



State of Alaska
Department of Health & Social Services
30th Alaska State Legislature

WORK DRAFT REVIEW

Please note: The Department of Health and Social Services strives to provide timely programmatic input on proposed work drafts to assist with an efficient flow of legislation through the committee process. Nothing in this document should be construed as support or opposition for the proposal.

Bill Number//Law Log: HB 176

Bill Sponsor: Rep Fansler

Bill Short Title: Ground Emerg. Medical Transport Payments

Division: Health Care Services

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Preliminary Comments About Bill/Program Effects

As written, this bill provides authority for supplemental reimbursement of ground emergency medical transportation (GEMT) under medical assistance programs using Intergovernmental Transfers, Certified Public Expenditures, or both. The bill in substance provides for the following:

1. **HB 176** directs the department to develop a program facilitating supplemental reimbursement to specific providers of eligible ground emergency medical transportation services, for medical assistance recipients.
2. HB 176 instructs the department to utilize intergovernmental transfers (IGT), certified public expenditures (CPE), or both, for the non-federal share of GEMT services eligible for FPP under the medical assistance program
3. HB 176 establishes that the amount of the supplemental reimbursement is equal to the amount of Federal Financial Participation (FFP) received as reimbursement for the provider's cost and matched through IGT or CPE, less an administrative fee established by the department. The administration fee is not to exceed 20% of the actual cost to providers for providing the services
4. HB 176 restricts total provider reimbursement so as not to exceed the actual costs for providing GEMT to medical assistance recipients

5. HB 176 establishes the requirements for provider eligibility to receive supplemental reimbursement through this mechanism, including that the provider must,
 - a. be enrolled as an Alaska Medicaid provider;
 - b. voluntarily enter into an agreement to participate;
 - c. be owned or operated by the state, a political subdivision of the state, or a federally recognized tribe or tribal organization;
 - d. is reimbursed on a fee-for-service or other federally permissible basis; and
 - e. certifies the GEMT services qualify for FFP.
6. HB 176 directs the department to inform the legislature if the United States Department of Health and Human Services revokes approval of the program
7. HB 176 establishes that supplemental reimbursement payments are subject to appropriation

In state fiscal year 2016, the state reimbursed 15,362 units of GEMT. In addition to the individual episodes of GEMT, the state reimbursed entities for 103,610 units for ground transportation, each unit reimbursed per statute mile. The current system is not capable of delineating between emergent and non-emergent services using the ground mileage code. In SFY16, the state reimbursed providers \$4,195,938 for GEMT and \$469,324.80 for combined non-emergency ground transportation (NEMT) and GEMT mileage. Because of the issues with separating NEMT and GEMT mileage in MMIS, only GEMT service units are considered in this provisional analysis.

Regardless of the chosen mechanism – IGT, CPE, or both – the investment of time and resources is significant as is evident in the descriptions below:

Intergovernmental transfers (IGTs): An IGT is a transfer of funds from another governmental entity (e.g., a county or other state agency) to the Medicaid agency before a Medicaid payment is made. When these funds are used as the non-federal share of Medicaid expenditure, they are eligible for federal financial participation (FFP). That is, they can be matched by federal dollars. IGTs are commonly used by government entities to contribute the non-federal share for certain governmental providers (e.g., community mental health centers, hospitals) located in those jurisdictions. IGTs may also be contributed directly by governmental providers themselves, such as hospitals operated by state or local government. The ability of states to use IGTs to finance their Medicaid programs is recognized in both federal statute and regulation (§1903(w)(6) of the Social Security Act; 42 CFR 433.51).¹ The IGT mechanism discussed requires the provider make an actual payment to the state.

Certified public expenditures (CPEs): A CPE is a statutorily recognized Medicaid financing approach by which a governmental entity, including a governmental provider (e.g., county hospital, local education agency), incurs an expenditure eligible for FFP under the state's approved Medicaid state plan (§1903(w)(6) of the Social Security Act; 42 CFR 433.51). The governmental entity certifies that the funds expended are public funds, containing no federal funds, and are used to support the full cost of providing the Medicaid-covered service or the Medicaid program administrative activity. Based on this certification, the state then claims FFP.

CPE-based financing must recognize actual costs incurred. As a result, CMS requires cost reimbursement methodologies for providers using CPEs to document the actual cost of providing the services, typically

¹ Non-Federal Financing (MACPAC, 2015) <https://www.macpac.gov/subtopic/non-federal-financing/>

determined through a statistically valid time study, periodic cost reporting, and reconciliation of any interim payments.²

Considering the 15,362 units of GEMT reimbursed in FY16, the *average* provider claim submitted for reimbursement was \$768.46 and the average reimbursement to the provider per unit was \$274.74. This leaves an *average unreimbursed amount of \$493.72 per unit*. However, in order to implement a supplemental reimbursement program for GEMT, it is necessary to utilize the actual costs of services provision. As such, this program would require the ongoing use of a cost based methodology to determine the actual cost of service provision per unit. Depending on the approach taken, this amount could be determined at the individual provider, local, regional, or statewide level.

The division currently utilizes the basic methodology outlined in the bill for School-Based Services (SBS) and tribal Medicaid administrative claiming (TMAC). The process is complex; providers bear an administrative responsibility to ensure their contributions meet the federally established guidelines. Additionally, administering the program according to federal guidelines presents unique challenges and a significant burden on the Division of Health Care Services and the eligible providers. While the state would like the flexibility to utilize either mechanism, historically the state has been more successful in the use of IGTs than the use of CPEs.

In order to develop and operate a supplemental reimbursement program, Health Care Services would require the addition of one Medicaid Administrator Assistant II at an annual cost of \$98,000, and an estimated initial administrative fee of \$6.50 per eligible unit submitted for reimbursement.

A state plan amendment (SPA) is required to implement a supplemental reimbursement program. Depending on the complexity of the required SPA, and the location within the State Plan itself, this process can take from three months to a year and involve negotiations with the Centers for Medicare and Medicaid Services (CMS).

The required changes to the system to implement this bill are minimal, it appears feasible to process the projected claims similarly to TMAC, and school based claiming.

An increase in federal reimbursement through a supplemental reimbursement program would result in the need for an increase in federal authority to manage.

Amendments Proposed

The language in AS 47.07.85(a) relating to the supplemental reimbursement for GEMT services does not clearly delineate between Alaska Medicaid reimbursement and the proposed supplemental reimbursement. It should describe that the amount of supplemental reimbursement a provider receives through this program as:

- a. equal to the amount of non-federal matching funds received by the state, through IGT and/or CPE, minus an established administration fee; and
- b. not exceeding the actual cost of providing ground emergency medical transportation to medical assistance recipients when combined with the amount received from all other sources, to include the Alaska Medicaid program.

² IBID