

Prepared by the Departments of Law and Health & Social Services, April 4, 2105

CS HB 148 (HSS), "An Act relating to medical assistance reform measures; relating to eligibility for medical assistance coverage; relating to medical assistance cost containment measures by the Department of Health and Social Services; and providing for an effective date."

Sectional Analysis:

- Section 1 Adopts intent language and legislative findings related to Medicaid expansion and the need to reform the existing Medicaid program, including instructing the Department of Health and Social Services (DHSS) to propose legislation to implement a provider tax in January 2016, to help offset the cost of the Medicaid program.
- Section 2 Amends AS 44.23.075 to exclude the expansion population from the current Permanent Fund Hold Harmless program.
- Section 3 Amends the duties of the department under AS 47.05.010 to include a requirement that DHSS develop a health care delivery model that encourages good nutrition and disease prevention.
- Section 4 Amends AS 47.05.200(a) to clarify the minimum number of audits that DHSS should conduct each year, along with instructions that DHSS should to the extent possible, minimize duplicative state and federal audits for Medicaid providers.
- Section 5 Amends AS 47.05.200(b) to allow DHSS to impose interest penalties on identified overpayments using the post-judgment statutory rate.
- Section 6 Adopts AS 47.05.250 that authorizes DHSS to develop provider fines through regulation for violations of AS 47.05, AS 47.07 or regulations adopted under those chapters.
- Section 7 Amends AS 47.07.020(b) including technical corrections related to eligibility for Medicaid authorized under the Affordable Care Act. This section also provides the authority for DHSS to expand Medicaid to adults aged 19-64 who are not caring for dependent children, are not disabled or pregnant, and who earn at or below 138 percent of the federal poverty guidelines for Alaska including the five percent income disregard.
- Section 8 This section amends AS 47.07.020(g) to clarify that, for a person whose Medicaid eligibility is not calculated using the modified adjusted gross income standard established in federal regulations, DHSS may not deny or delay the person's eligibility for medical assistance on the basis of a transfer of assets for less than fair market value if the person establishes to the satisfaction of the department that the denial or delay would work an undue hardship. It further requires that DHSS may only consider information provided by a person claiming undue hardship that the department has verified through a source other than the person's own statement.
- Section 9 Amends AS 47.07.020 (m) to clarify that, for persons whose Medicaid eligibility is not calculated using the modified adjusted gross income standard established in federal standards and as provided in Section 8 (above), the department shall

impose a penalty period of ineligibility for the transfer of an asset for less than fair market value by an applicant or applicant's spouse consistent with federal rules

- Section 10 Amends AS 47.07.030(d) to require the department to develop a primary care case management system or managed care organization contract including super-utilizers, who must enroll in the program and seek approval from a case manager before receiving certain services.
- Section 11 Amends AS 47.07.030 to require a report to the legislature describing the costs for mandatory and optional Medicaid services.
- Section 12 Amends AS 47.07.036(b) to make conforming edits so this section of the statute is consistent with Section 13 of the bill.
- Section 13 Amends AS 47.07.036(d) to outline cost containment and reform measures that DHSS must undertake, including seeking demonstration waivers related to innovative service delivery models, and to include applying for other options under the Medicaid Act and improving telemedicine for Medicaid recipients. This section also requires DHSS to apply for a 1115 waiver for a demonstration project for one or more groups of Medicaid recipients in one or more geographic area. The demonstration project may include managed care organizations, community care organizations, or patient-centered medical homes, but at least one project will be a coordinated care project that operates within a fixed budget to reduce medical cost inflation, improve the quality of health care for recipients, and result in a healthier population. DHSS shall design the managed care system to reduce the growth in medical assistance expenditures by at least two percentage points, and the system must implement alternative payment methodologies and create a network of patient-centered primary care homes. The department shall prepare a report regarding the progress of this demonstration project and shall deliver it to the legislature by February 1, 2019.
- Section 14 and 15 Amends AS 47.07.900(4) and (17) to remove the requirement that behavioral health providers be a grantee of the State of Alaska in order to bill Medicaid.
- Section 16 Authorizes DHSS to investigate the design of a demonstration project to help reduce pre-term births to include voluntary enrollment of approximately 500 recipients eligible for medical assistance. DHSS shall offer pregnancy counseling, nutritional counseling, and, as necessary, vitamin D supplementation. The project can be modeled after a project implemented in South Carolina.
- Section 17 Authorizes DHSS to engage in a demonstration project for super-utilizers as outlined in section 13, and report to the legislature on the project.
- Section 18 Outlines a series of records that DHSS must provide to the legislature relating efficacy of the reform measures taken by the Department, including any cost savings.
- Section 19 Authorizes DHSS to immediately amend its state plan and seek all necessary approvals consistent with this Act.

<u>Section 20</u>	Authorizes DHSS to engage in emergency rule making under the Alaska Administrative Code to implement Medicaid reform measures and the provisions of this Act.
<u>Section 21</u>	Provides that Section 20 of the Act is repealed on June 30, 2017.
<u>Section 22</u>	Provides instructions to the revisors of the statutes to amend the title of AS 47.07.036 to include Medicaid Reform.
<u>Section 23</u>	Provides that Section 19 and 20 are effective immediately.
<u>Section 24</u>	Provides that all other sections of the Act are effective on August 1, 2015.