

## **Kodiak Area Native Association Health Center Facility Expansion**

### **Potential Impact (Savings) on Alaska General Fund Medicaid Cost**

Medicaid Payment to KANA for 2011 totaled about 1.3 million dollars (*Tribal Medicaid Activity Report for Federal Fiscal Year 2011*, DHSS, 2011) representing only about 20% of the total spend on Alaskan Natives living in the KANA service area in 2011. This compares to statewide totals for Alaska Tribal Health Organizations (THO's) that average about 38% of the total spent by Medicaid on AN/AIs enrolled in their regions. It is in the State's and the THO's joint best interest to maximize the provision of care of AN/AIs in Tribal Health Organizations as the cost of this care is reimbursed at 100% by the federal government (100% Federal Medical Assistance Percentage or FMAP) due to the provisions of the Indian Health Care Improvement Act. This is in contrast to care provided to AN/AIs outside the THO system which is subject to 50% FMAP and 50% paid by the State General Fund.

Along with improving patient service and implementing the patient centered home model, KANA has designed the new and expanded services in the proposed facility to lower barriers to access and provide expanded services to the entire KANA service population. This includes the 710 or approximately 27% of KANA patients enrolled in the Alaska Medicaid Program. The development of the new facility will expand primary care and dental services, and pharmacy, and add integrated behavioral health services and radiology services. After this is complete, significant amounts of care that have previously been provided to the Medicaid AN/AI living on Kodiak Island by non-tribal providers will be able to be provided in the expanded KANA facility. Table 1 below is from the *Tribal Medicaid Activity Report for Federal Fiscal Year 2011* (DHSS, 2011). In total this table indicates that significant (almost 60%) of the Medicaid payments for services which are currently provided or planned in the new KANA facility are being made to non tribal providers due to the capacity constraints and lack of equipment and space imposed on KANA by the current facility.

**Table 1**  
**Medicaid Payments for Ambulatory Care Services for Kodiak**  
**AN/AI Residents**

	<i>KANA</i>	<i>Non- tribal</i>
Physician	\$810,606	\$723,256
Dental	\$162,649	\$38,898
Pharmacy	\$127,421	\$284,661
Outpatient (est. rad.)	\$-	\$261,321
MH Services		\$139,569
FQHC (and misc. OP.)	\$28,385	\$42,986
<b>TOTAL</b>	<b>\$1,129,061</b>	<b>\$1,490,691</b>

KANA estimates that the new facility will provide expanded access to primary care and dental care allowing an estimated 25% of the care currently offered by non-tribal providers to AN/AI living on Kodiak Island to be transferred to KANA. In other areas such as Mental Health and Radiology where previously unavailable services are added we expect two thirds of the care currently provided by non-tribal care to be moved into the KANA facility (or to the greater tribal health system due to increased referrals from KANA to ANMC).

In the FY13 Departmental Budget Overview the Department of Health and Social Services (DHSS) reported that one of the Department's refinancing objectives is to *"increase the proportion of Medicaid Health Services eligible for Indian Health Service (IHS) 100% federal reimbursement. For every dollar shifted to the tribal system from regular FMAP, the State saves on average, 40 (now 50) cents in state matching funds. The department continues to work with tribal health providers to maximize the benefits of this refinancing strategy"* (DHSS FY2013 Budget Overview, p. 39). We believe the KANA planned expansion will support and further this objective.

Table 2 below estimates \$312,443 to be the annual savings to the state general fund that we believe will be achieved with the expansion of the KANA facility. We believe these levels of annual savings could be achieved in the first three years of operations. In subsequent years we believe KANA's patient centered integrated approach which emphasizes preventive and primary care will yield even greater savings as KANA Medicaid enrollees experience lower rates of health care utilization and costs.

**Table 2**  
**ALASKA GENERAL FUND SAVINGS**

	<i>Non- tribal</i>	<i>%</i>	<i>Transferred to KANA</i>
Physician	\$723,256	25%	\$180,814
Dental	\$38,898	25%	\$9,725
Pharmacy	\$284,661	25%	\$71,165
Outpatient Radiology	\$261,321	66%	\$172,472
Outpatient Laboratory	\$133,130	66%	\$87,847
MH Services	\$139,569	66%	\$92,116
FQHC (and misc outpatient)	\$42,986	25%	\$10,747
<b>TOTAL MEDICAID PAYMENT</b>	<b>\$1,623,821</b>		<b>\$624,886</b>
<b>ALASKA GENERAL FUND SAVINGS @ 100% FMAP</b>		<b>50%</b>	<b>\$312,443</b>