



VISION

ALASKA INDIVIDUALS, FAMILIES AND COMMUNITIES ARE SAFE AND HEALTHY

MISSION

TO PROMOTE AND PROTECT THE HEALTH AND WELL-BEING OF ALASKANS

Senate Finance HSS Budget Subcommittee Medicaid Cost Drivers and Reform Update

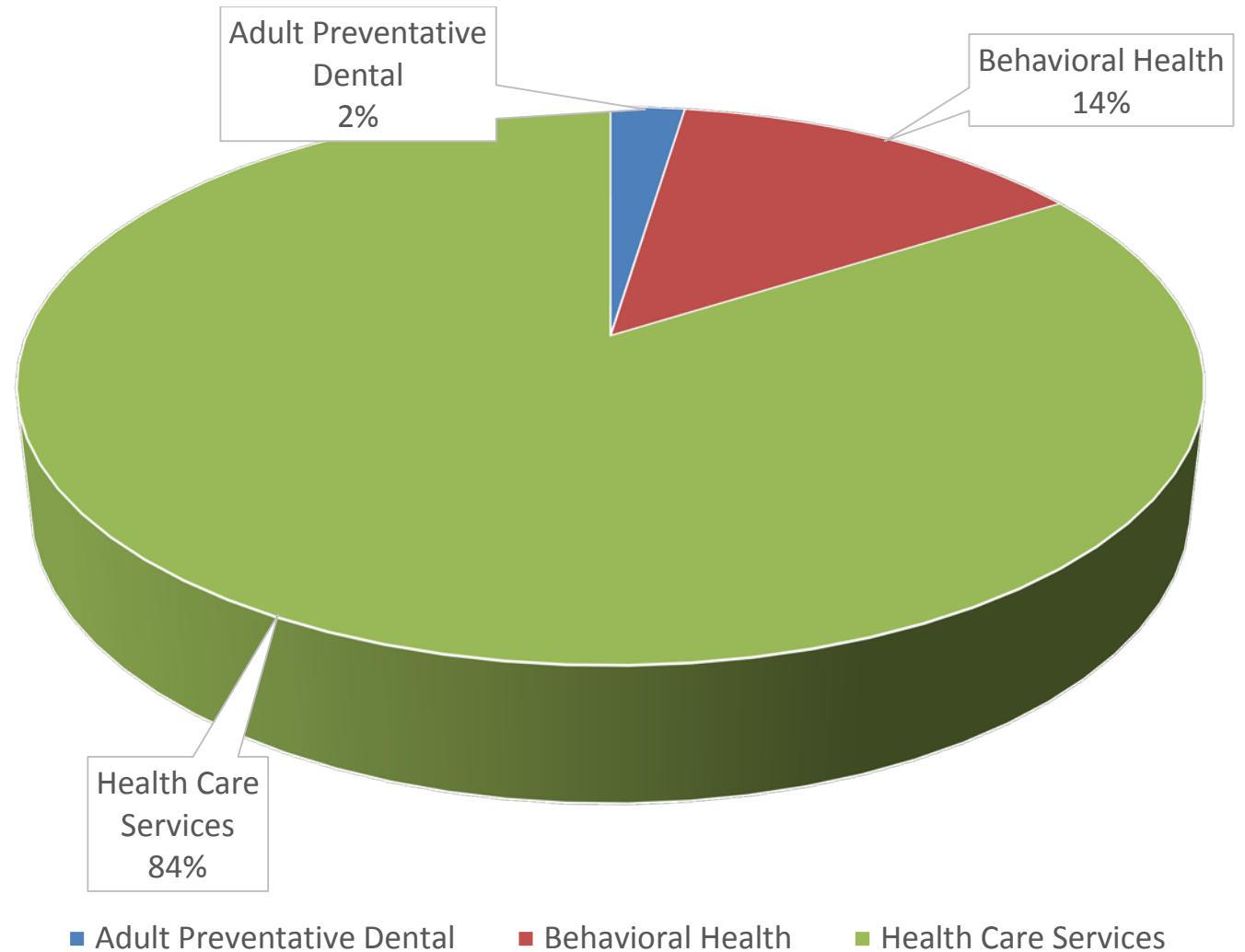
Shawnda O'Brien | Assistant Commissioner
Monique Martin | Health Care Policy Advisor

February 22, 2018

Supplemental Request

- Distribution by Component

- Adult Preventative Dental: \$ 2,230.0
- Behavioral Health: \$12,640.0
- Health Care Services: \$78,130.0

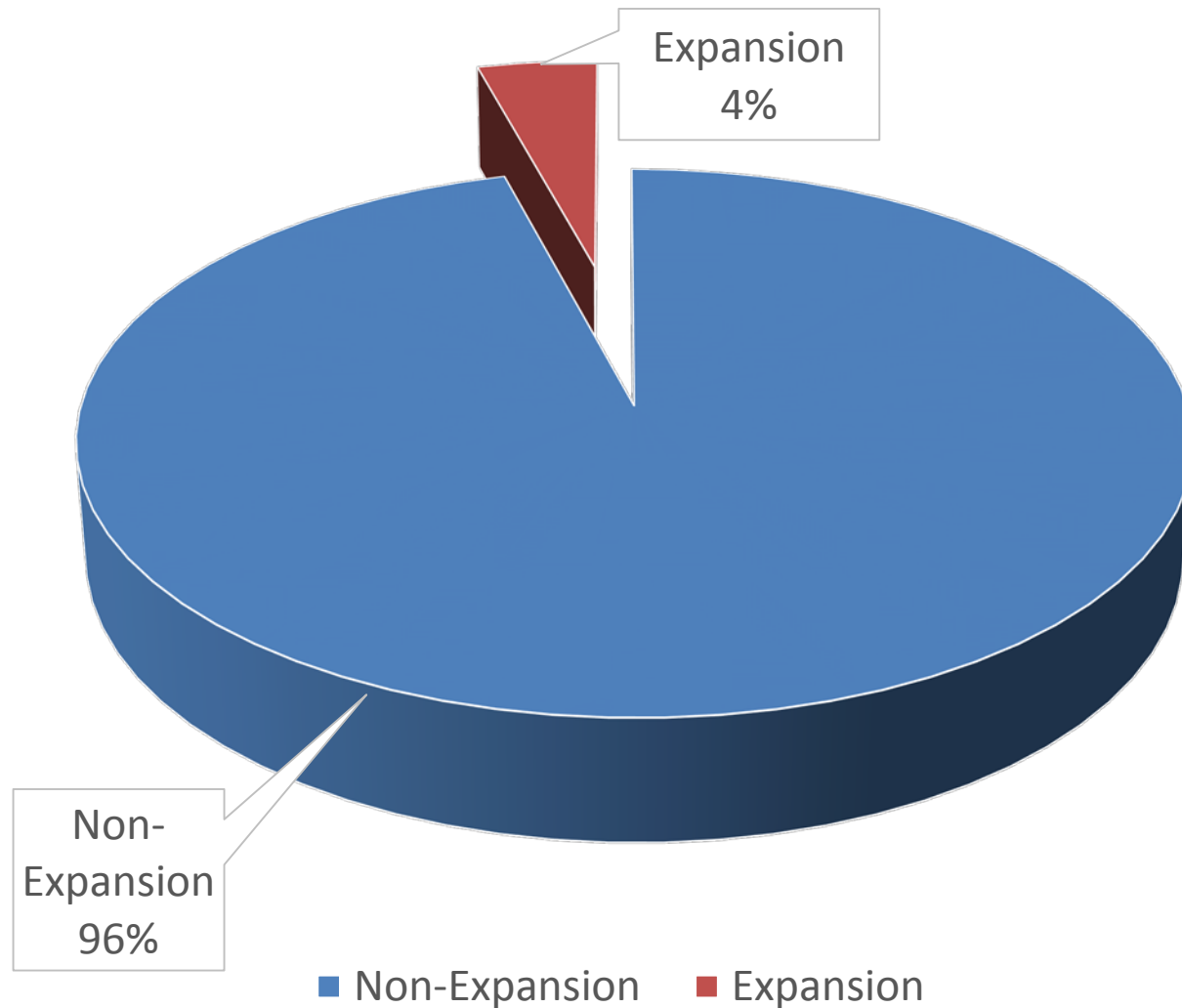


MISSION TO PROMOTE AND PROTECT THE HEALTH AND WELL-BEING OF ALASKANS

Supplemental Request

Expansion: \$ 3,900.0

Non-Expansion: \$ 89,100.0



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CHIP Update

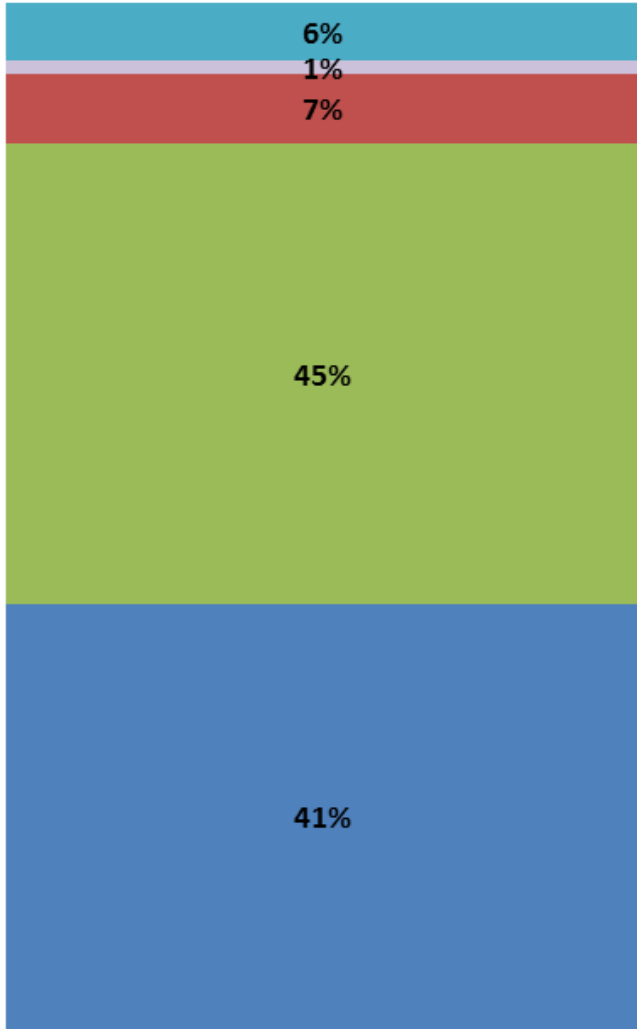
- Funding reauthorized
 - For 6 more years, through FFY 2023
 - Extends Maintenance of Effort
 - Enhanced FMAP restored

	FFY FMAP	SFY FMAP
2018	88%	88%
2019	88%	88%
2020	76.5%	79.4%
2021	65%	67.9%
2022 & 2023	65%	65%



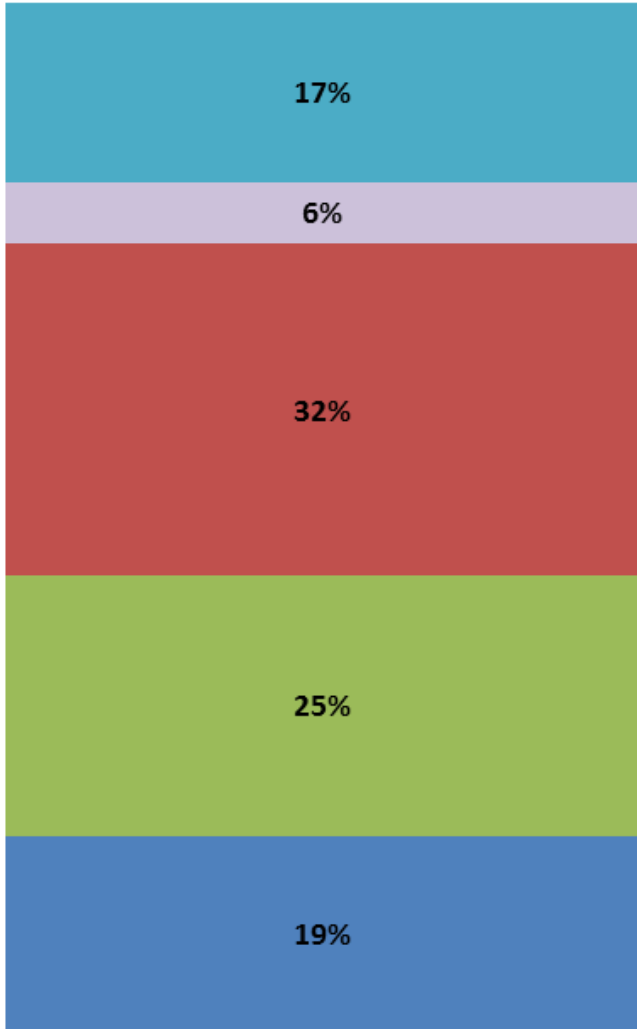
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STATE FISCAL YEAR 2017 ENROLLMENT COMPARED TO UGF SPENDING



ENROLLMENT PERCENT

- Elderly
- Disabled Children
- Disabled Adults
- Children
- Adults



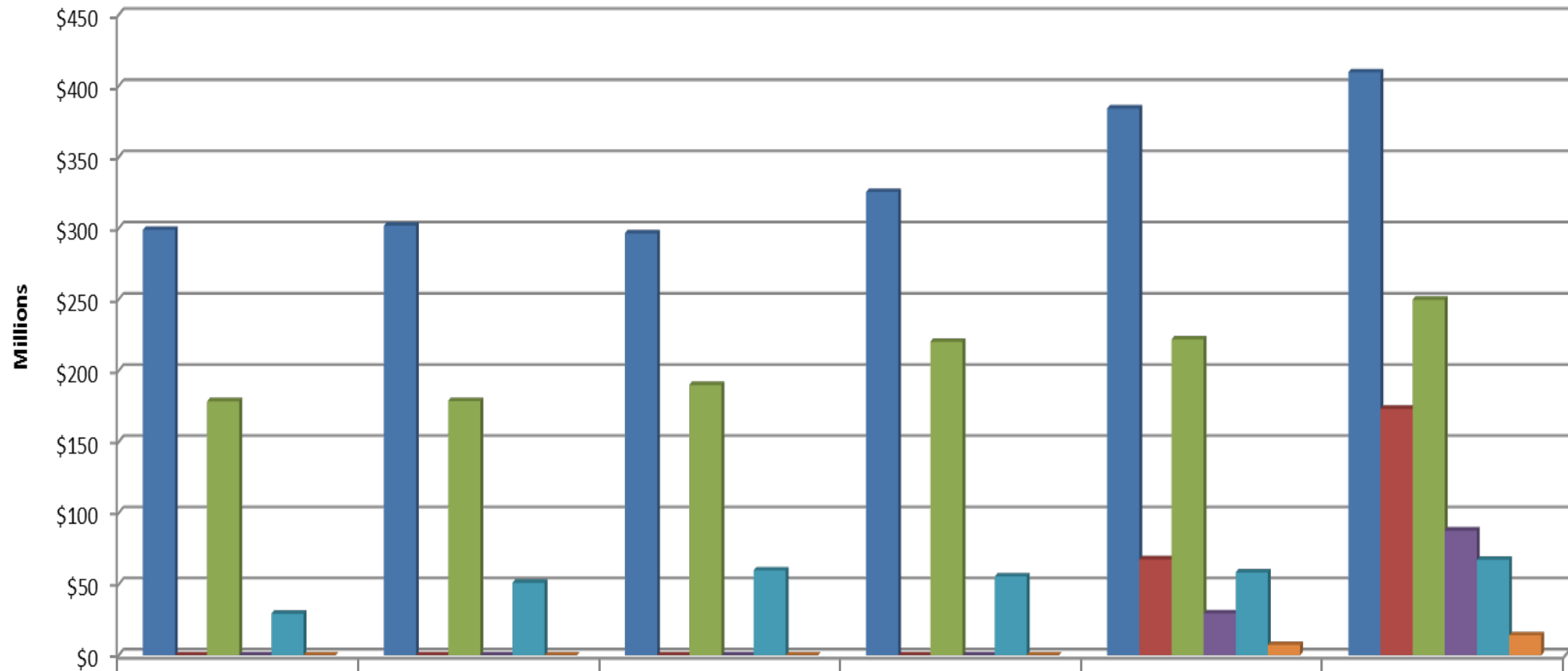
STATE SPENDING PERCENT



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Alaska Medicaid Cost Drivers

FY2012 - FY2017



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Hospital Services	\$298,932,022	\$301,829,802	\$296,403,523	\$325,475,004	\$384,119,292	\$409,472,710
Hospital Services Expansion	\$0	\$0	\$0	\$0	\$67,413,426	\$173,234,460
Physician Services	\$178,475,042	\$178,589,702	\$189,960,356	\$220,197,209	\$221,885,062	\$249,797,577
Physician Services Expansion	\$0	\$0	\$0	\$0	\$29,489,736	\$87,711,193
Pharmacy	\$29,179,625	\$50,965,903	\$59,650,089	\$55,461,382	\$58,202,985	\$67,128,700
Pharmacy Expansion	\$0	\$0	\$0	\$0	\$7,238,690	\$14,048,068

Medicaid Reform

- **Senate Bill 74 (2016) signed into law - June 2016**
- **Implementation began in FY17**
- **Additional information on Medicaid Reform**
 - <http://dhss.alaska.gov/HealthyAlaska>
 - Annual Medicaid Reform Report:
<http://dhss.alaska.gov/HealthyAlaska/Pages/Initiatives/Initiative-11.aspx>



Medicaid Reform

SB 74 Initiative	FY 2017		FY 2018	FY 2019
	Fiscal Note	Actuals	Fiscal Note	Fiscal Note
Federal Tribal Policy	\$ (32,060.5)	\$ (35,018.9)	\$ (41,900.5)	\$ (64,325.5)
1915(i) and (k)	\$ 71.1	\$ 71.1	\$ (5,118.8)	\$ (10,781.6)
Primary Care Case Mgmt	\$ (93.5)	\$ (4,250.0)	\$ (800.9)	\$ (2,145.1)
Telemed	\$ -	\$ -	\$ (650.0)	\$ (1,300.0)
Health Homes	\$ 4.8	\$ 4.8	\$ 42.6	\$ (1,672.4)
Conversion from AKPH	\$ (1,066.7)	\$ (217.0)	\$ (1,066.7)	\$ (1,066.7)
Hospital ER Use Project	\$ 4.8	\$ 4.8	\$ 42.6	\$ (1,077.4)
Fraud and Abuse	\$ (401.9)	\$ -	\$ (556.2)	\$ (543.7)
Coordinated Care Project	\$ 4.8	\$ 4.8	\$ 42.6	\$ (1,457.4)
Electronic Verification System	\$ 611.3	\$ -	\$ (23.0)	\$ (23.0)
TOTAL	\$ (32,925.8)	\$ (39,400.4)	\$ (49,988.3)	\$ (84,392.8)



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Medicaid Reform

Federal Tribal Claiming Policy

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
(\$32,065.5)	(\$35,018.9)	(\$41,900.5)	(\$64,325.5)	Yes

- CMS Guidance: services “received through” an IHS facility
- Care Coordination Agreements required between Tribal and Non-Tribal Providers
 - 786 Care Coordination Agreements
- Referral validation required for 100% FMAP



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Medicaid Reform

Coordinated Care Demonstration Projects

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
4.8	4.8	42.6	(\$1,457.4)	Yes

- Three potential models:
 - Managed Care Organization
 - Care Management Entity
 - Provider-Based Reform
- DHSS in negotiations with offerors and CMS



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Medicaid Reform

Behavioral Health Reform

- 1115 Behavioral Health Demonstration Project Application
 - Submit to CMS by January 31st
- Administrative Service Organization RFP
 - Timing with Federal Public Comment period
- Goals:
 1. Reduce Alaska's over-reliance on acute and institutional-level care and shift to more community or regionally-based care
 2. Intervene as early as possible in the lives of Alaskans to address behavioral health conditions
 3. Improve the overall behavioral health system accountability by reforming the existing system of care



Medicaid Reform

1915 (i) and (k) Options

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
71.1	71.1	(\$5,118.8)	(\$10,781.6)	Delayed / Modified

- Contractor recommendations:
 - 1915(k) – Community First Choice
 - Personal care services with a 6% FMAP enhancement
 - Institutional level of care criteria required
 - Skills training to foster independence and self-care will also be provided
 - Do not proceed with 1915(i) – Due to cost containment concerns
 - New 1915(c) waiver – Individualized Supports Waiver
 - Intellectual and Developmental Disabilities previously served by state-funded grants
 - Institutional level of care criteria
 - Annual cap of \$17,500 in services per participant



Medicaid Reform

Primary Care Case Management

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
(\$93.5)	(\$4,250.0)	(\$800.9)	(\$2,145.1)	Yes

- Temporarily expand Alaska Medicaid Coordinated Care Initiative (AMCCI)
- Coordinated Care Demonstration Projects and behavioral health system reform to develop / test new models
 - Transition Medicaid recipients to appropriate program



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Medicaid Reform

Telehealth

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
-	-	(\$650.0)	(\$1,300.0)	Savings indeterminate

- Telehealth Workgroup Report:

http://dhss.alaska.gov/HealthyAlaska/Documents/redesign/MCDRE_Telehealth_Workgroup_Report.pdf

- SB74 directs the department to identify improvements in telehealth capabilities that would be most effective in reducing Medicaid costs and improving access to health care services



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Medicaid Reform

Health Homes

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
4.8	4.8	42.6	(\$1,672.4)	Yes

- Planning for Health Homes: 2018
 - Coordinated Care Demonstration Projects
 - Other reform initiatives
- 90 / 10 Match for eight quarters only



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Medicaid Reform

Pioneer Homes

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
(1,066.7)	(217.0)	(1,066.7)	(1,066.7)	No

- Requires payment assistance applicants to apply for Medicaid
- Timing
 - Income Qualifying Trust
 - Waiver Application Process
 - Level III Residents require the highest level of care



Medicaid Reform

Emergency Department Improvement Initiative

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
4.8	4.8	42.6	(\$1,300.0)	Yes

- Alaska State Hospital & Nursing Home Association and Alaska Chapter of the American College of Emergency Physicians
- Emergency Department Information Exchange (EDIE)
 - Nine hospitals are “live”
 - Connecting to the Prescription Drug Monitoring Program (PDMP) in 2018
- Established uniform statewide guidelines for prescribing narcotics
- <http://www.ashnha.com/edcp/>



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Medicaid Reform

Fraud & Abuse Prevention

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
(401.9)	-0-	(\$556.2)	(\$543.7)	Delayed

- Alaska Medicaid False Claims and Reporting Act
 - Coordination with the Office of the Inspector General for enhanced FMAP
- Require Medicaid Providers to conduct self-audits and return overpayments along with Interest and penalties
 - Regulations implementing these provisions have been adopted by DHSS and transmitted to Dept. of Law
- Fraud and Abuse prevention efforts for FY17
 - http://dhss.alaska.gov/HealthyAlaska/Documents/Medicaid_Fraud_Abuse_Waste_Report_SB74_Nov15-2017.pdf



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Medicaid Reform

Electronic Verification System

FY17 Fiscal Note	FY17 Actuals	FY18 Fiscal Note	FY19 Fiscal Note	On Track?
611.3	-0-	(\$23.0)	(\$23.0)	Delayed

- Computerized income, asset and identity verification system
 - Third party vendor
 - Annual savings must exceed the cost of implementing the system
- ARIES Release 2 delayed
 - January 2017 – Maintenance for ARIES transferred from contractor to DHSS
 - Working with CMS and Federal 18F team for agile development process
 - RFP for Eligibility Verification System and Asset Verification System by end of April



Medicaid Expansion FMAP

Expansion FMAP		Alaska General Fund Match*				
		SFY 17**	SFY 18	SFY 19	SFY 20	SFY 21
CY 2014-2016	100%					
CY 2017	95%	1.64%				
CY 2018	94%		3.58%			
CY 2019	93%			4.23%		
CY 2020 & Beyond	90%				5.53%	6.50%

* = Adjusted for State Fiscal Year and 100% Tribal FMAP

** = SFY17 is actual state match percentage. Other years are projections.



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Medicaid Expansion

	ACTUALS		PROJECTIONS	
	FY 16	FY 17	FY 18	FY 19
GF Savings				
Behavioral Health Grants	(1,000.0)	(6,800.0)	(9,800.0)	(9,800.0)
CAMA	(1,020.9)	(1,417.4)	(1,400.0)	(1,400.0)
Corrections	(5,327.4)	(6,240.3)	(6,000.0)	(6,000.0)
GF Spending	-0-	6,052.3	16,302.0	20,036.6
Cost/(Savings)	(7,348.3)	(8,405.4)	(898.0)	2,836.6

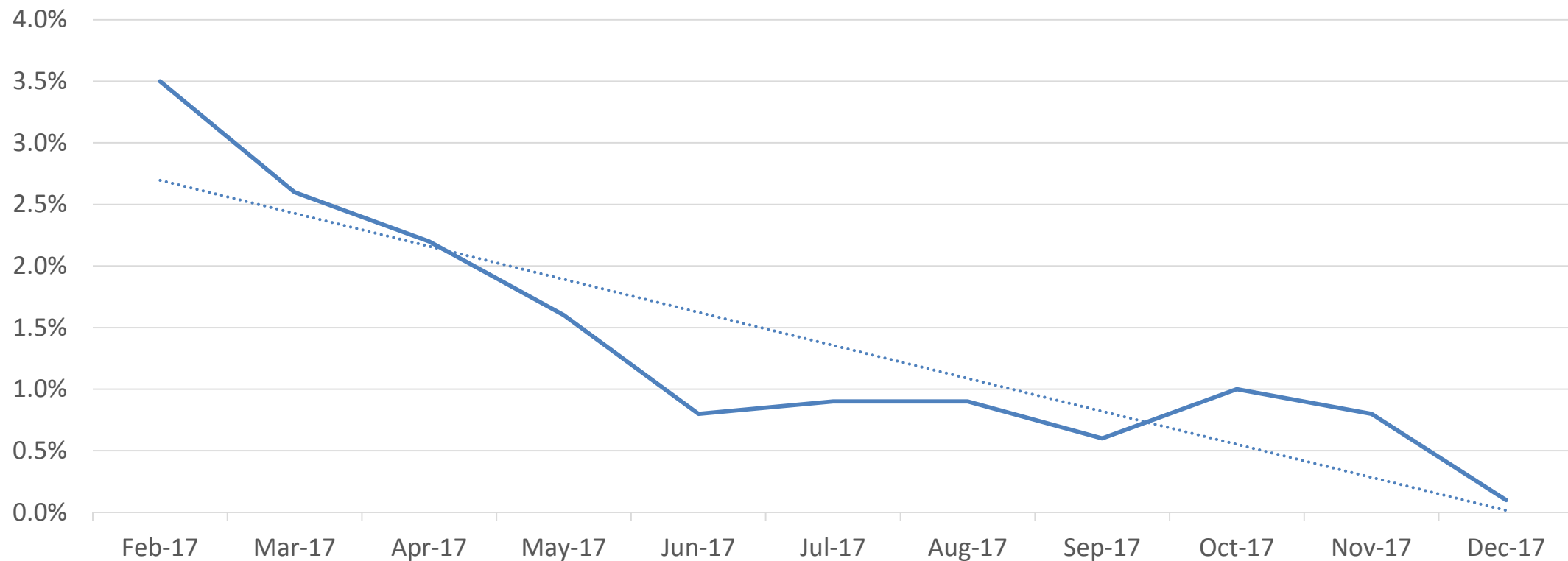
FY16 & FY17 GF Savings: (15,753.7)



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Medicaid Expansion

Monthly Enrollment Growth Rate



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Medicaid GF Cost Saving Measures

Over and above SB 74 Reform Savings
Already Incorporated in Budget Projections

	FY 2017 Savings	FY 18 Estimates
General Cost Control Measures – On-going		
Surveillance & Utilization Review Subsystem (SURS)	\$40.1	\$40.1
Third-Party Liability Contract	\$15,000.0	\$15,000.0
Care Management Program	\$1,500.0	\$1,500.0
Case Management	\$1,227.1	\$1,227.1
Utilization Management Services	\$10,811.8	\$10,811.8
Subtotal	\$28,579.0	\$28,579.0
General Cost Control/Cost Cutting Measures – NEW in FY 17 or FY 18		
Pharmacy Payment Reform (NADAC Implementation)	\$11,500.0	\$11,500.0
Travel Initiatives	\$455.4	\$455.4
Eliminate new coverage codes added since 1/1/15	-	\$12,800.0
Limit Day Habilitation Services from 15 hrs/wk to 12 hrs/wk	-	\$1,114.3
Provider Rate Cuts		
Inflation Freezes (started in FY 16)	\$8,865.0	\$8,806.0
Hospital Inpatient and Outpatient 5% reduction	-	\$6,200.0
Professional Services fees cut from 130% of Medicare to 115%	-	\$8,000.0
Cancel Rate Rebasing for Nursing Homes and FQHCs	-	\$600.0
Subtotal	\$20,820.4	\$49,475.7
TOTAL	\$49,399.4	\$78,054.7



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QUESTIONS?

Thank You



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