



**VISION**  
ALASKA INDIVIDUALS, FAMILIES AND COMMUNITIES ARE SAFE AND HEALTHY  
**MISSION**  
TO PROMOTE AND PROTECT THE HEALTH AND WELL-BEING OF ALASKANS

## House Finance Budget Subcommittee | FY2016 Division Overview

**Margaret Brodie** | Director  
**Jon Sherwood** | Deputy Commissioner

**Medicaid 101**

**March 19, 2015**

# Medicaid Services Overview

- **Medicaid Goals:**
  - Integrate and coordinate services
  - Strategically leverage technology
  - Implement sound policy
  - Practice fiscal responsibility
  - Measure and improve performance



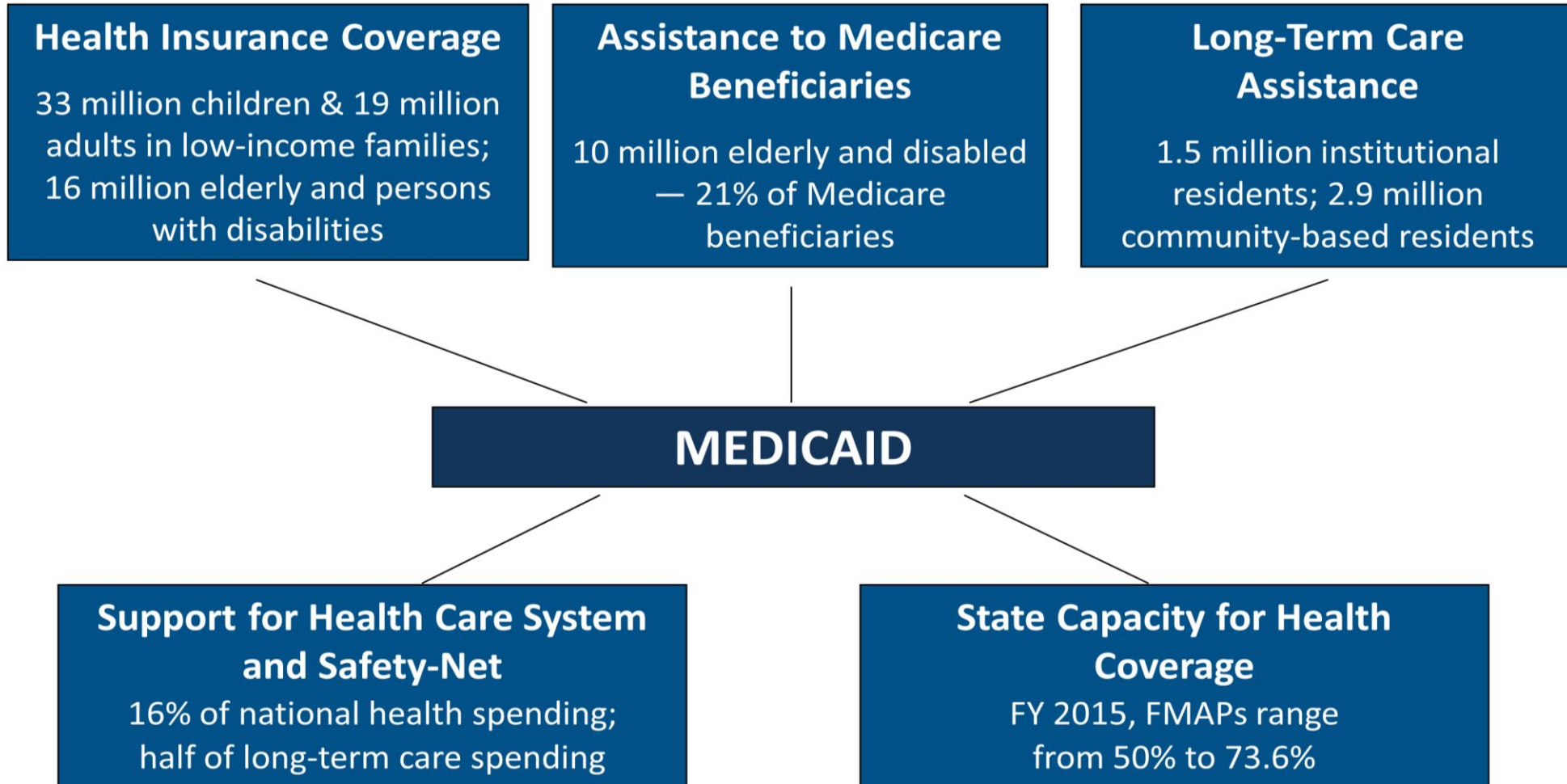
# Medicaid Services Overview

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- Medicaid started in 1965
- Each State runs their program differently
- Medicaid provides insurance to more than 80 million people
- Alaska had 158,853 enrolled in 2014
  - 138,300 utilized services



# The Role of Medicaid



# Medicaid is an Integral Health Care Component

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# Services

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- The Medicaid program supports providers
  - Is one of many payers in the system
- Serves as a safety net for individuals, children and elders who would otherwise be uninsured



# Economy

- Medicaid is the primary payer for:
  - Long term care services
  - Behavioral Health Services
  - Anti-psychotic Medications
- Health Care Expenditures in Alaska were \$7.5 billion in the last census.
  - Medicaid was about 18%



# Jobs

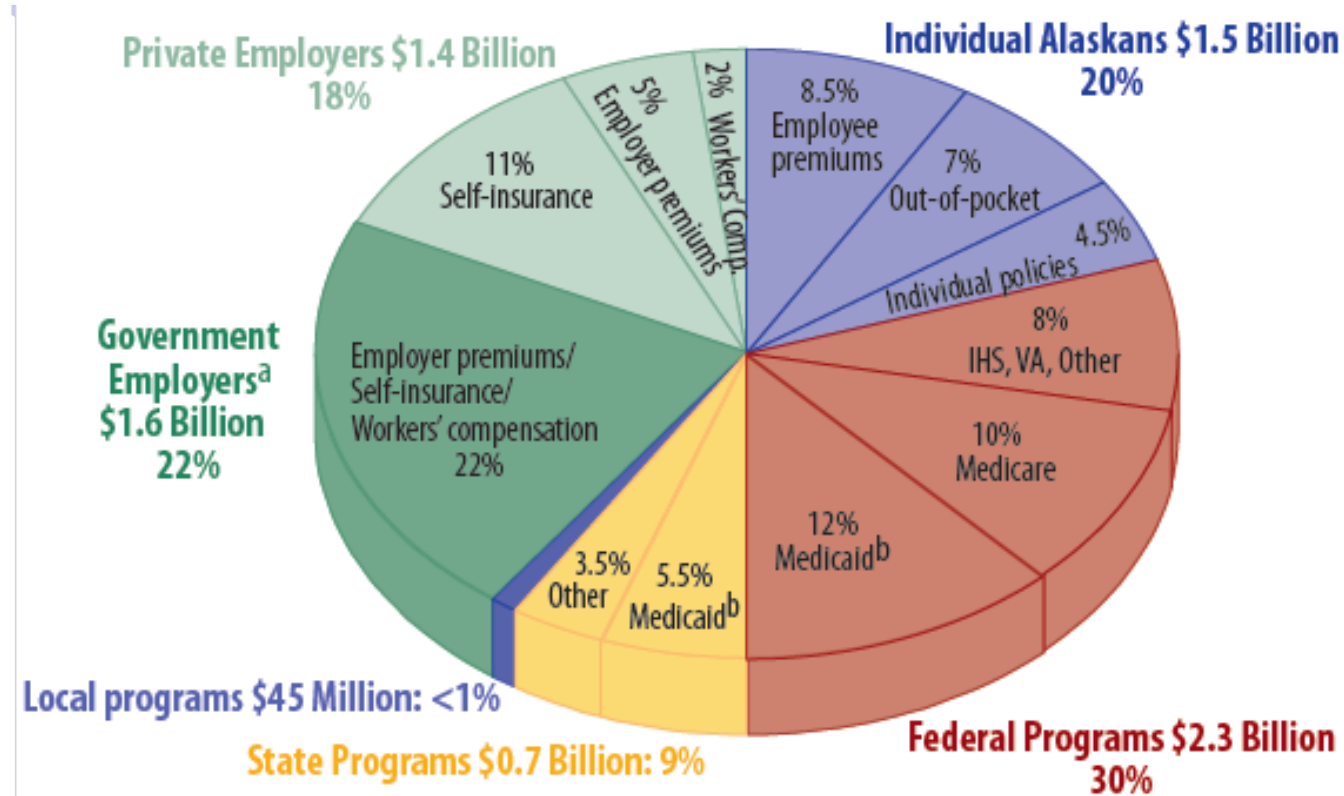
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- 34,100 Health care jobs in Alaska in 2014

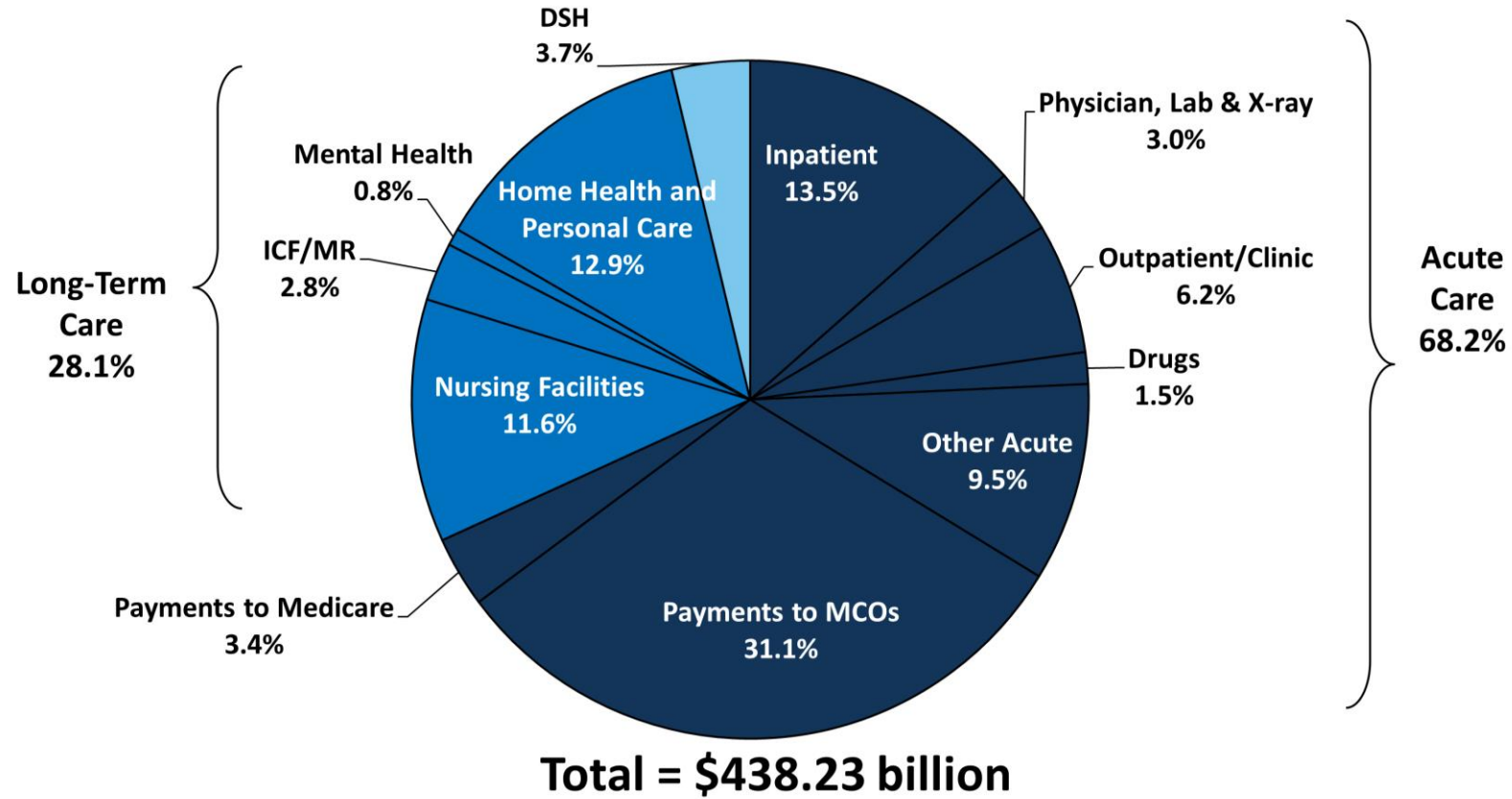




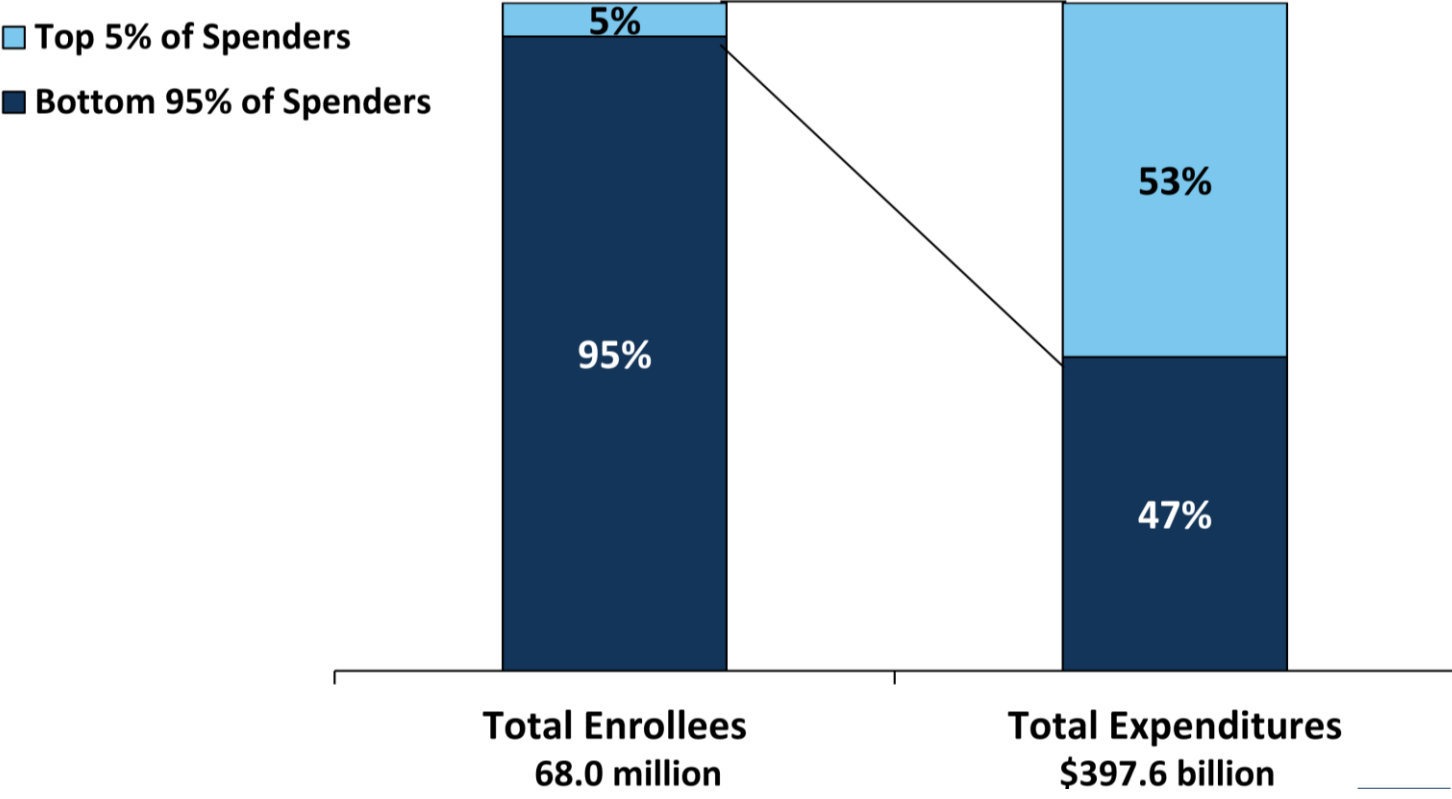
# Who Pays for Health Care in Alaska?



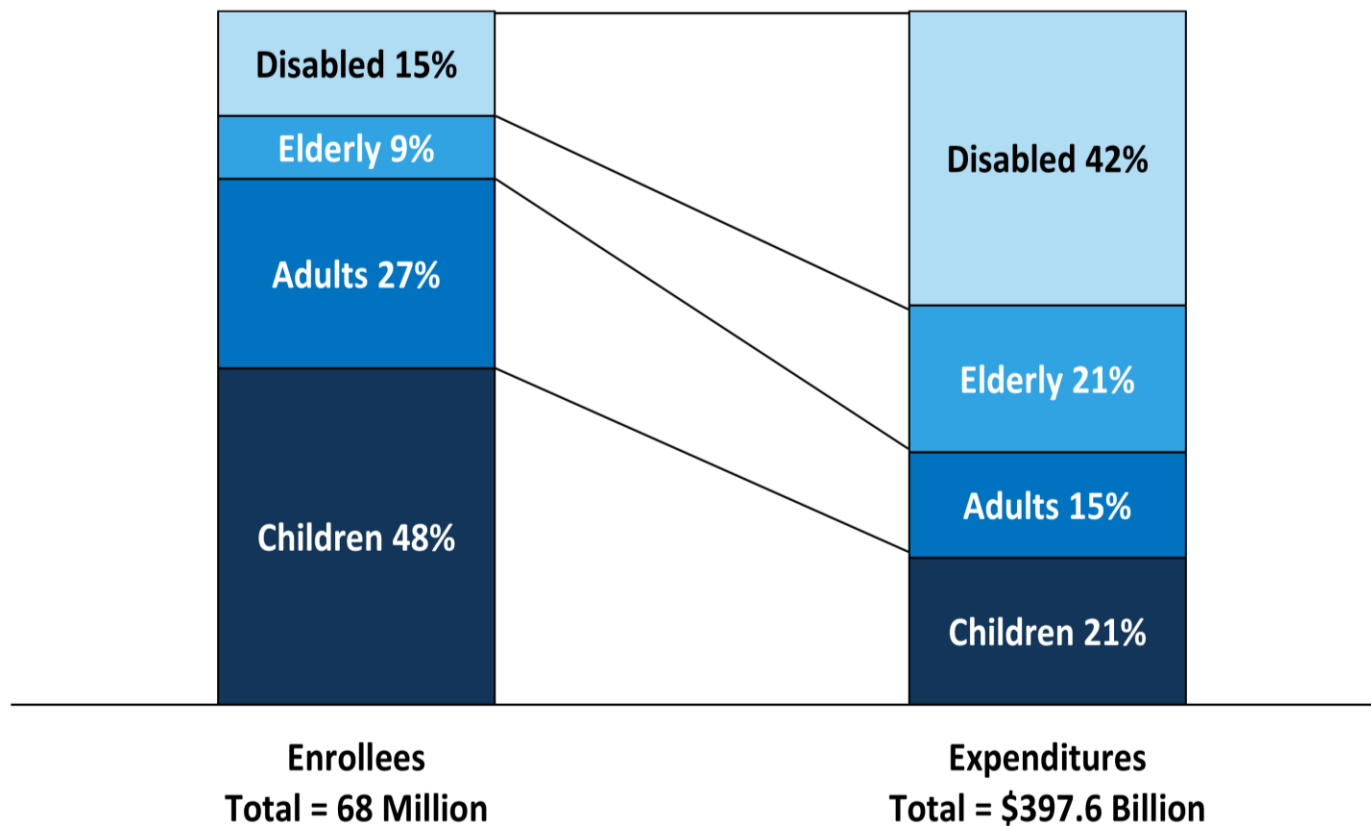
# Medicaid Expenditures by Service FY 2013



# Top 5% of Enrollees Account for More than Half of Medicaid Spending



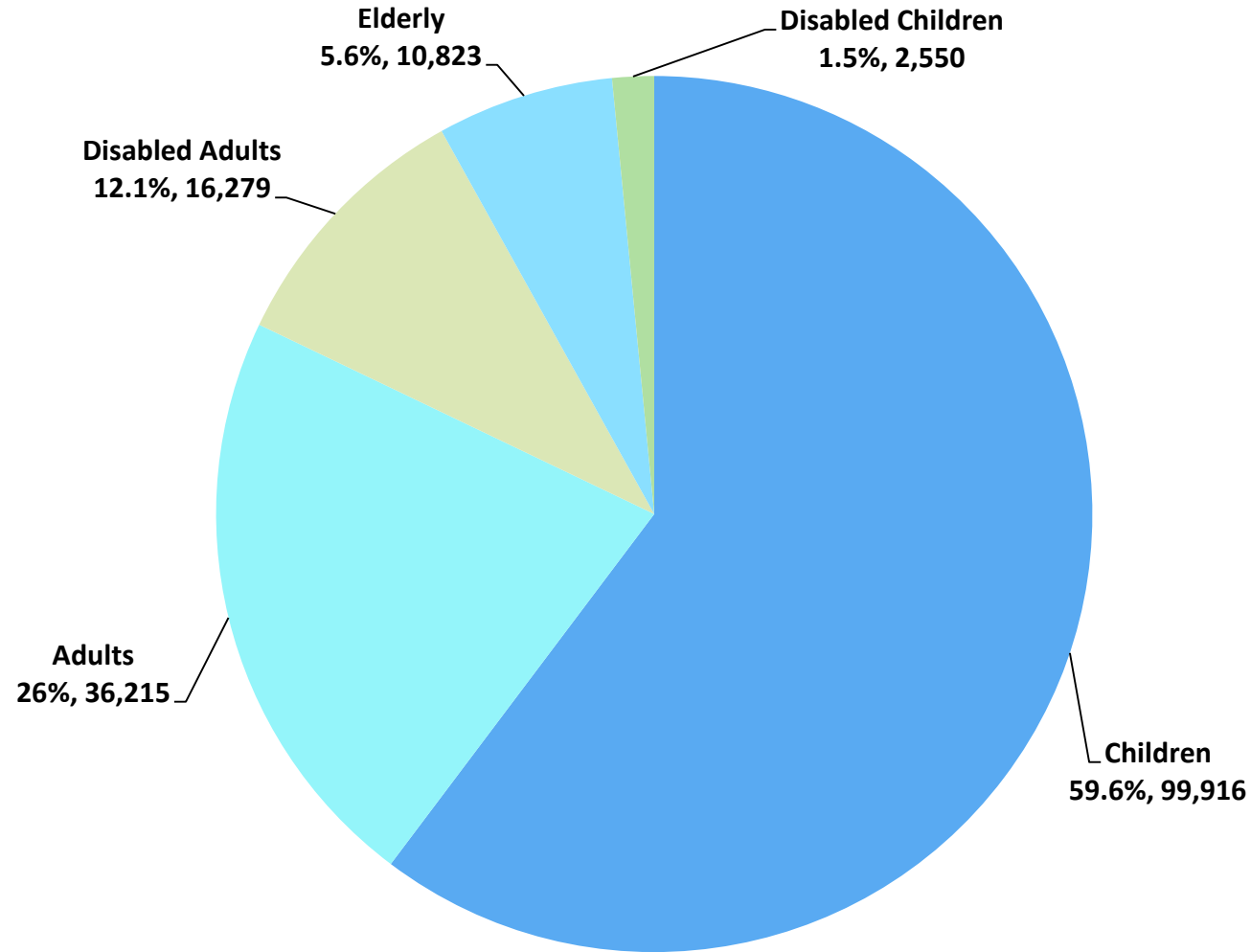
# Medicaid Enrollees and Expenditures



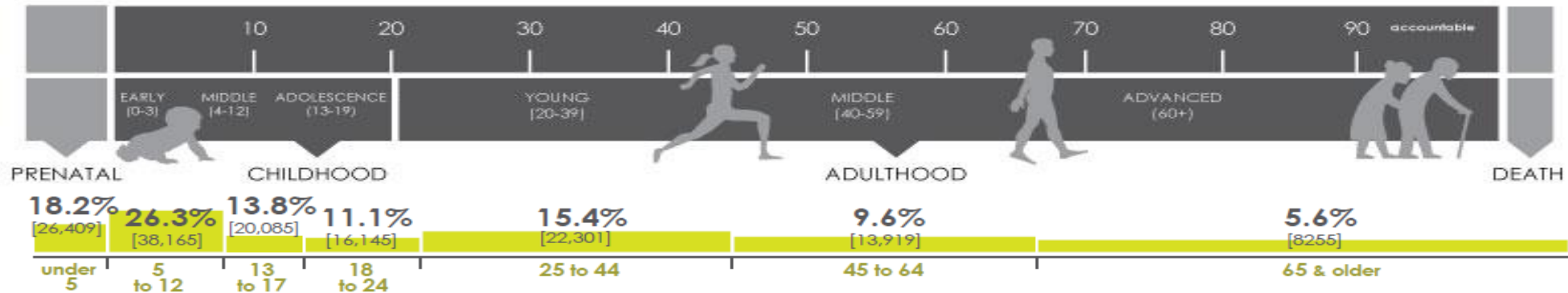
SOURCE: KCMU/Urban Institute estimates based on data from FY 2011 MSIS and CMS-64. MSIS FY 2010 data were used for FL, KS, ME, MD, MT, NM, NJ, TX, UT, OK but adjusted to 2011 spending levels.



# FY2014 Total Medicaid Recipients

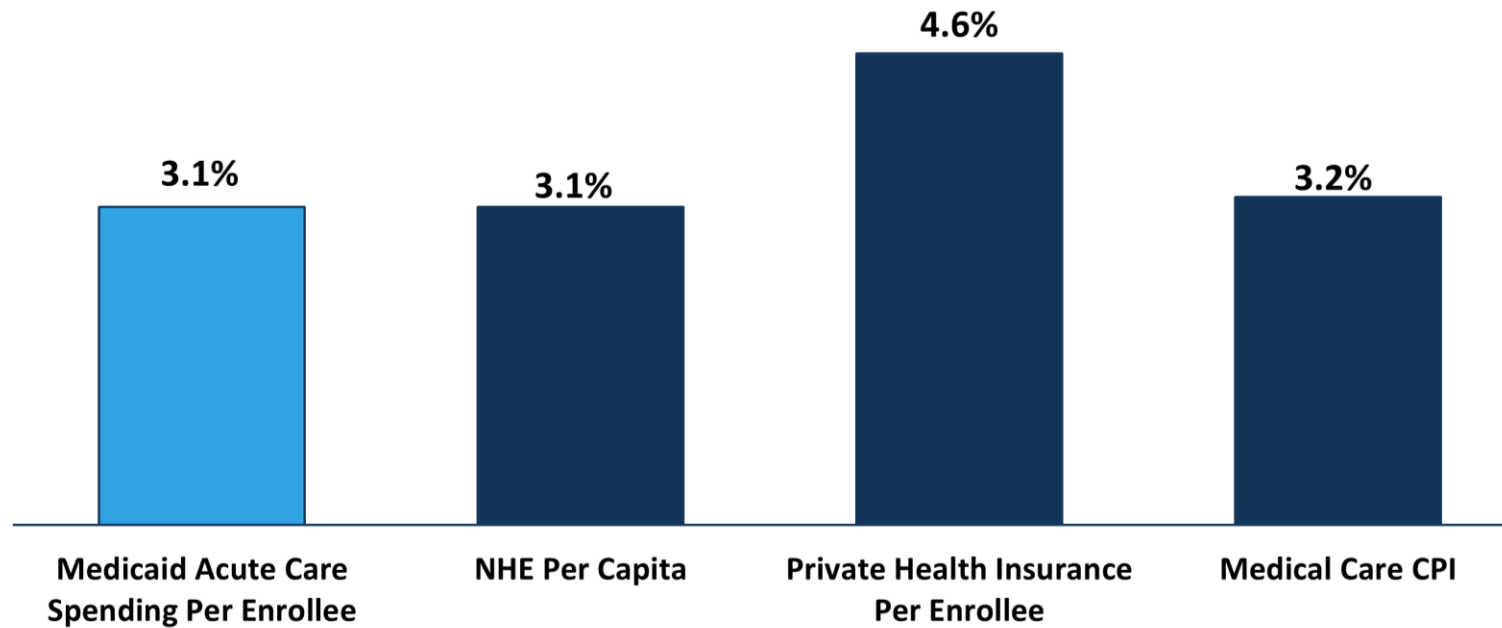


# Medicaid Service Population



# Growth in Per-Enrollee Medicaid Spending vs. Other Health Spending

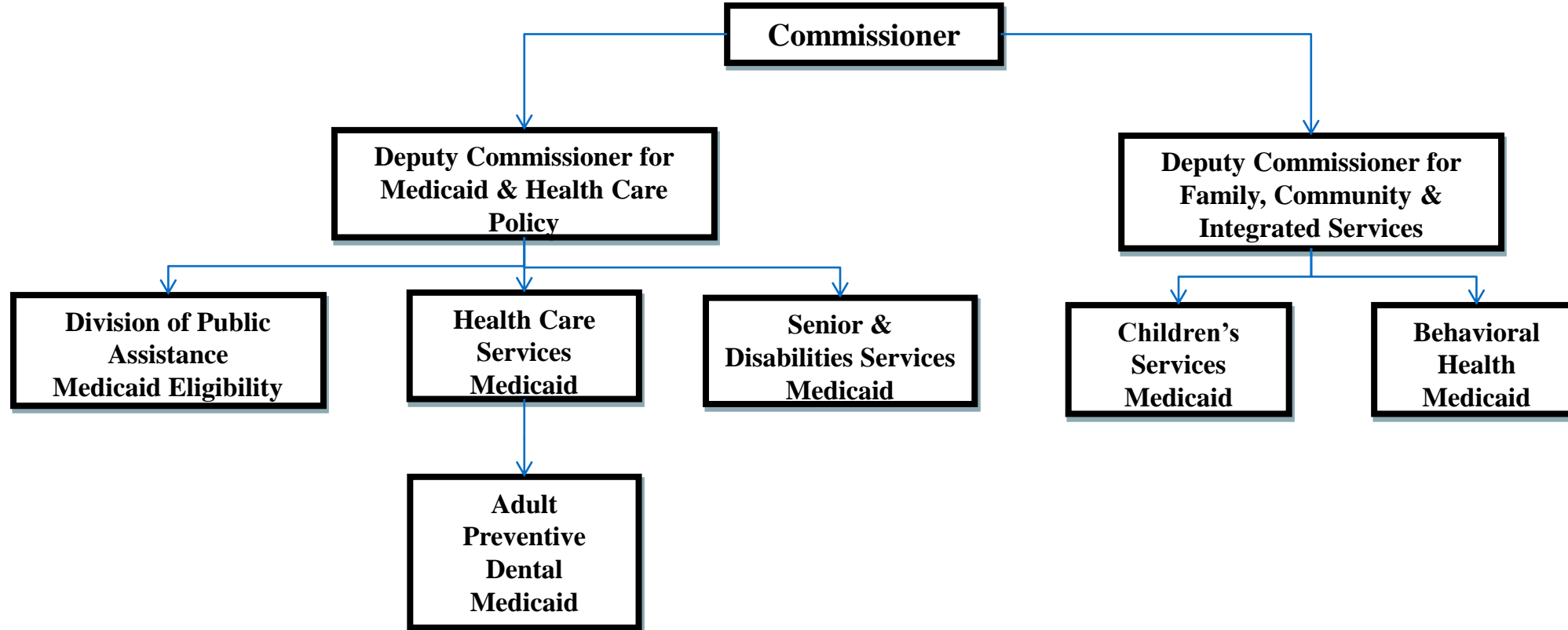
Average Annual Growth Rate, FY 2007-2012:



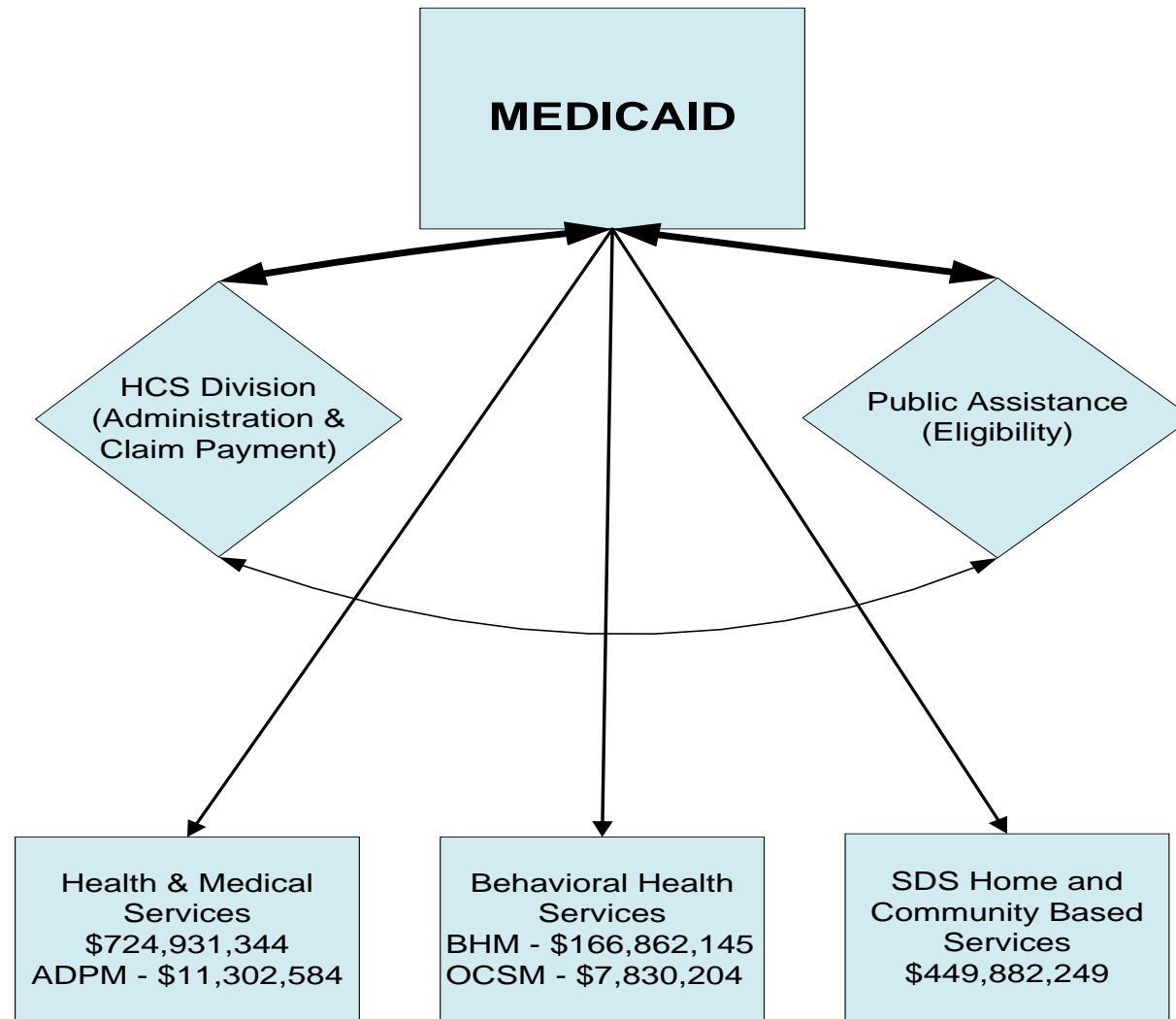




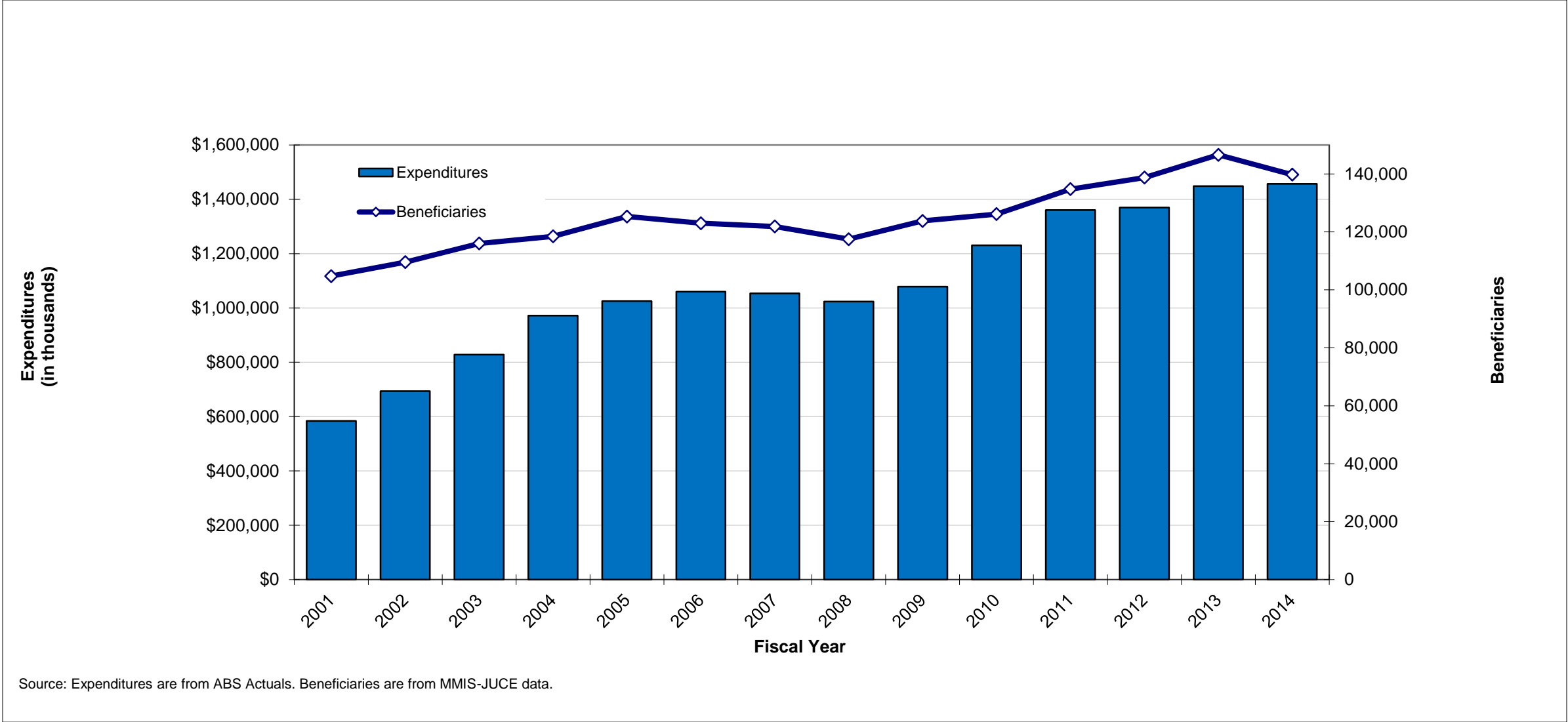
# Alaska Medicaid Organizational Chart



# Alaska Medicaid



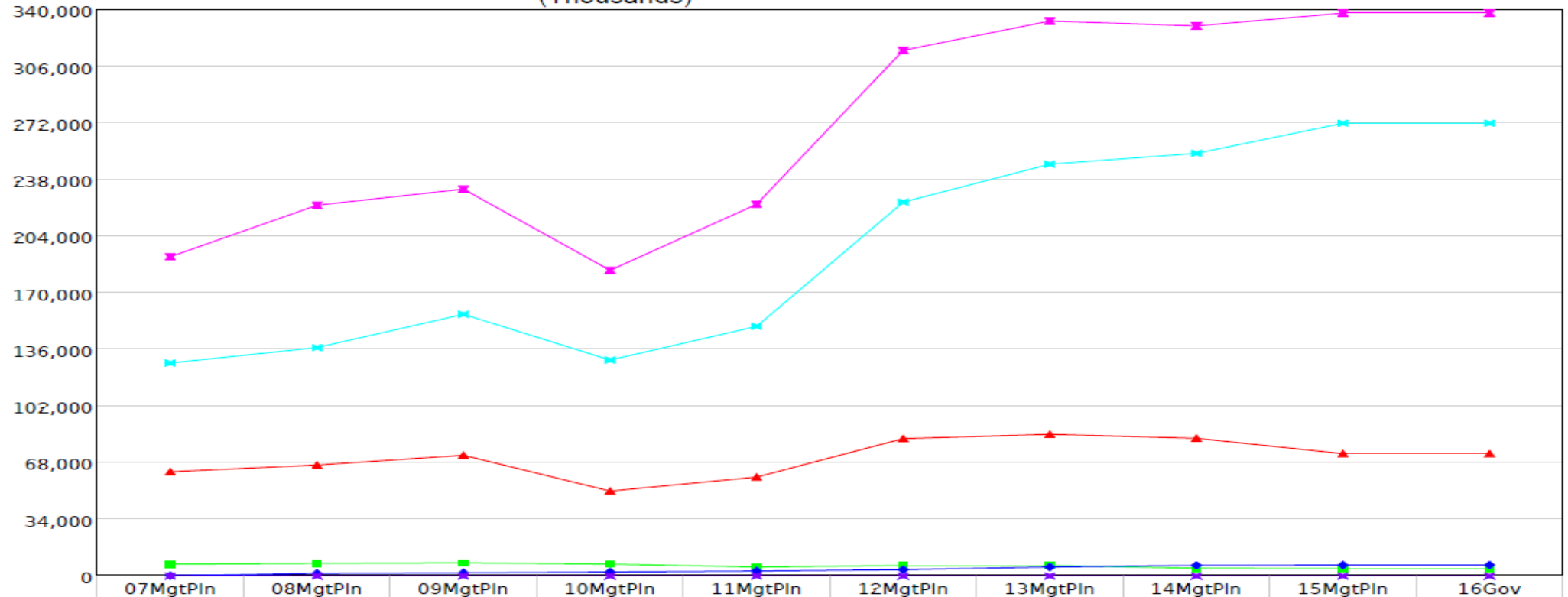
# All Medicaid Direct Services Beneficiaries & Expenditures



# Allocation Summary 2007-2016

Multi-year Allocation Summary - Operating Budget - FY 2016 Governor Structure  
 Department of Health and Social Services  
 Medicaid Services Appropriation  
 (Thousands)

Numbers and Language  
 Fund Groups: General Funds



Provided by:  
 Legislative  
 Finance  
 Division

	07MgtPin	08MgtPin	09MgtPin	10MgtPin	11MgtPin	12MgtPin	13MgtPin	14MgtPin	15MgtPin	16Gov
Behavioral Health Medicaid Svc	62,654.3	66,679.5	72,575.8	51,040.9	59,444.0	82,579.6	85,141.7	82,765.0	73,525.1	73,525.1
Children's Medicaid Services	7,080.6	7,570.6	7,926.2	7,139.0	5,396.5	6,308.1	6,308.1	4,659.4	4,410.7	4,410.7
Adult Prev Dental Medicaid Svc	219.7	1,543.1	1,877.0	2,416.8	2,981.7	3,804.1	5,390.2	6,377.1	6,547.2	6,547.2
Health Care Medicaid Services	191,830.7	222,805.0	232,494.1	183,688.4	223,385.2	315,890.8	333,513.3	330,549.4	338,265.2	338,265.2
Senior/Disabilities Medicaid	127,991.6	137,245.9	157,271.7	129,770.1	149,998.9	224,679.2	247,470.5	253,955.4	272,081.5	272,081.5
Unallocated Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>389,776.9</b>	<b>435,844.1</b>	<b>472,144.8</b>	<b>374,055.2</b>	<b>441,206.3</b>	<b>633,261.8</b>	<b>677,823.8</b>	<b>678,306.3</b>	<b>694,829.7</b>	<b>694,829.7</b>



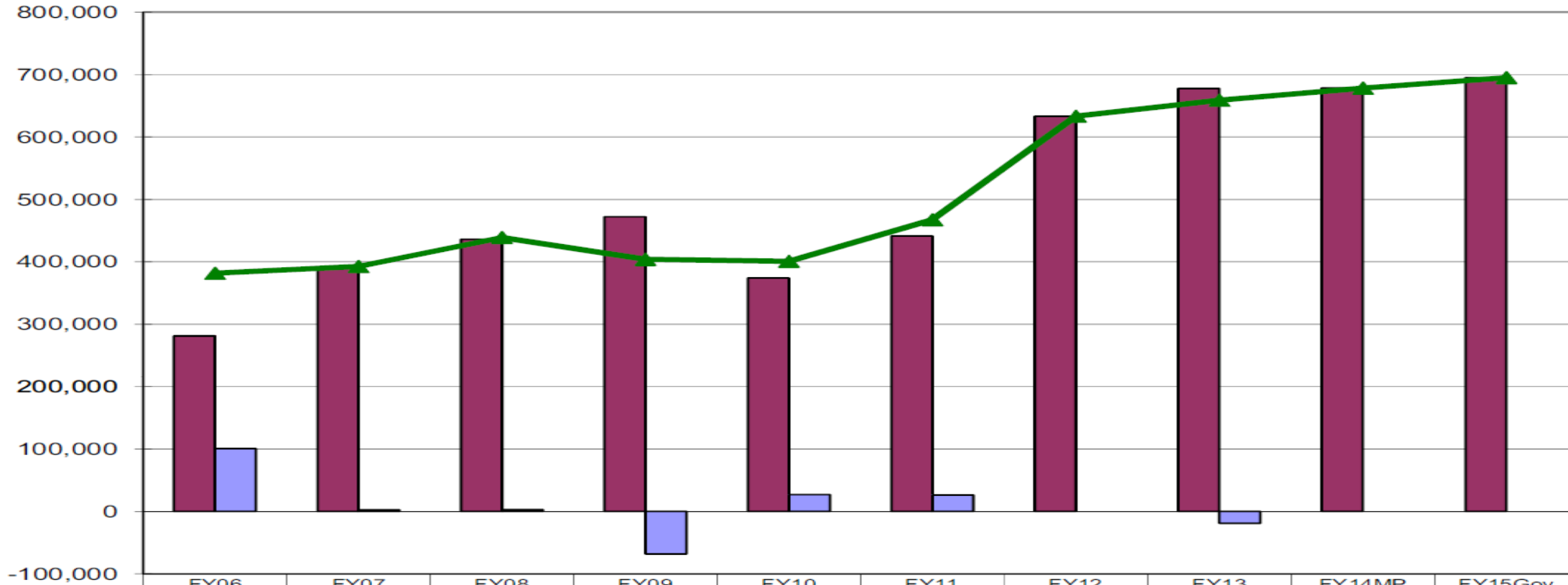
# General Fund 2006-2015

**Medicaid GF** has grown by \$313.4 million (82%) between the FY06 Final Budget and the FY15 Budget. Of this increase:

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

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

*Provided by:  
Legislative  
Finance  
Division*



	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14MP	FY15Gov
Management Plan	281,049.8	389,776.9	435,844.1	472,144.8	374,055.2	441,206.3	633,261.8	677,823.8	678,306.3	695,075.9
Supplementals/RPLs/Adjustments	100,638.4	2,744.0	3,061.6	(68,250.0)	26,817.0	26,261.1	-	(19,000.0)	-	-
Total Funding	381,688.2	392,520.9	438,905.7	403,894.8	400,872.2	467,467.4	633,261.8	658,823.8	678,306.3	695,075.9



# Controlling Growth in Medicaid

## *The Options are Limited*

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



# 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



# Mandatory VS Optional Services

## Mandatory

- Inpatient hospital
- Outpatient hospital
- Physicians
- Nurse midwives
- Lab and X-ray
- Advanced Nurse Practitioners
- Early Periodic Screening, Diagnosis, and Treatment
- Family planning services
- Pregnancy-related services
- Nursing facility (NF) services
- Home Health (NF qualified)
- Medical/surgical dental services

## Optional

- MH Rehab/Stabilization
- Diagnostic/Screening/Preventive
- Therapies (OP, PT, SLP)
- Inpatient psychiatry <21 years
- Drugs
- Intermediate Care Facility/ Intellectual Disability
- Personal care
- Dental
- Other home health
- Other licensed practitioners
- Transportation
- Targeted Case Management





# 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



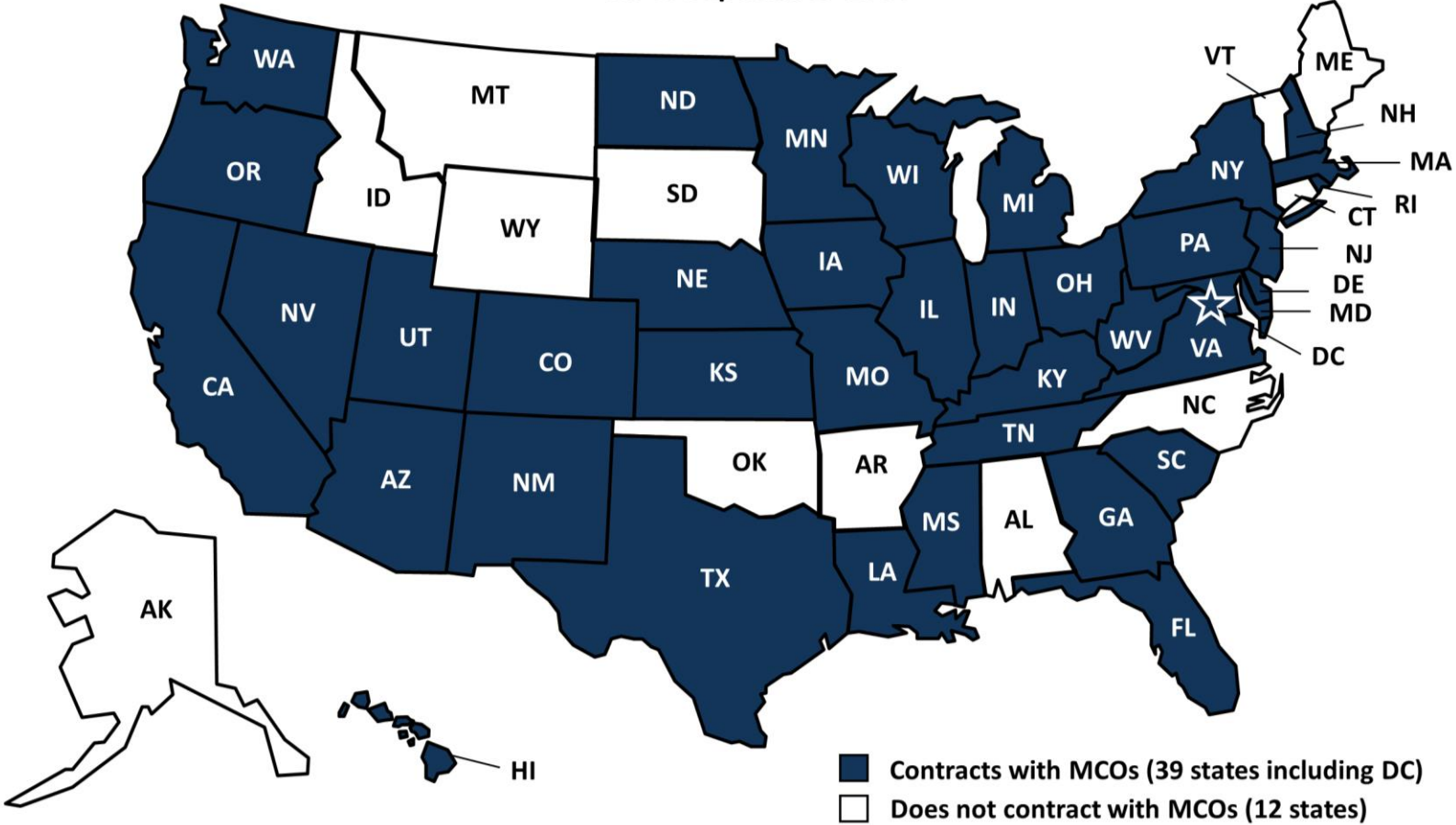
# Utilization Controls

- 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)



# States that Contract with Managed Care Organizations (MCOs)

As of September 2014



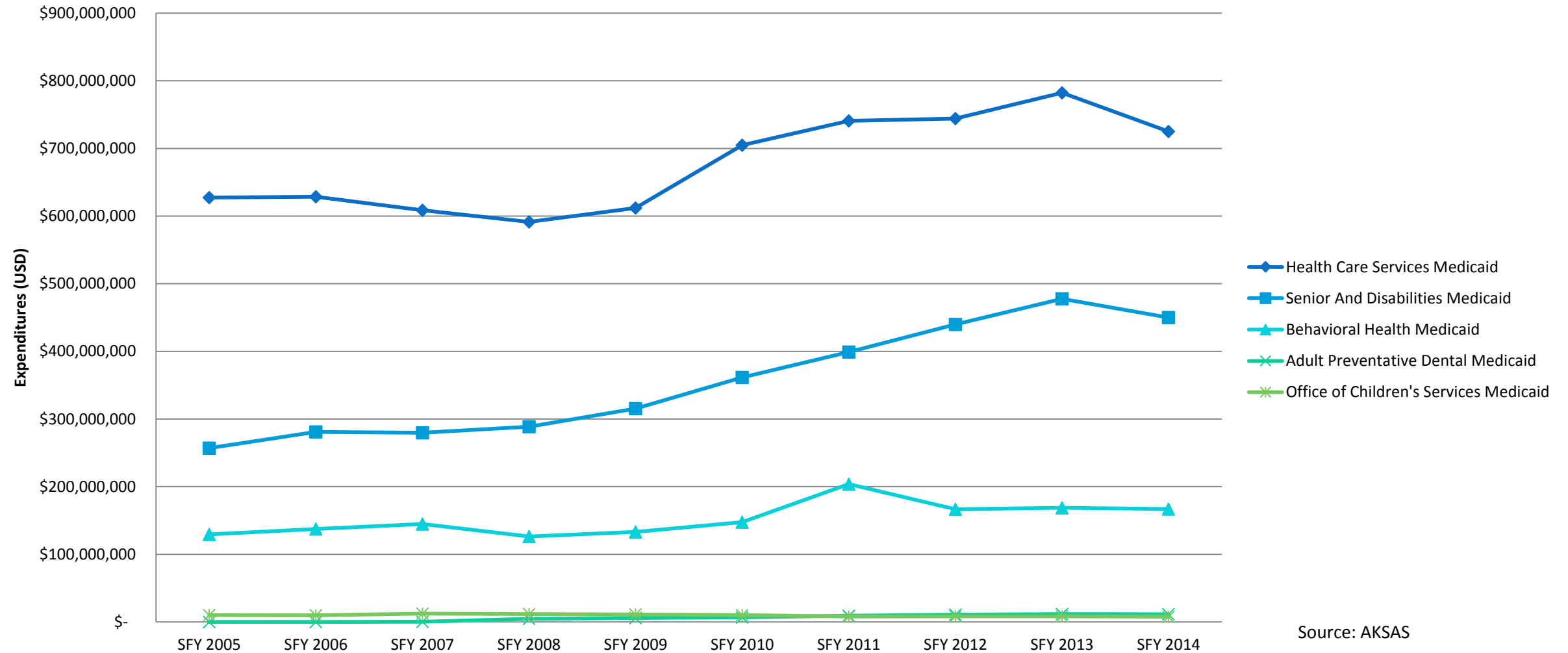
# Compliance/Anti-Fraud

- 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



# FY 2005-2014 Medicaid Expenditures by Division

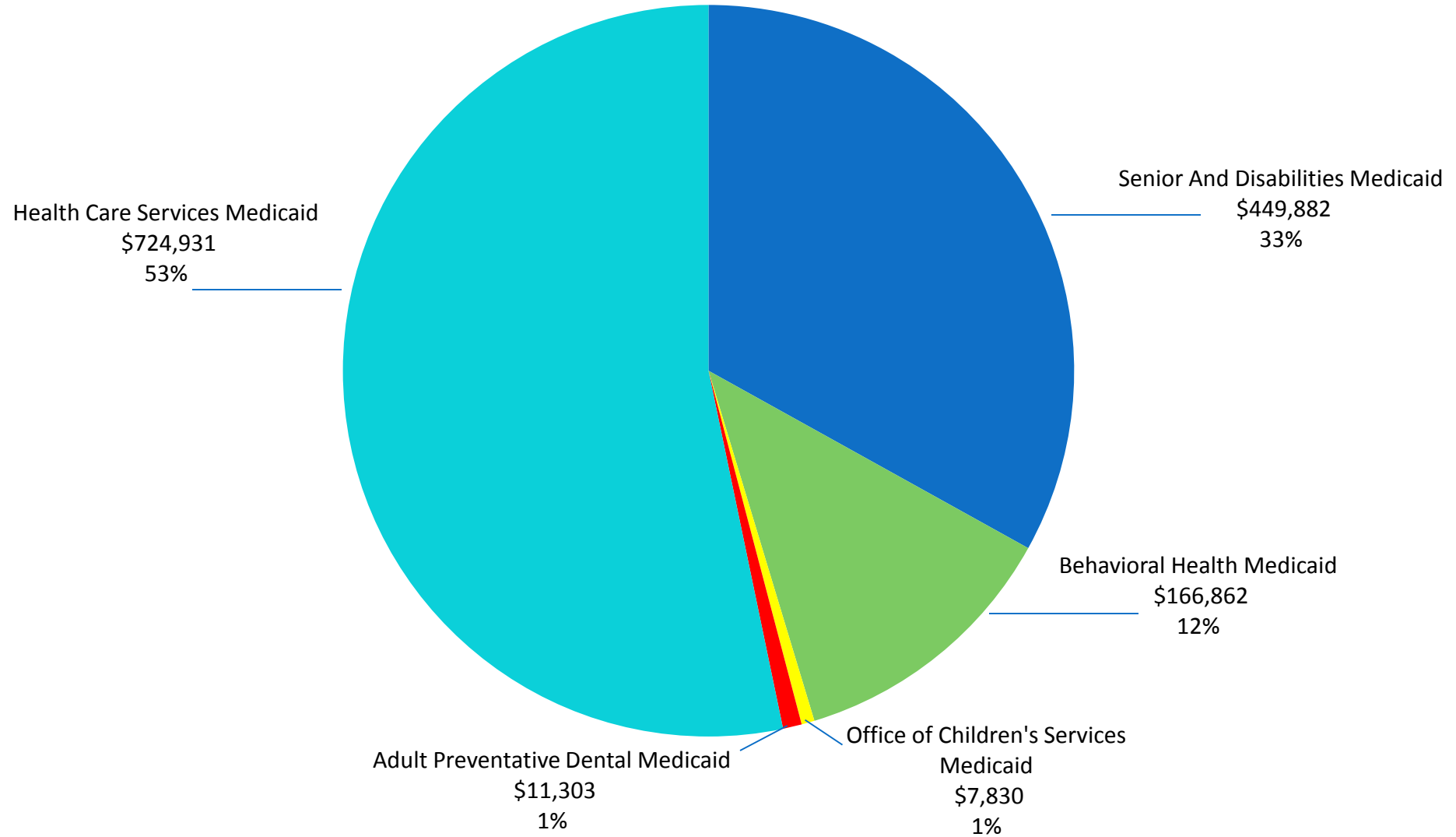
## FY 2005-2014 Medicaid Direct Services Expenditures by Division



Source: AKSAS



# FY 2014 Medicaid Expenditures by Division



Source: AKSAS



# Services Requiring Prior Authorization to Contain Costs

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- Travel
- Hospital
- High Cost Imaging
- Adult Dental
- Waiver Services
- Behavioral Health



# Other Savings

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- Including Rendering Providers on Claims
- Listing Referring, Ordering, and Prescribing Providers on Claims
- Meeting National Correct Coding Initiative Standards
- Auditing Providers
- Partnering with Tribes





# Additional Savings

- Commercial Insurance Recoupment
- Substitution to Generic Medication
- Using ClaimCheck
- Collecting Negative Balances
- Surveillance and Utilization Reviews
- Quality Assurance sections



# Independent Review

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- Pain Management Contract
- Psychotropic Medication Review for Children in OCS/DJJ Custody and those on Medicaid



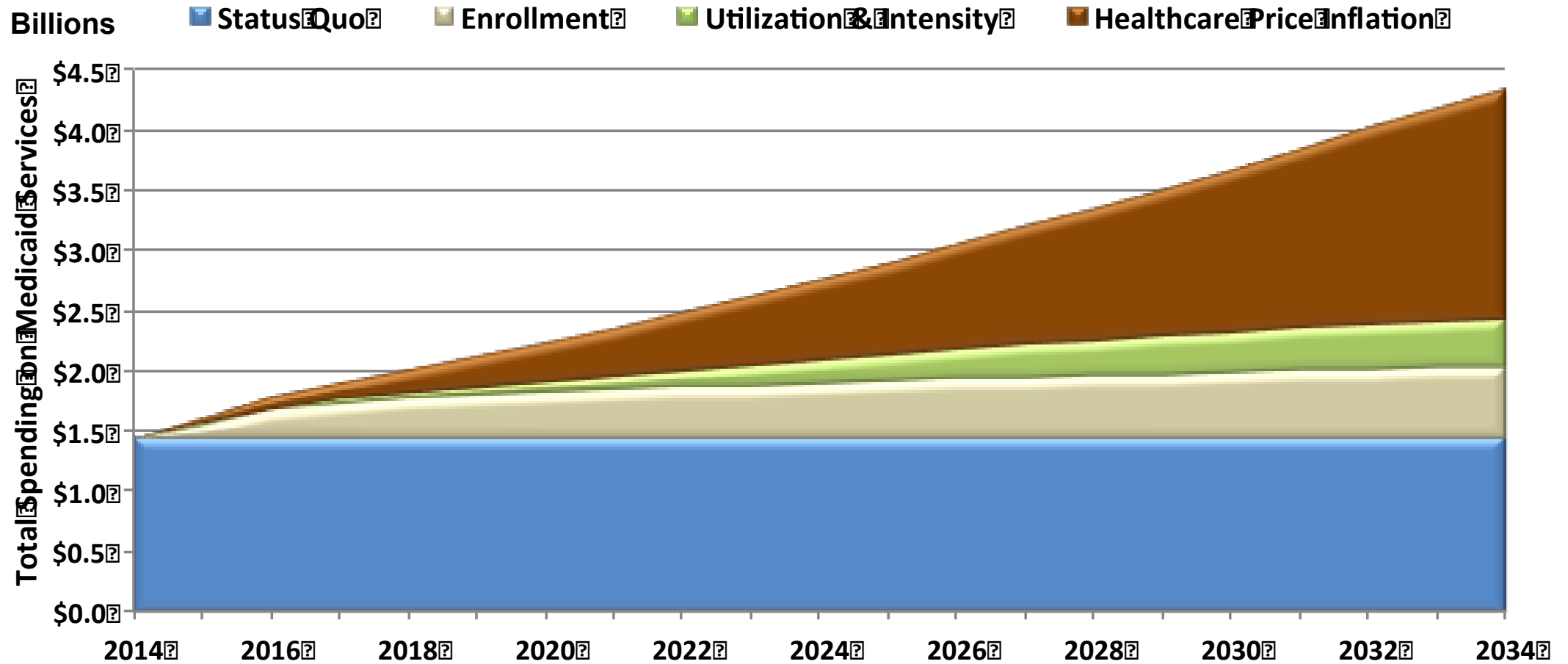
# Future Cost Containment Strategies

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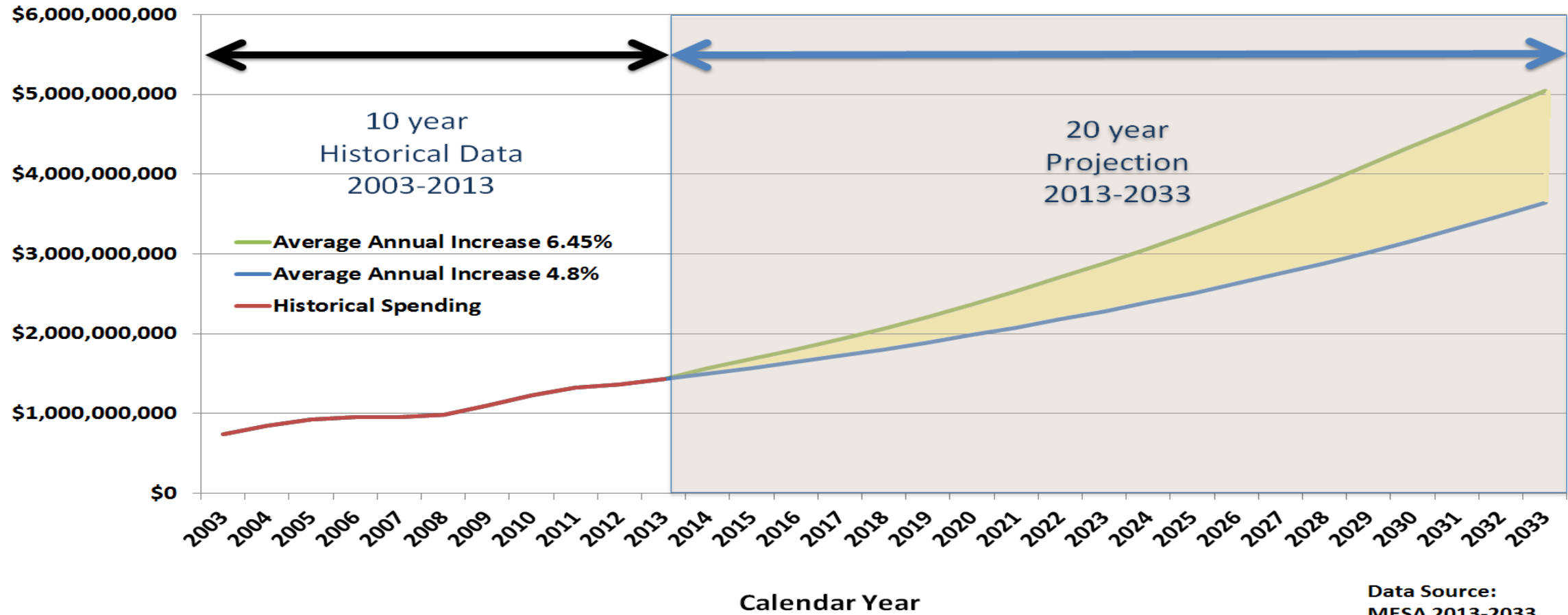
- Durable Medical Equipment payment regulation updates
- Collecting Patient Share of Cost - regulation changes
- Acuity Rate Project
- Automated Service Plan



# Expenditures Avoided



# Expenditures Avoided



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QUESTIONS?

Thank You

