2013**  
**Expenditures by Service Type (In Thousands)**



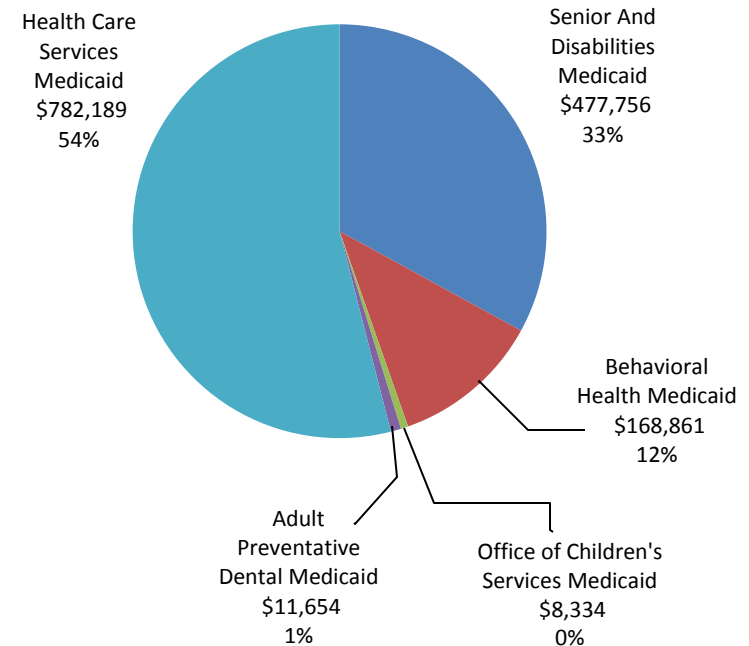
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## FY 2004-2013 Medicaid Direct Services Expenditures by Division



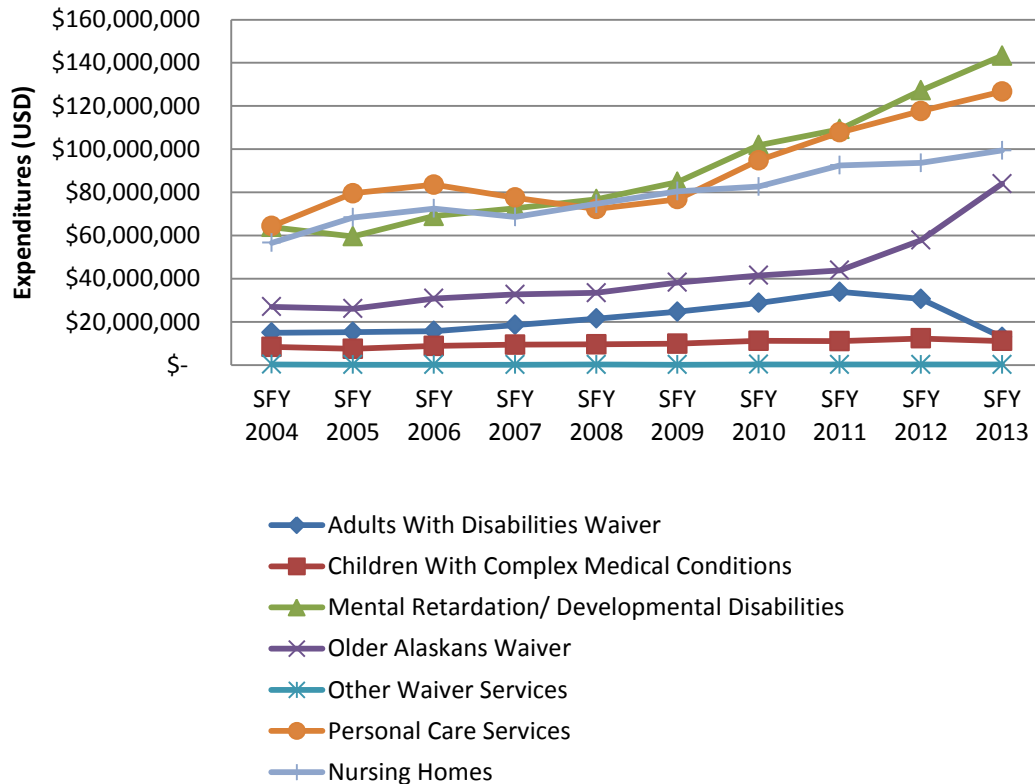
## Medicaid SFY 2004-2013 Expenditures by Service Type (1,000's of USD)



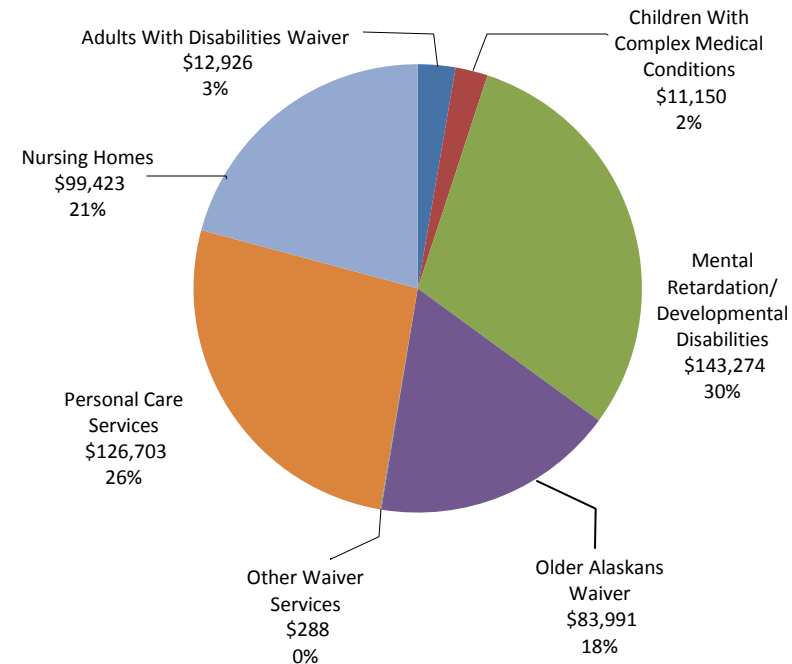
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**Senior and Disability Services Medicaid SFY 2004-2013  
Expenditures by Service Type**



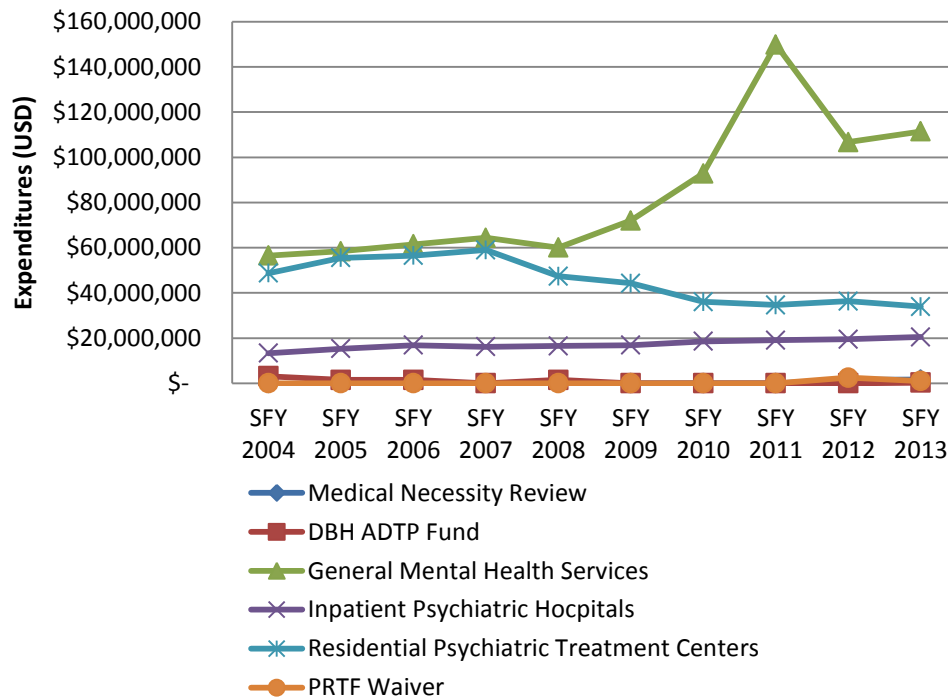
**SFY 2013 Senior and Disability Services  
Medicaid Expenditures by Service Type  
(in Thousands)**



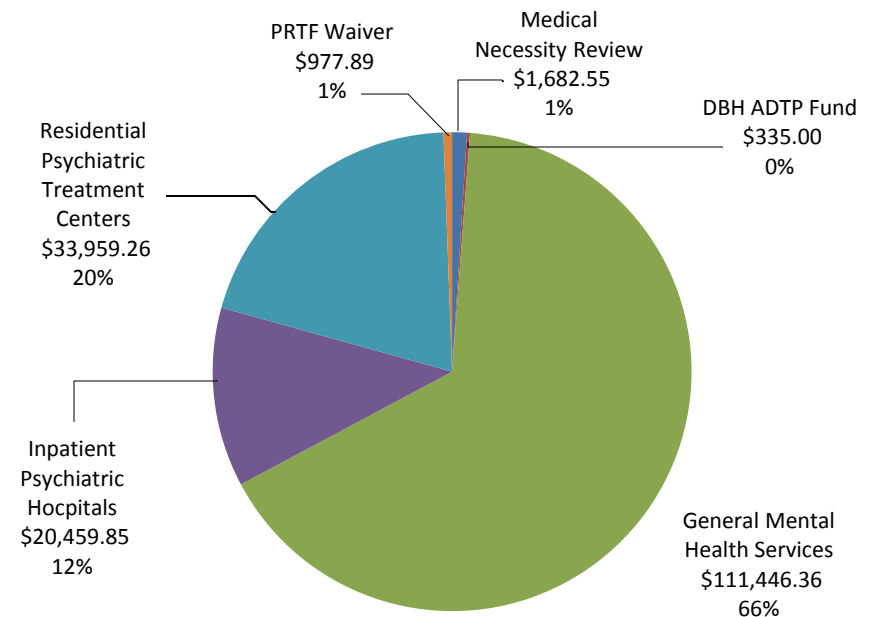
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## Behavioral Health Medicaid SFY 2004-2013 Expenditures by Service Type



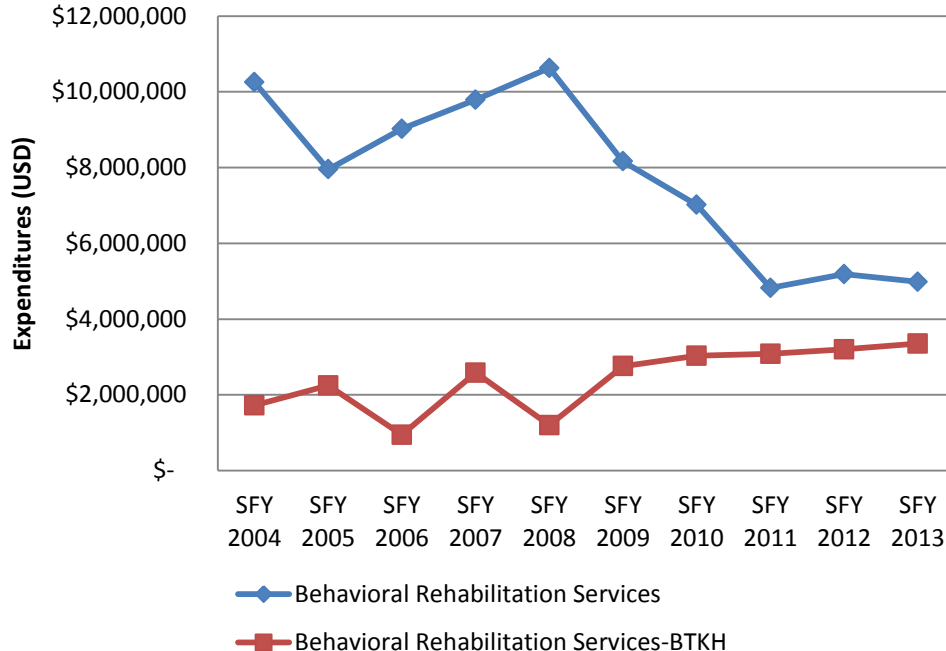
## Behavioral Health Medicaid FY 2013 Expenditures by Service Type (In 1,000's)



# Department of Health & Social Services

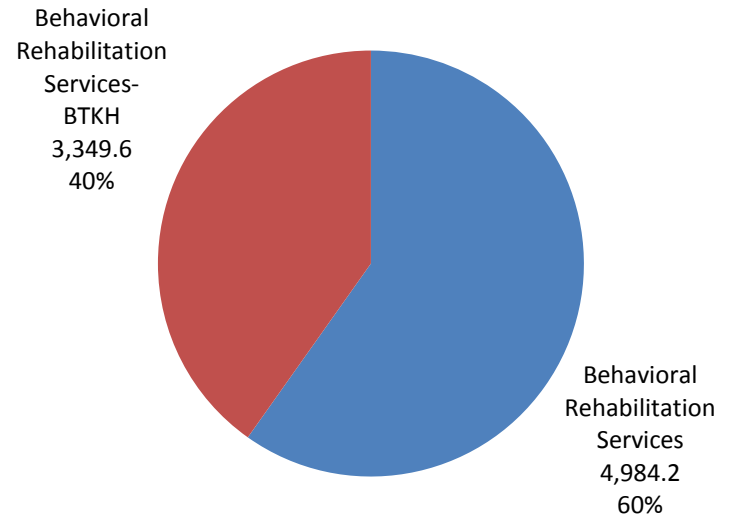


**Children's Services Medicaid SFY 2004-2013  
Expenditures by Service Type**



Source:

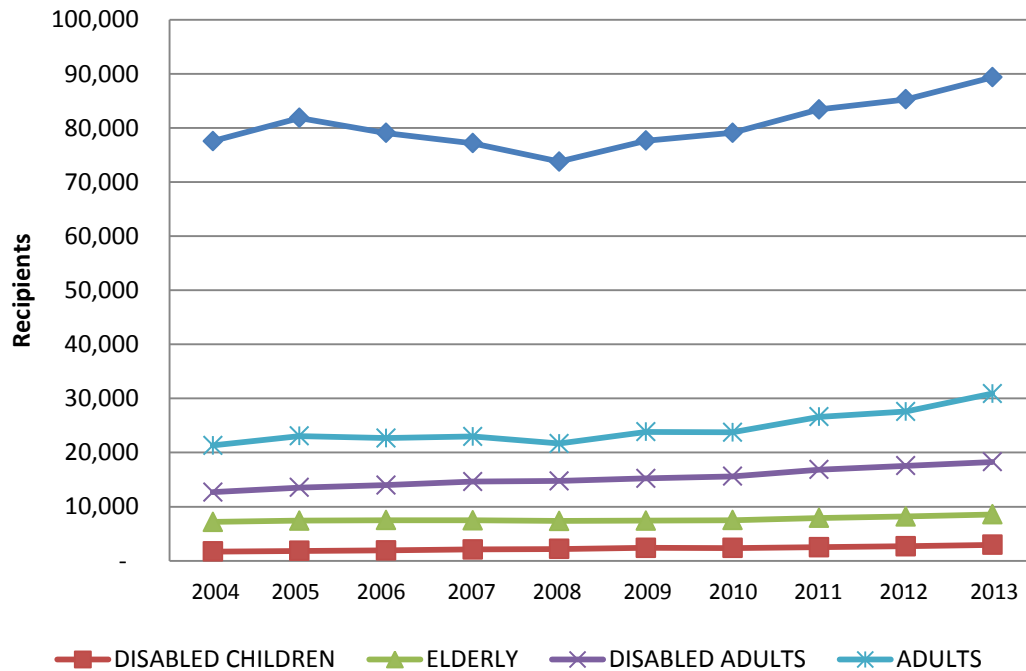
**Children's Services Medicaid 2013  
Expenditures by Service Type  
(In 1,000's)**



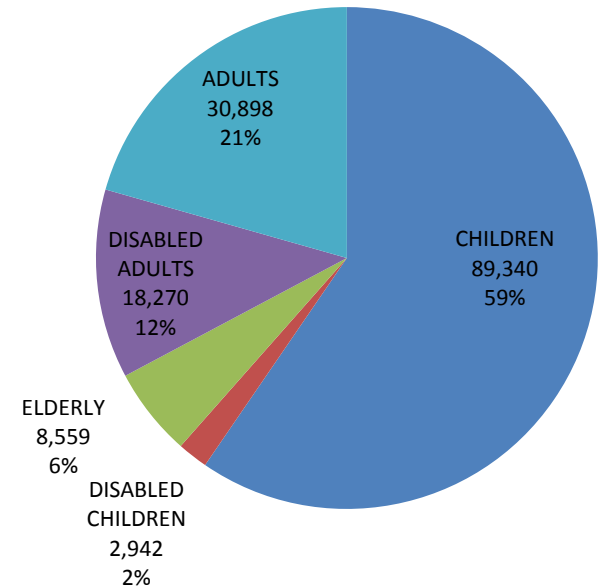
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**Total Medicaid Recipients By Benefit Group  
(FY 2004-2013)**



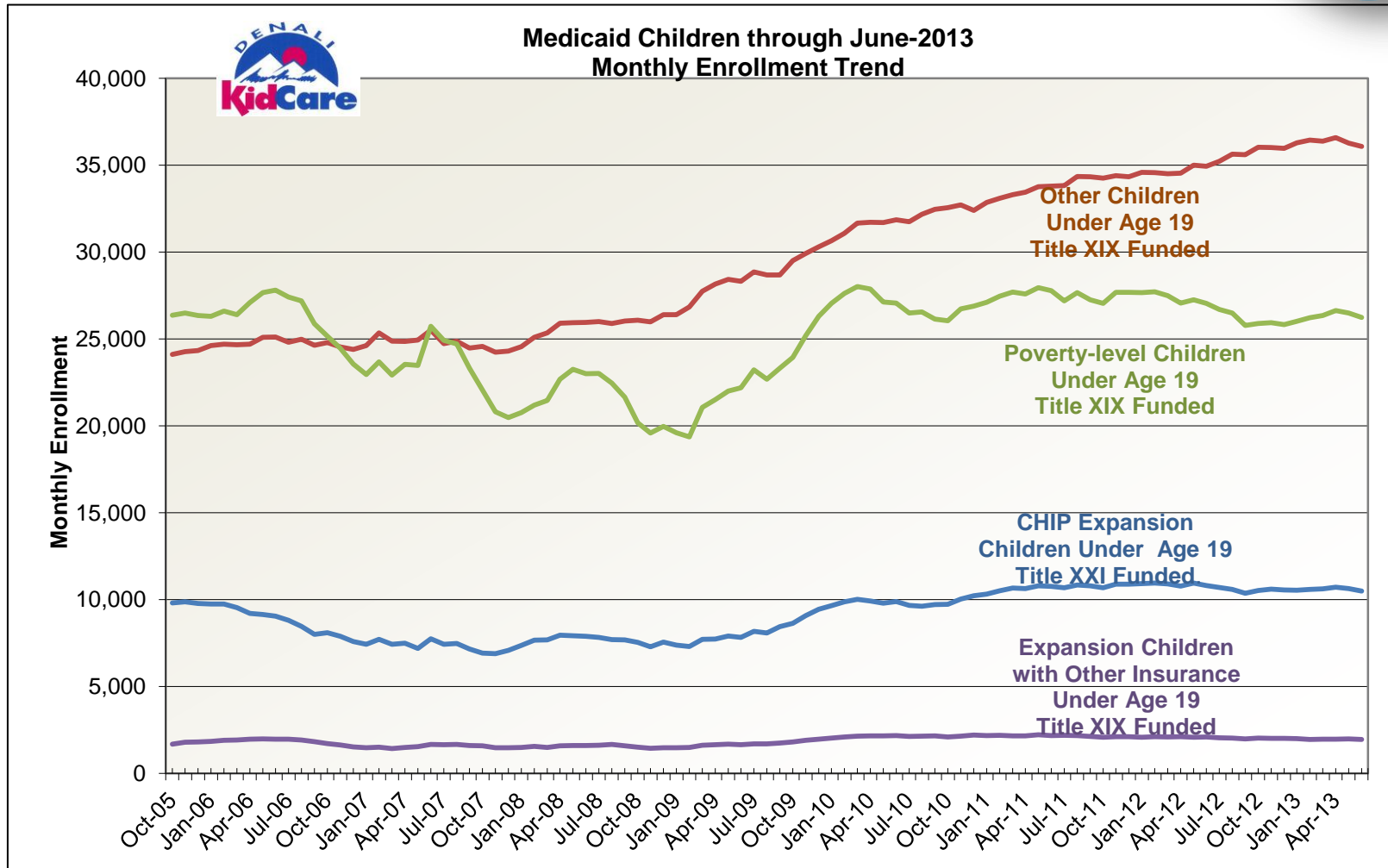
**Total Medicaid Recipients By Benefit Group SFY 2013**



# Children's Health Insurance Program

- Children and teens through age 18
- Extended by the Affordable Care Act through 2019

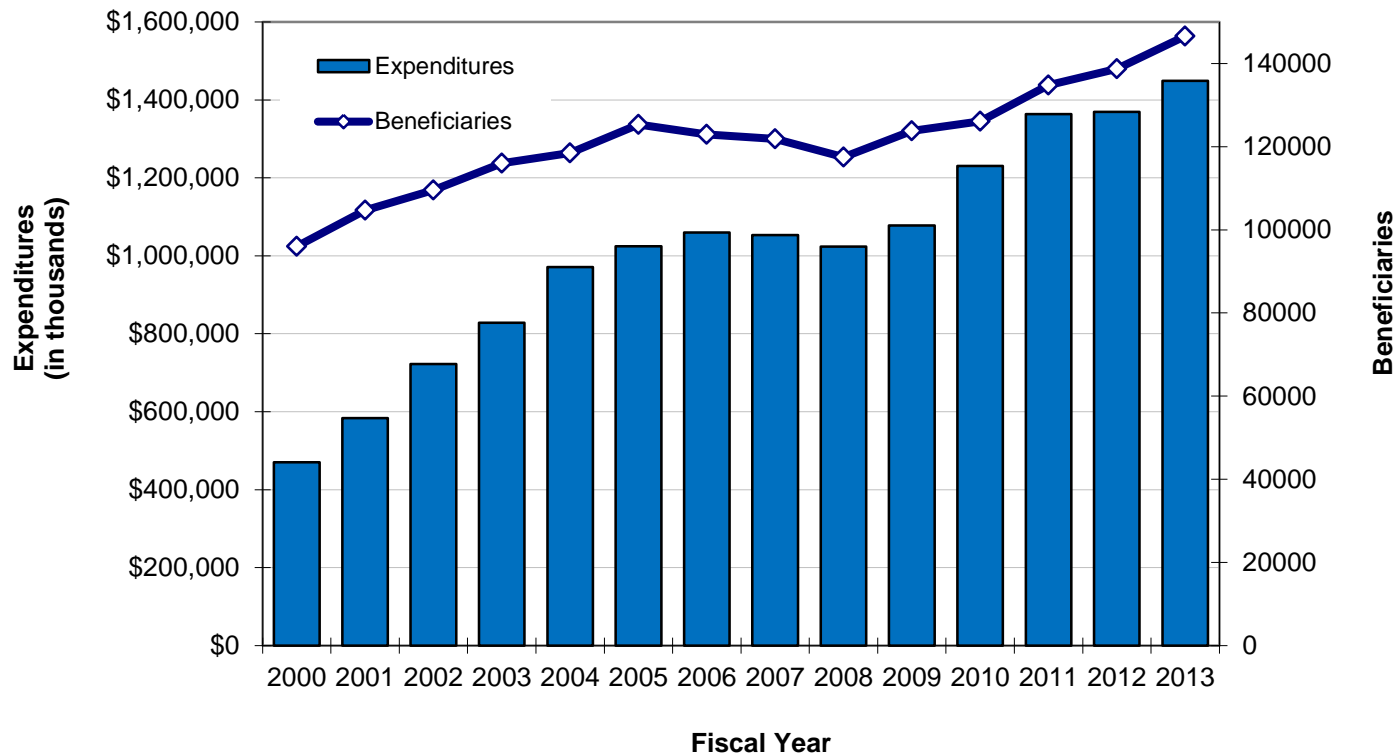
# Department of Health & Social Services



# Department of Health & Social Services



**All Medicaid Direct Services  
Beneficiaries and Expenditures**



Source: Expenditures are from AKSAS. Beneficiaries are from MMIS-JUCE data.



## Controlling Growth In Medicaid

### *The Options are Limited*

•Eligibility	•Compliance/Anti-Fraud
•Covered Services	•Innovations in Service Delivery
•Rates	•Technology
•Utilization Controls	•Maximize Revenue



## Eligibility

- Limited opportunity
- Maintenance of Effort implications



## Covered Services

- Optional Benefits, *but not really*
- Limits on benefits?
- Considerations
  - Shifting bulge
  - Medicaid rules, Olmstead and other implications
  - CMS approval process
  - Access and quality impacts

# Department of Health & Social Services



## Mandatory

• Inpatient Hospital	\$181,875,447.73
• Outpatient Hospital	\$115,532,523.23
• Physicians Services	\$116,541,551.62
• Nurse Midwives	\$1,145,763
• Lab and X-ray	\$3,104,136
• Advanced Nurse Practitioners	\$13,138,632
• Early Periodic Screening Diagnosis and Treatment	\$774
• Family Planning Services	\$124,433
• Pregnancy-related Services	Rolls up to Hospital
• Nursing Facility (NF) Services	Rolls up to Hospital
• Home Health (NF qualified)	\$1,040,564
• Transportation to Medicare	\$58,999,407

## Mandatory Services

• Inpatient hospital Services	\$181,875,448
• Physicians Services	\$116,541,552
• Outpatient Hospital Service	\$115,532,523
• ICF Services	\$84,201,996
• Transportation Services	\$58,999,407
• Dental Services	\$57,443,603
• Physician IHS Clinic	\$44,603,973
• Advanced Nurse Practitioner	\$13,138,632
• SNF Services	\$9,432,457
• Outpatient Surgery Services	\$7,531,607
• Federally Qualified Health Clinic	\$6,968,023
• Laboratory Services	\$3,095,689
• Short Term LTC Services	\$2,294,871
• Midwifery Services	\$1,145,763
• Home Health Services	\$1,040,564

## Optional

• MH Rehab/Stabilization	\$ 19,561,779
• Diagnostic/Screening/Preventive	Can't Parse Out
• Therapies (OP, PT, SLP)	\$ 3,923,980
• Inpatient psychiatry <21 years	\$ 53,897,956
• Drugs	\$ 66,413,523
• Intermediate Care Facility/ Intellectual Disability	\$ 3,413,325
• Personal care	\$ 126,786,223
• Dental	\$ 57,443,603
• Other Home Health	\$ 7,082,433
• Other licensed practitioners	\$ 3,541,216
• Waiver Transportation	\$ 6,576,105
• Targeted Case Management	\$ 1,417,376

## Optional Services

• Personal Care Services	\$ 126,786,223
• Mental Health Services	\$ 92,350,766
• Drugs	\$ 66,413,523
• Inpatient Psychiatry	\$ 53,897,956
• Rehabilitative Services	\$ 19,561,779
• Medical Supply Services	\$ 12,060,706
• Accommodation Services	\$ 11,652,239
• DME Services	\$ 6,912,635
• Transportation (Waiver Only)	\$ 6,576,105
• Vision Services	\$ 6,516,594
• Drug Abuse Center	\$ 5,467,620
• Occupational Therapy	\$ 3,923,980
• Private Duty Nursing	\$ 3,541,216
• ICF/MR Services	\$ 3,413,325
• ESRD Services	\$ 2,963,834



## Rates

- Most common reduction by states
- Considerations
  - Reducing rates in one area may cause cost increases in another
  - Potential litigation
  - CMS approval of State Plan Amendment (SPA)
  - Impact on access and quality of care



## Payment Comparisons

	Payment Levels	
	Office Visit (99215)	Obstetrical Care (59400)
Alaska Medicaid	\$221.58	\$2821.81
Alaska Medicare	\$177.40	\$2354.90
Alaska Commercial Mean	\$290.64	\$4704.80
Washington Medicaid	\$76.86	\$2034.50
Washington Commercial Mean	\$183.24	\$2601.20
North Dakota Medicaid	\$186.19	\$2339.40
Idaho Medicaid	\$117.01	\$1539.21

Milliman Client Report: Physician Payment Rates in Alaska and Comparison States prepared for Alaska Health Care Commission 2011



## Utilization Controls

- States may impose utilization controls to ensure appropriateness of treatment being funded
- Wide range of controls and screens
  - Prior Authorization
  - Post payment reviews
  - Hard or soft edits
  - Bundling, unbundling, and order of billing
  - New edits and audits for FFS (fee-for-service)



## Compliance / Anti-Fraud

- In some states may be an untapped area for savings
- Fraud in Medicaid is a reality
- Numerous methods and vendors
- Fraud undermines the entire program
- Politically popular reduction



## Existing Compliance Efforts in Alaska

- Surveillance Utilization Review (SUR)
- Audits required by AS 47.05.200
- Credit Balance Audits
- Focused reviews
- CMS Medicaid Integrity Program
- Payment Error Rate Measurement
- “Cluster Audits”
- Medicaid Recovery Audit Contractors
- Medicaid Fraud Control Unit (MFCU)
- Provider, referrer, prescriber, renderer enrollment
- Medicaid Recovery Audit Contractor



## Innovations in Service Delivery/Payment

- Medical Home
- Tribal Health – *exemplar of alternative provider types*
- Bundled services
- Integrated BH/Primary care services
- *more*



## Maximize Match/Collections/Refinancing Opportunities

- Replace state funding with federal funding where allowable
- Tribal Partner opportunities



- Pharmacy Initiatives
  - Increased substitution to generic medications
    - Fully implemented in May 2012. Annual cost avoidance \$5-\$6 million.
  - Increased generic medication through edits/PA
    - Phase 1: 6 months \$1,405,938 cost avoidance annualized at \$2,810,000. The annual cost avoidance will decrease over time as brand named medication patents expire
  - State Maximum Allowable Cost
    - Fully implemented: \$500,000 cost avoidance annualized at \$5.5-\$6 million



- Pharmacy *continued*
  - Psychiatric Medication Policy – implemented in June 2012
    - *Estimate of cost avoidance \$182,000 – right care.*
    - *Opioid Second Opinion contract implemented September 2012*
      - *Cost avoidance is difficult to quantify*
- Pharmacy initiative cost avoidance through Q2: **\$4,655,938**  
annualized to **\$13,310,000 - \$13,810,000**

## Challenges

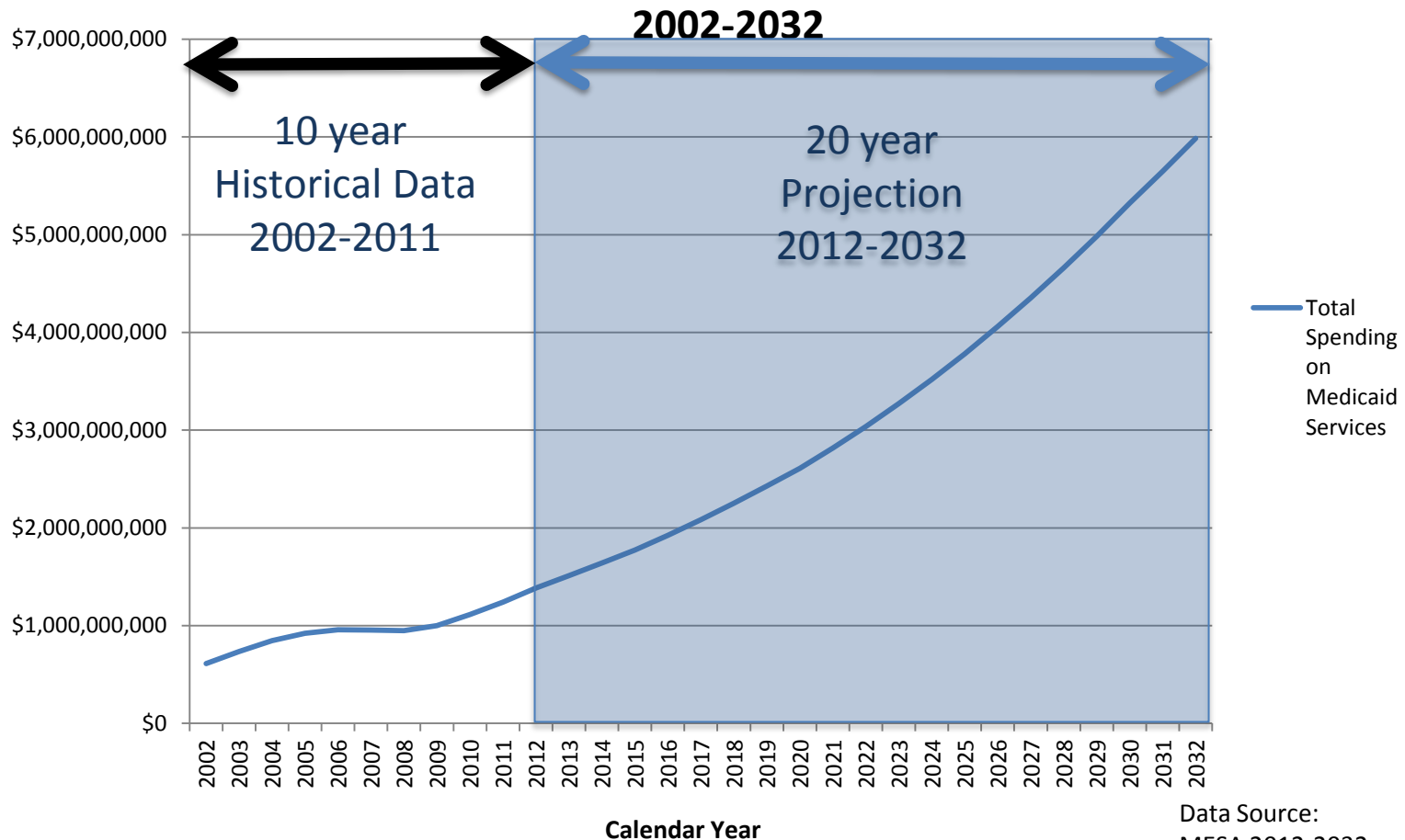


A significant challenge continues to be the effective control of the Medicaid Management Information System project to ensure the strict adherence to development and implementation timeline. The Medicaid Management Information System is the engine that processes claims for the Medicaid program. Health Care Services processed 189,759 claims per week in our retired Common Business Oriented Language based legacy Medicaid Management Information System that was 25 years old.

# Department of Health & Social Services



## Total Spending on Medicaid Services



Data Source:  
MESA 2012-2032



*Thank  
You*