

Medicaid 101:

Understanding Alaska's Medicaid Program

House Finance Committee

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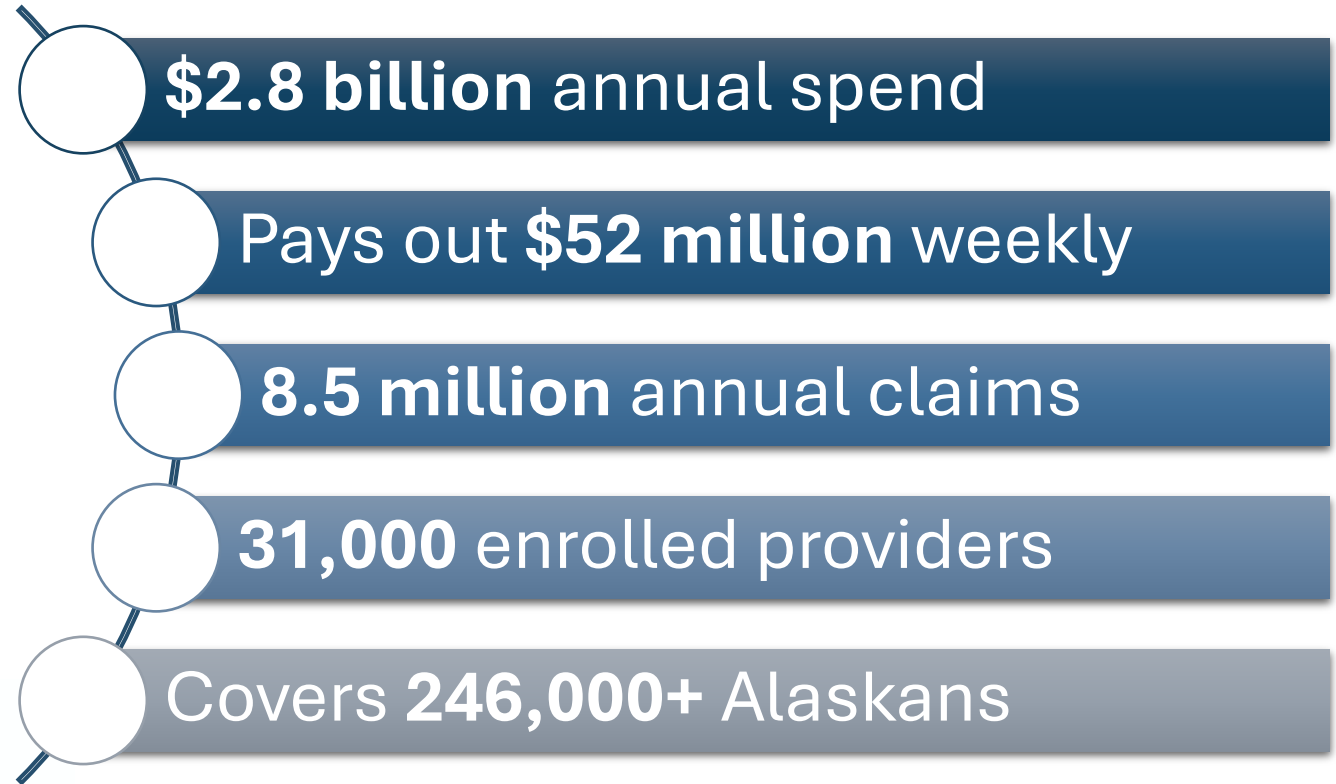
Thursday, February 13, 2025

Medicaid's Impact on Alaska's Economy



Medicaid is a critical economic driver in Alaska for healthy communities

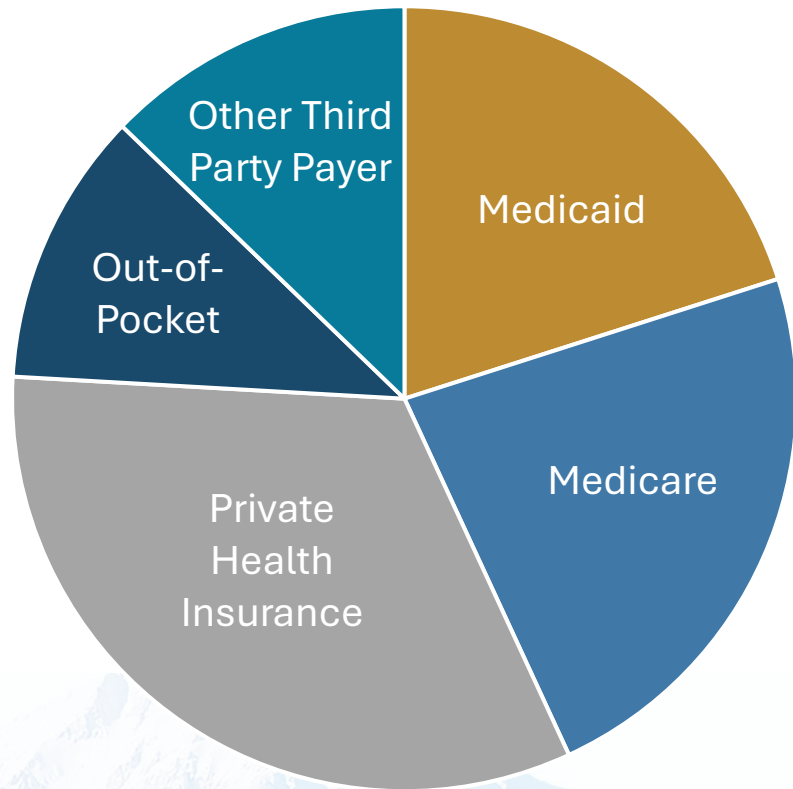
Alaska Medicaid Snapshot, FY2024:



Medicaid's Role in Health Care Delivery



Total National Health Expenditures
by Payer Type, 2023



Source: National Health Expenditure Data,
Centers for Medicare and Medicaid Services

- Medicaid is one of the largest public health insurance programs in the US
- Medicaid finances nearly one-fifth of national health care spending

Today, Medicaid covers:

1 in 3 Alaskans



1 in 4 Americans



What is Medicaid?



- Medicaid is a **joint federal and State public health insurance** program for low-income individuals and families
- The program is **designed to support vulnerable populations**, including children, pregnant women, seniors, individuals with disabilities, and other low-income groups
- **States have flexibility** in designing and administering Medicaid programs within federal guidelines
- Eligibility is based on **financial** (income) and **categorical** (e.g., age, disability, pregnancy) **criteria**



Medicaid Eligibility



- Individual applies to a State or other government agency
- Agency verifies the applicant meets financial and general eligibility requirements
- A person must be financially and categorically eligible

Medicaid Services in Alaska Statute



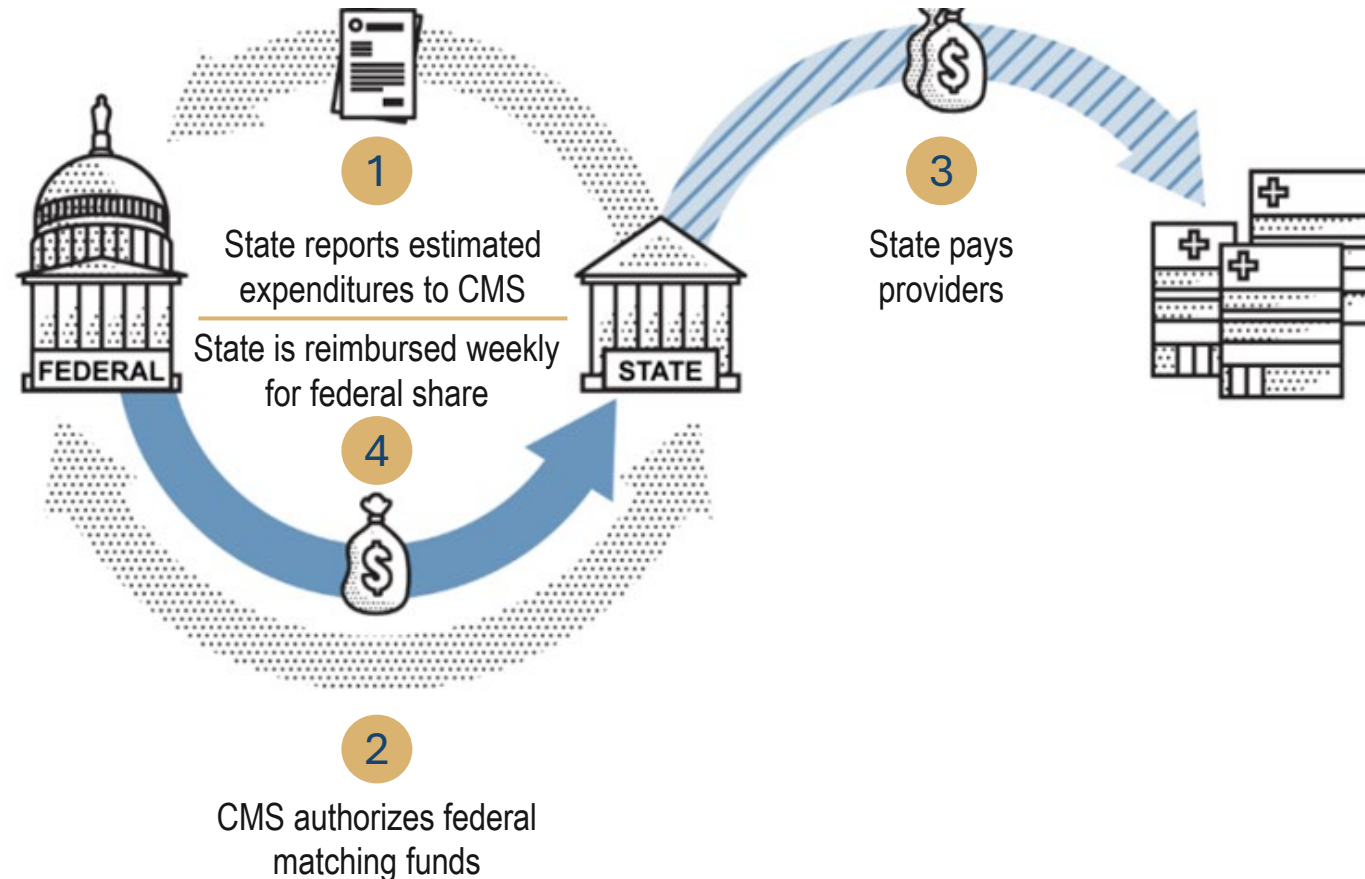
Alaska Statute 47.07.030:

- Requires that Alaska's Medicaid program covers all mandatory services under Title XIX of the Social Security Act
- Lists additional services that Alaska Medicaid may cover. However, new federal requirements (e.g., the Affordable Care Act) have made many of these “optional services” effectively mandatory. Examples include:
 - Prescription Drugs
 - Emergency Hospital Services
 - Long-Term Care Non-Institutional Services

How is Medicaid Administered?



- States have flexibility to design their Medicaid programs, subject to approval by the Centers for Medicare and Medicaid Services (CMS)
- Medicaid is jointly funded by federal and state governments
- States administer the program, managing eligibility, enrollment, services, and providers
- Alaska's legislature approves budget, optional groups, and services



Federal Medicaid Match



State and federal government split Medicaid costs based on the Federal Medical Assistance Percentage (FMAP):

- Calculated each year
- 50% federal floor
- Different eligibility categories have different FMAP rates

Category	FY2025 FMAP
Indian Health Services (IHS)	100.00%
Expansion Population	90.00%
Children's Health Insurance Program (CHIP)	66.08%
Breast & Cervical Cancer (BCC)	66.08%
1915(k) Community First Choice	57.54%
Regular Medicaid	51.54%

What is the Medicaid State Plan?



The Medicaid State plan is an agreement between the State and the federal government that outlines how the State will administer its Medicaid program.



- Defines who is eligible for Medicaid services
- Specifies the types of services covered
- Details how providers are reimbursed for services
- Explains how the State will administer the program

The Role of Medicaid Waivers



The U.S. Secretary of Health and Human Services may grant waivers to certain Medicaid provisions, allowing states to test and implement innovative approaches.



Demonstration Waivers

Example: Section 1115
Demonstration Waivers



Program Waivers

Example: Section 1915(c)
Home and Community-
Based Services Waivers

1915(c) Waivers



Alaska has five 1915(c) HCBS waivers:

Individuals with Intellectual and Developmental Disabilities

Alaskans Living Independently

Children with Complex Medical Conditions

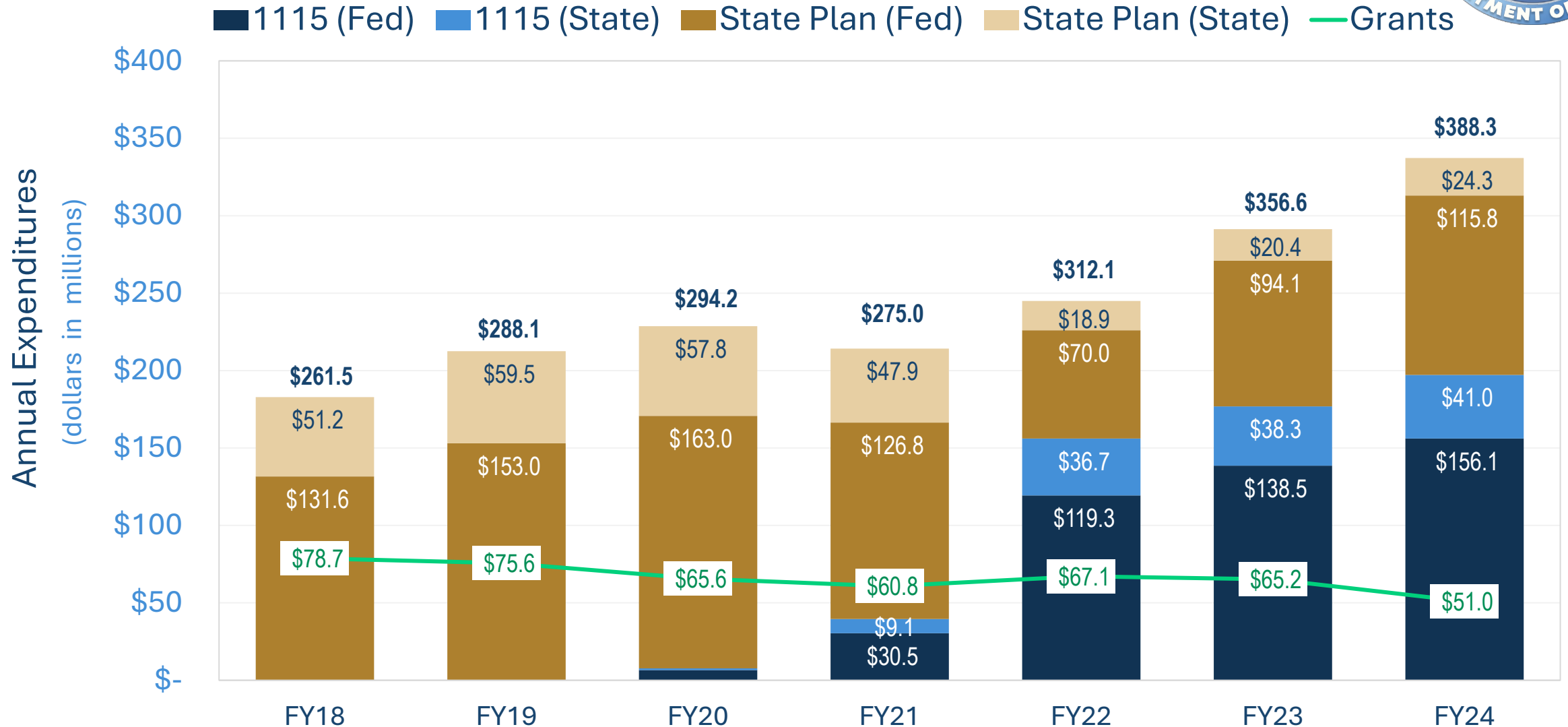
Individualized Supports Waiver

Adults with Physical Developmental Disabilities

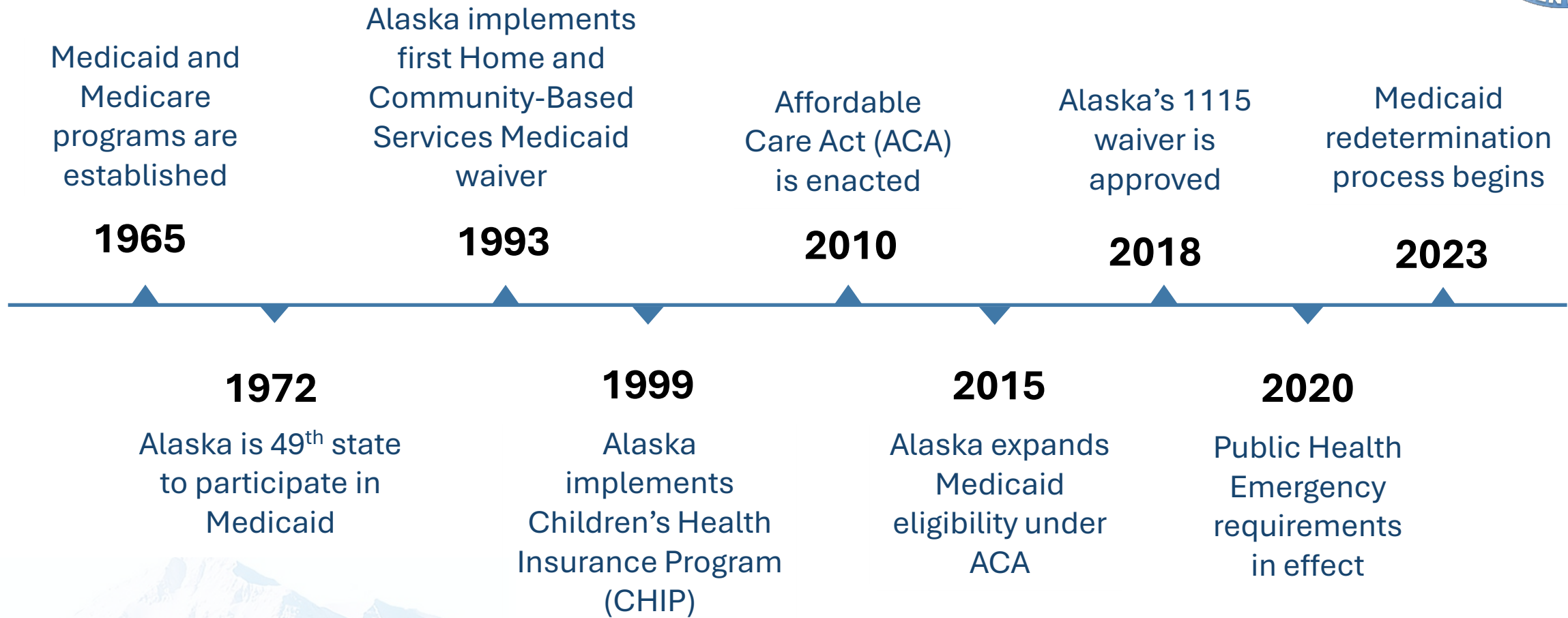
Home and Community-Based Services (HCBS) help people remain in their home or community when their needs would otherwise require an institutional level of care.

Thanks to HCBS waivers, Alaska saves \$600+ million annually in avoided costs.

Behavioral Health Spend: Medicaid & Grants



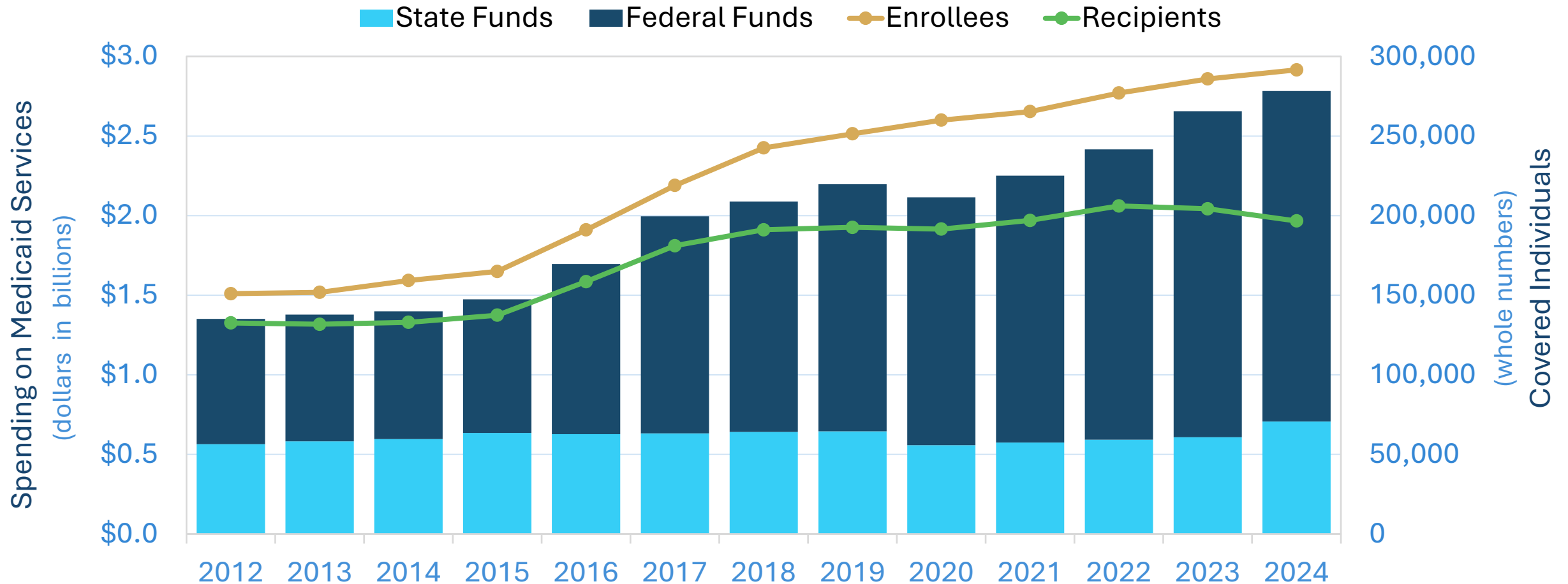
Timeline of Medicaid in Alaska



Long-Term Enrollment & Spend (FY2012 – FY2024)

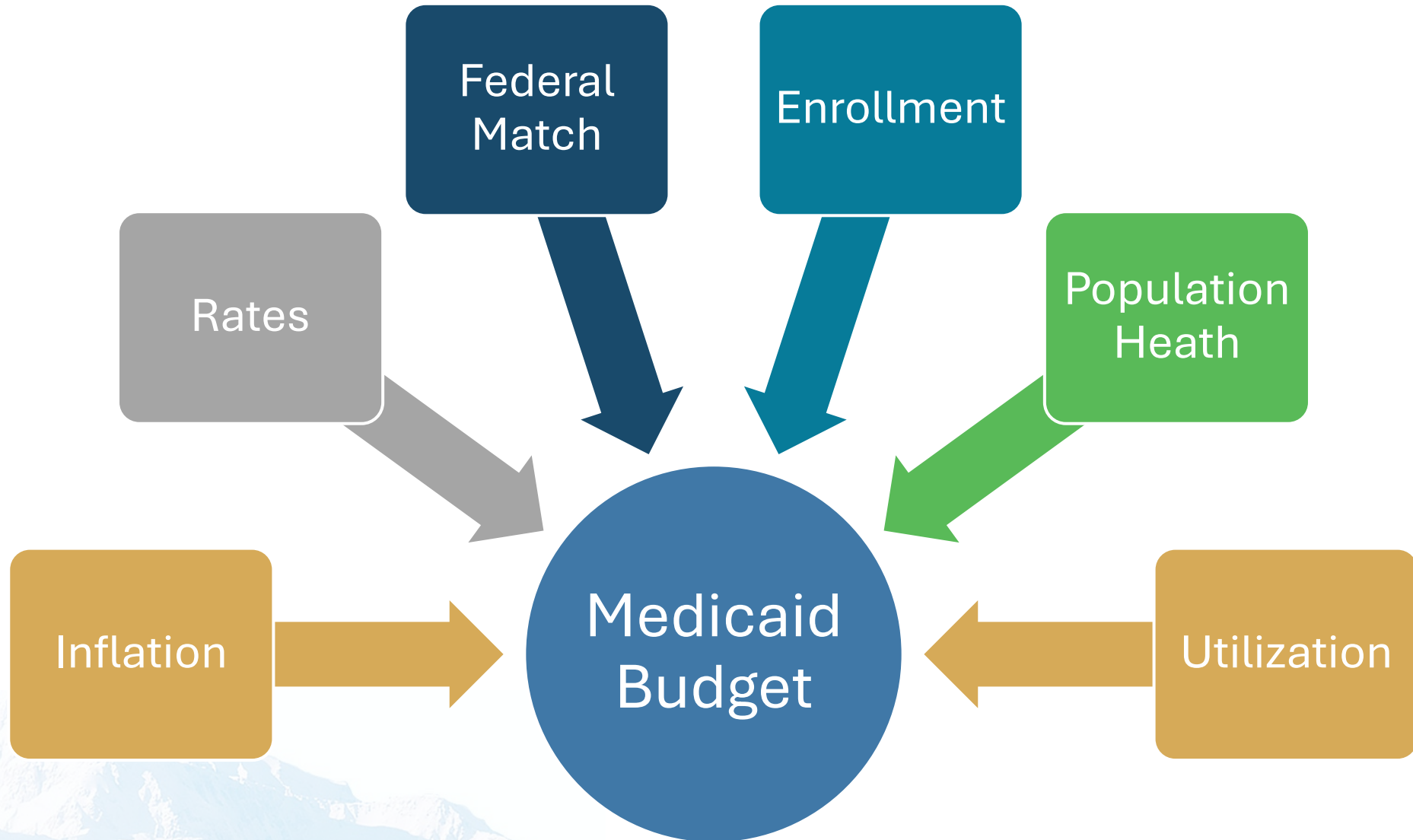


Annual Medicaid Spending, Enrollment & Recipients

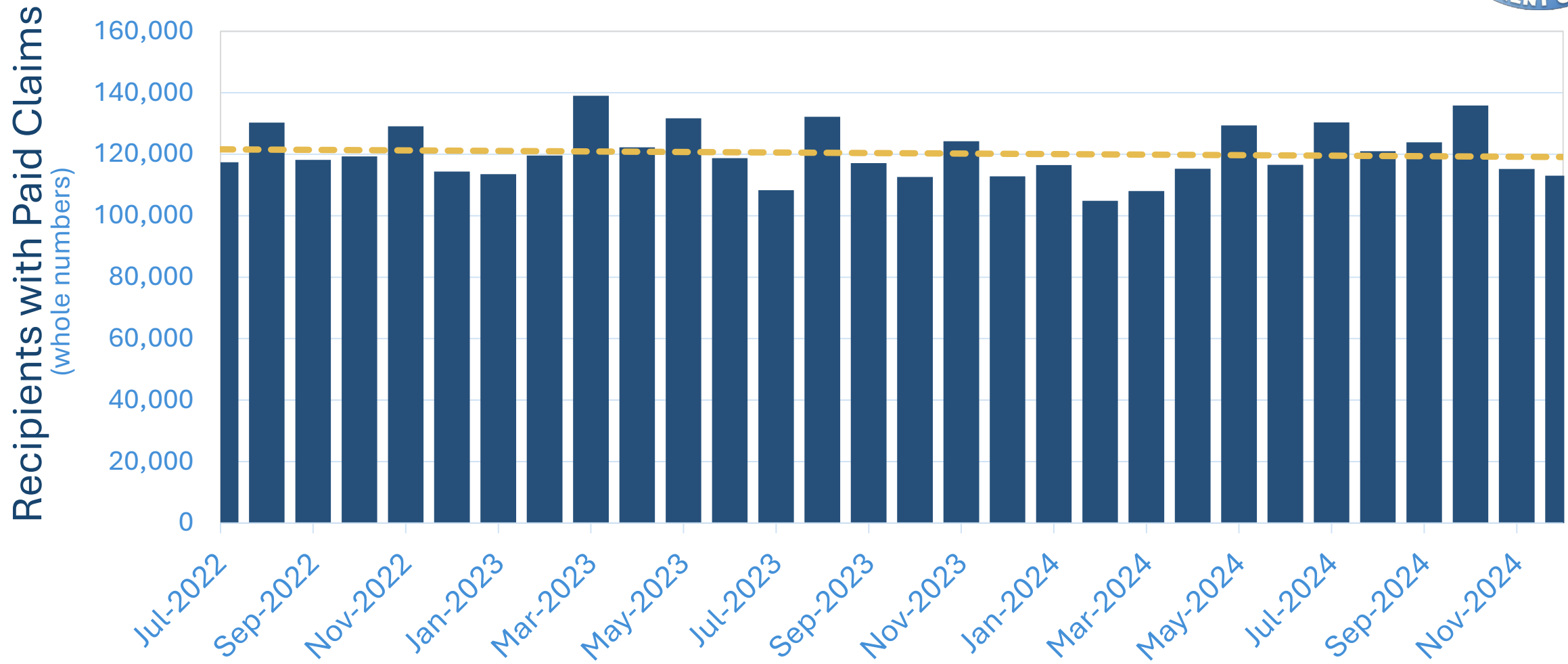


DATA SOURCE: Long-Term Forecast of Medicaid Enrollment and Spending in Alaska: FY2025-FY2045 [unpublished draft report]

Drivers Influencing the Medicaid Budget



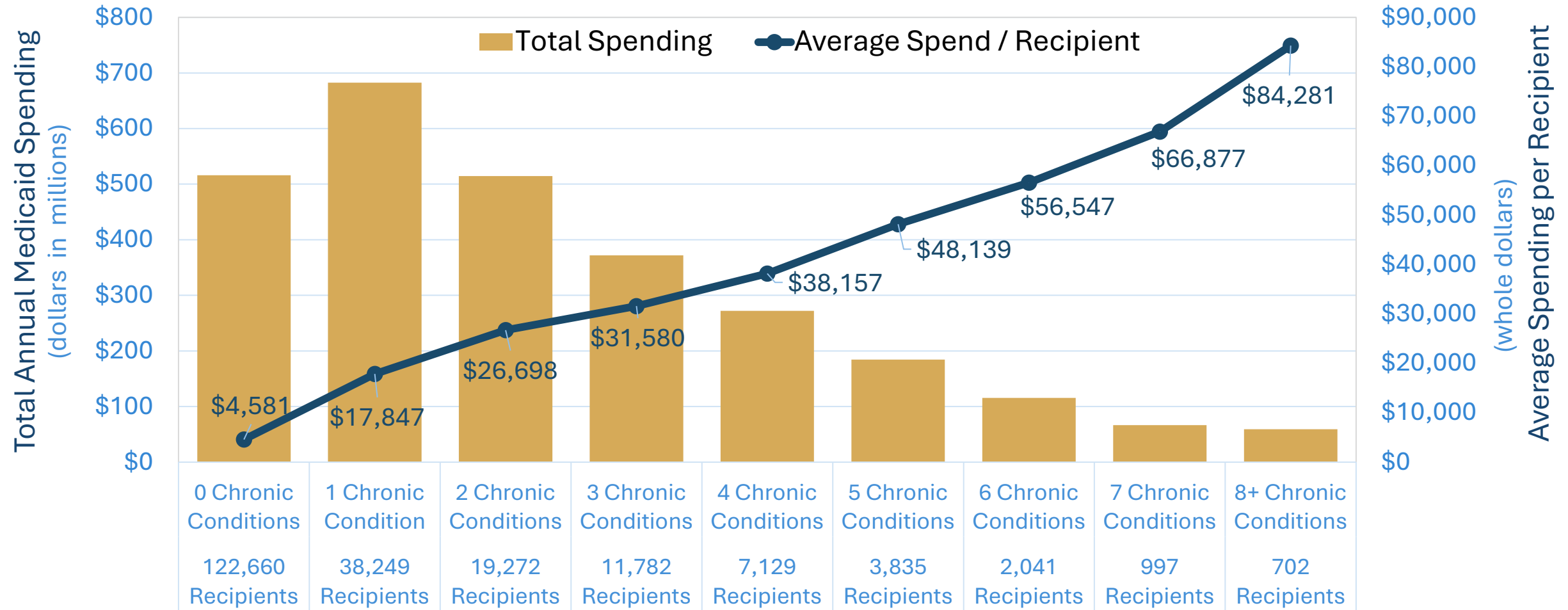
Recipients per Month Remains Flat



Chronic Conditions Drive Spending



Chronic Conditions & Medicaid Spending

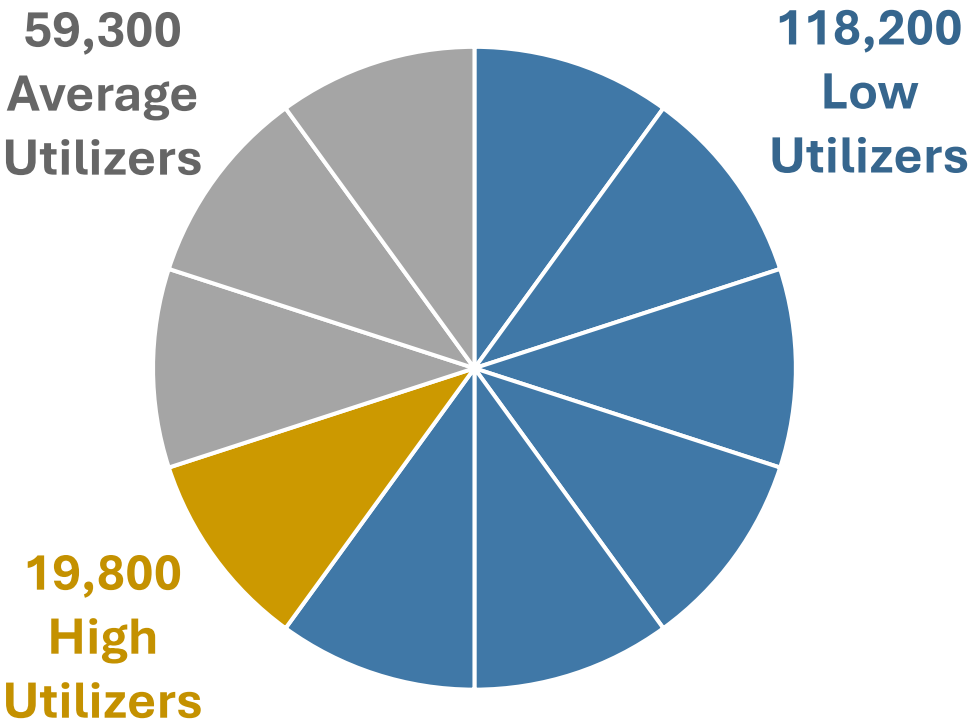


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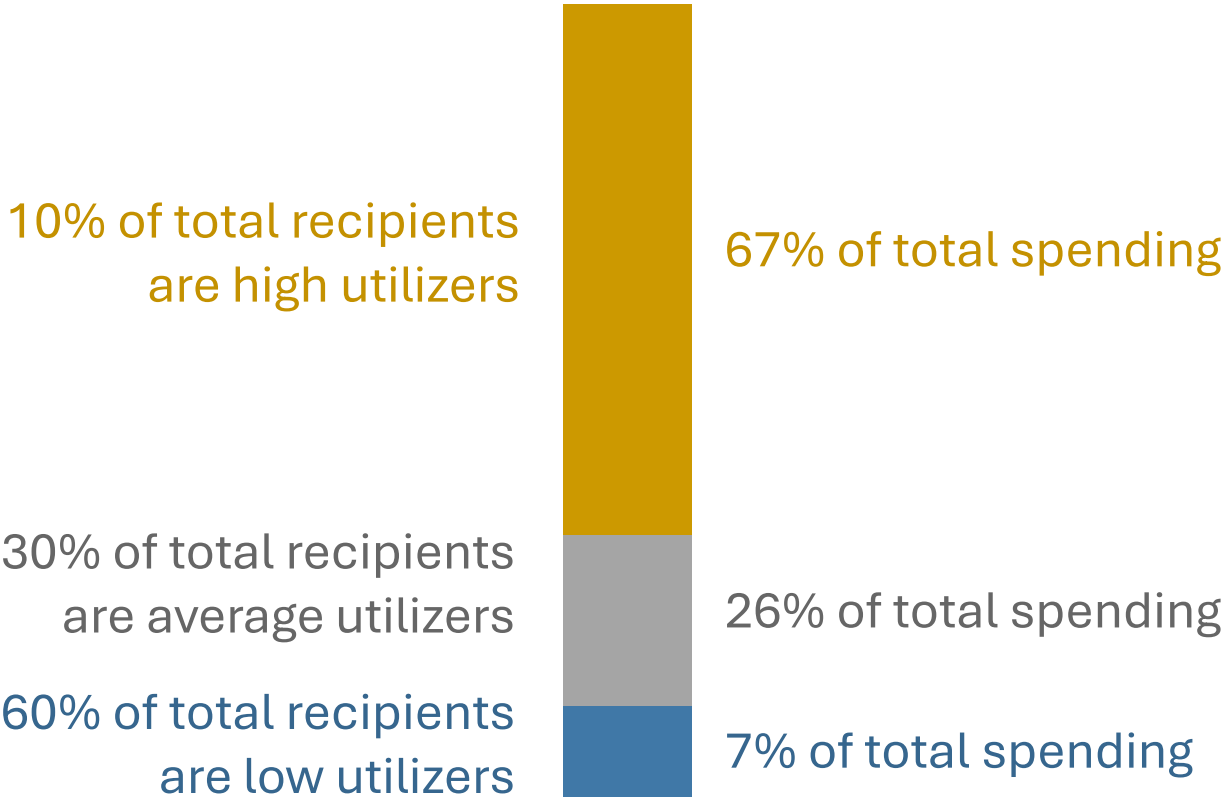
The Smallest Segment Spends the Most



Medicaid Recipients (FY2024) Split into 10 Equal Segments



Utilizer Category Compared to Total Actual Spending



Medicaid Reimbursement Rates



Types of Rates

Per Diem

Encounter

Fee-for-Service

Percent of Charges

Rate Adjustments

Inflation

Rebasing

Legislative

Federal

Pharmacy Rebates & Tribal Reclaiming



Fiscal Year (FY)	Total Tribal Reclaiming GF Savings (whole dollars)	Drug Rebate Recoveries (GF/FED) (whole dollars)
FY2017	\$34,782,000	\$ ~
FY2018	\$45,187,000	\$81,354,000
FY2019	\$69,346,000	\$104,253,000
FY2020	\$94,111,000	\$105,723,000
FY2021	\$57,468,000	\$123,752,000
FY2022	\$74,412,000	\$132,185,000
FY2023	\$125,552,000	\$154,354,000
FY2024	\$138,468,000	\$135,781,000
TOTAL	\$639,326,000	\$837,402,000

NOTE: Drug Rebates as reported to Centers for Medicare & Medicaid Services representing the amount collected in whole dollars and demonstrating any changes since the last report (FY2019 and FY2020)

Questions?

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