

# Medicaid Services

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## *Introduction*

This section provides a department-wide review of the Medicaid program. Additional detailed descriptions of programs, as well as more in-depth statistical analyses, are found in later chapters of the Budget Overview covering the four divisions that oversee direct delivery of Medicaid services: Behavioral Health, Children's Services, Health Care Services (including Adult Preventative Dental Medicaid), and Senior and Disabilities Services.

## *Overview*

Medicaid is an entitlement program created in 1965 by the federal government, but administered by the state, to provide payment for medical services for low-income citizens. People qualify for Medicaid by meeting federal income and asset standards for specified eligibility categories. Medicaid covers aged, blind, or disabled persons and single parent families. In addition, Medicaid coverage was expanded in 1998 through the Children's Health Insurance Program (CHIP) to children whose income is too high to qualify for regular Medicaid, but too low to afford private health insurance. The CHIP program is administered through the Denali KidCare Office within the Division of Health Care Services. Enrollment for regular Medicaid and CHIP is managed by the Division of Public Assistance.

Effective FY2011, the five Medicaid direct medical service programs were reorganized and transferred into their own appropriation, Medicaid Services. The four main divisions: Behavioral Health, Children's Services, Health Care Services and Senior Disabilities Services all manage the benefits within this new appropriation. Only benefit, not administrative costs are paid out of this new appropriation.

These divisions within their own appropriation structure provide Medicaid administrative activities support for the service delivery of every division within the Department of Health and Social Services, as well as six other departments within the state government (Department of Administration, Corrections, Education and Early Development, Law, Labor and Workforce Development and the Court System).

## Services Provided

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### **The Medicaid Services Results Delivery Unit Medicaid Benefit Programs (direct services) by Budget Component**

<b>Medicaid Program</b>	<b>Covered Services</b>
Behavioral Health Medicaid	Mental health clinics, substance abuse clinics, psychiatric physicians, residential psychiatric treatment centers, and inpatient psychiatric hospitals.
Children's Medicaid Services	Behavioral rehabilitation services for children.
Health Care Medicaid Services	Inpatient and outpatient hospital services, physician services, pharmacy, transportation, dental, vision, laboratory and X-ray services, physical/occupational/speech therapy, chiropractic, medical equipment, home health, hospice, and state-only Medicaid benefits. Other activities supporting direct services delivery include providing Medicare premium assistance for dual eligibles, recovering third-party liability payments, and making supplemental (disproportional share, or DSH) payments to hospitals.
Adult Preventative Dental Medicaid Services	Preventive and restorative dental services for adults.
Senior and Disabilities Medicaid Services	Nursing home and personal care services. Home and community based waiver programs for children with complex medical conditions (CCMC), children and adults with mental retardation or developmental disabilities (MRDD), adults with disabilities (AD), and older Alaskans (OA).

### ***Funding Overview***

Medicaid is a joint federal-state program; the federal government shares the cost of Medicaid with the state. The portion of the cost of Medicaid benefits (direct services) paid by the federal government for most Medicaid eligibility groups and service categories are called the Federal Medical Assistance Percentage (FMAP). Each state has its own FMAP. Federal financial participation rates are set annually at the federal level based on a 50 state ranking of a state's three-year average of per capita personal income. Regardless a state's ranking, its regular FMAP for Title XIX services can be set no lower than 50%.

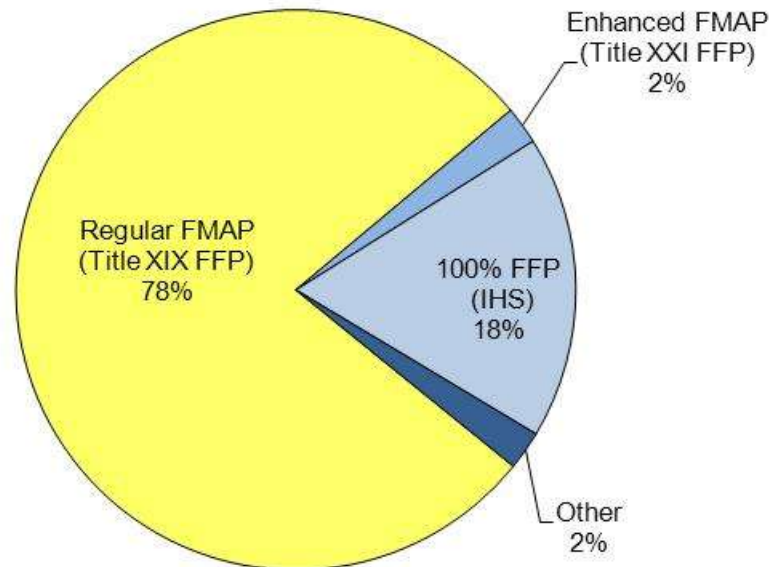
Most benefits costs are reimbursed at this regular FMAP rate for Title XIX services, but some subgroups have higher reimbursement rates. For example, qualified Indian Health Services claims for Medicaid services are reimbursed at 100% federal financial participation (FFP); claims for family planning services are reimbursed at 90% federal financial participation (FFP); and claims for children in the State Children's Health Insurance Program (SCHIP or Title XXI) and women in the Breast and Cervical Cancer program (BCC) are reimbursed at an enhanced FMAP. Where possible, the state takes advantage of these higher reimbursement rates to contain the state's portion of the cost of providing Medicaid services.

The indirect costs of administering the Title XIX Medicaid and Title XXI CHIP programs are shared with the federal government as well, generally at 50% FMAP, though there are some exceptions. For example, CHIP administrative costs and the costs of information technology infrastructure development have higher federal financial participation rates.

<b>Federal Medical Assistance Percentages for Claim Payments</b>				
<b>Year</b>	<b>Federal Fiscal Year Statutory Rate</b>		<b>State Fiscal Year Average Rate</b>	
	<b>Regular FMAP</b>	<b>Enhanced FMAP</b>	<b>Regular FMAP</b>	<b>Enhanced FMAP</b>
<b>Before 1998</b>	50.00	n/a	50.00	n/a
<b>1998</b>	59.80	71.86	57.35	71.86
<b>1999</b>	59.80	71.86	59.80	71.86
<b>2000</b>	59.80	71.86	59.80	71.86
<b>2001</b>	60.13	72.09	60.05	72.03
<b>2002</b>	57.38	70.17	58.07	70.65
<b>2003 Q1-Q2</b>	58.27	70.79	58.79	71.15
<b>2003 Q3-Q4</b>	61.22	72.85		
<b>2004 Q1-Q3</b>	61.34	72.94	61.31	72.92
<b>2004 Q4</b>	58.39	70.87		
<b>2005</b>	57.58	70.31	57.78	70.45
<b>2006</b>	57.58	70.31	57.58	70.31
<b>2007</b>	57.58	70.31	57.58	70.31
<b>2008</b>	52.48	66.74	53.76	67.63
<b>2009 Q1-Q2</b>	58.68	65.37	57.74	65.71
<b>2009 Q3-Q4</b>	61.12	65.37		
<b>2010 Q1</b>	61.12	66.00	61.79	65.84
<b>2010 Q2-Q4</b>	62.46	66.00		
<b>2011 Q1</b>	62.46	65.00	60.54	65.25
<b>2011 Q2</b>	59.58	65.00		
<b>2011 Q3</b>	57.67	65.00		
<b>2011 Q4</b>	50.00	65.00		
<b>2012 Q1-Q4</b>	50.00	65.00	50.00	65.00
<b>2013 Q1-Q4</b>	50.00	65.00	50.00	65.00

Source: Medicaid Budget Group and Centers for Medicare and Medicaid Services.  
The FMAP prior to 1998 was 50%. The enhanced FMAP started in 1998.

**FY2011 Medicaid Direct Services  
Expenditures by Federal Financial Participation**

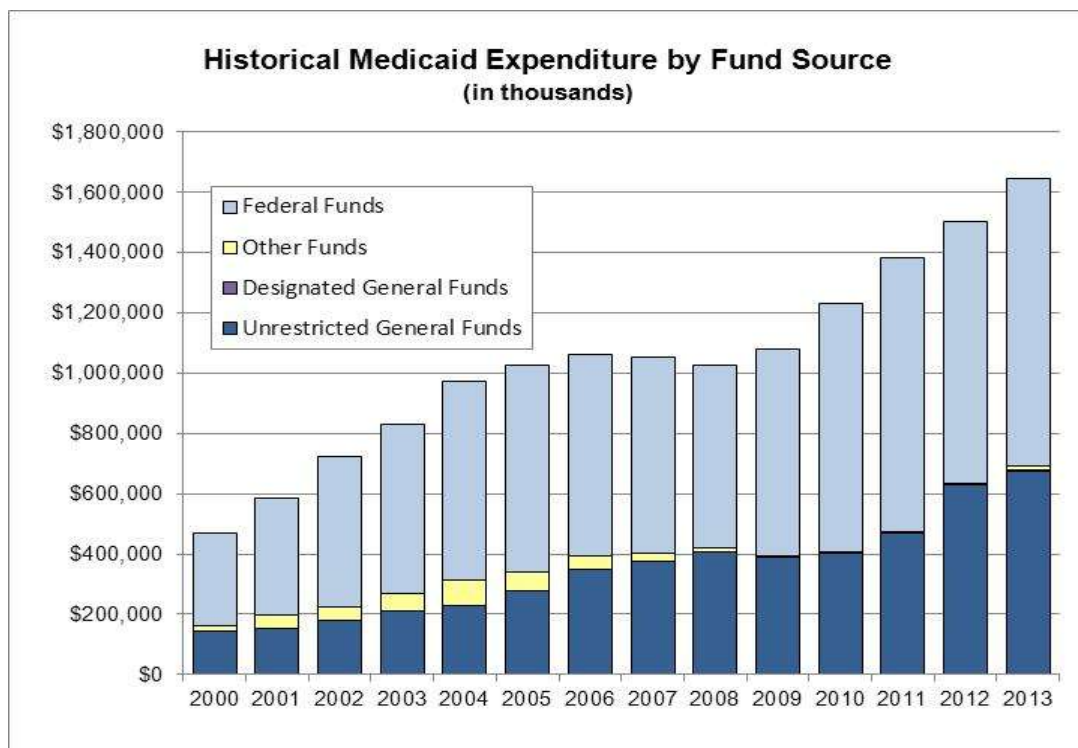


Source: AKSAS data, Medicaid direct services only.

Although total program costs have grown each year, cost containment has helped hold down increases in total Medicaid expenditures. The department's efforts to control costs have generally been successful in mitigating the impacts of increases in population and payment rates, as demonstrated by the slowing rate of growth in Alaska's Medicaid costs between 2007 and 2009. This trend is not expected to continue in 2012 and 2013, due to continued enrollment and utilization increases driven by the current general economic climate, and scheduled provider service rate increases.

The department has successfully minimized the need for additional state general funds while still meeting its mission. When annual costs have increased, federal dollars have covered much of it. Increased Medicaid services costs in late 2009, 2010 and in 2011 were largely mitigated by ARRA funding that temporarily increased the regular FMAP. Due to this increased federal financial participation under ARRA, the state matching funds required for the entire Medicaid program dropped from 40% in FY2008 to 36% in FY2009, in FY2010 to 33% in FY10, then to 37% in FY2011. State funding is projected to be about 41% of the total program costs in both 2012 and FY2013.

The department has also taken full advantage of federal refinancing programs and strives to maximize services eligible for reimbursement at enhanced match rates. One of the department's refinancing objectives is to increase the proportion of Medicaid services eligible for Indian Health Service (IHS) 100% federal reimbursement. In FY2011 we have increased our IHS percentage from 16% in prior years to 18% in FY2011. For every dollar shifted to the tribal system from regular FMAP, the State saves on average, 40 cents in state matching funds. The department continues to work with tribal health providers to maximize the benefits of this refinancing strategy.



Source: Actual reporting in AKSAS; FY2012& 2013 figures are based September 2012 STAMP Projections.

**Medicaid Expenditures by Fund Source**  
(in thousands)

<b>Fiscal Year</b>	<b>Unrestricted General Funds</b>	<b>Designated General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
1991	\$80,094		\$91,990	\$1,796	\$173,880
1992	\$93,582		\$105,740	\$934	\$200,256
1993	\$103,447		\$119,602	\$708	\$223,757
1994	\$123,553		\$142,729	\$1,401	\$267,684
1995	\$127,125		\$149,589	\$1,792	\$278,506
1996	\$138,013		\$167,280	\$3,105	\$308,398
1997	\$141,517		\$183,355	\$6,568	\$331,440
1998	\$125,542		\$231,330	\$5,476	\$362,347
1999	\$131,523		\$261,316	\$2,851	\$395,690
2000	\$145,515		\$307,508	\$17,686	\$470,709
2001	\$152,791		\$387,432	\$43,671	\$583,894
2002	\$177,701		\$497,428	\$46,926	\$722,054
2003	\$211,077		\$558,581	\$58,460	\$828,117
2004	\$230,119		\$658,741	\$82,631	\$971,491
2005	\$276,089		\$685,474	\$63,355	\$1,024,918
2006	\$348,648		\$664,722	\$46,507	\$1,059,877
2007	\$374,492		\$651,908	\$26,976	\$1,053,376
2008	\$408,250		\$604,348	\$11,189	\$1,023,787
2009	\$389,170		\$682,271	\$6,135	\$1,077,576
2010	\$400,284		\$822,907	\$7,069	\$1,230,260
2011	\$457,813	\$192	\$900,851	\$4,528	\$1,363,383
2012*	\$630,914	\$2,348	\$867,486	\$14,266	\$1,515,014
2013**	\$675,981	\$2,348	\$952,875	\$14,266	\$1,645,469

Source: ABS (Alaska Budget System), STAMP forecast, and FY2011 and earlier are actual expenditures. \* FY2012 management Plan \*\* FY2013 Governor's Budget

## Annual Statistical Summary of Medicaid Services Provided in FY2011

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The statistics summarized in this section are for the entire Medicaid program, including the CHIP program which is operated as an extension of regular Medicaid. Health Care Services, Behavioral Health Services, and Senior and Disabilities Services each have detailed Medicaid statistics in the respective division sections.

In FY2011, like most years in the past decade, close to one in five Alaskans was enrolled in the state's Medicaid program for at least one month during the year. An estimated 92% of Medicaid enrollees used at least one Medicaid service during the year. The ratio of enrollees to beneficiaries (those using services) is called the participation rate. Participation has ranged from 87% in FY2000 to 97% in FY09, with a ten year average of 93%.

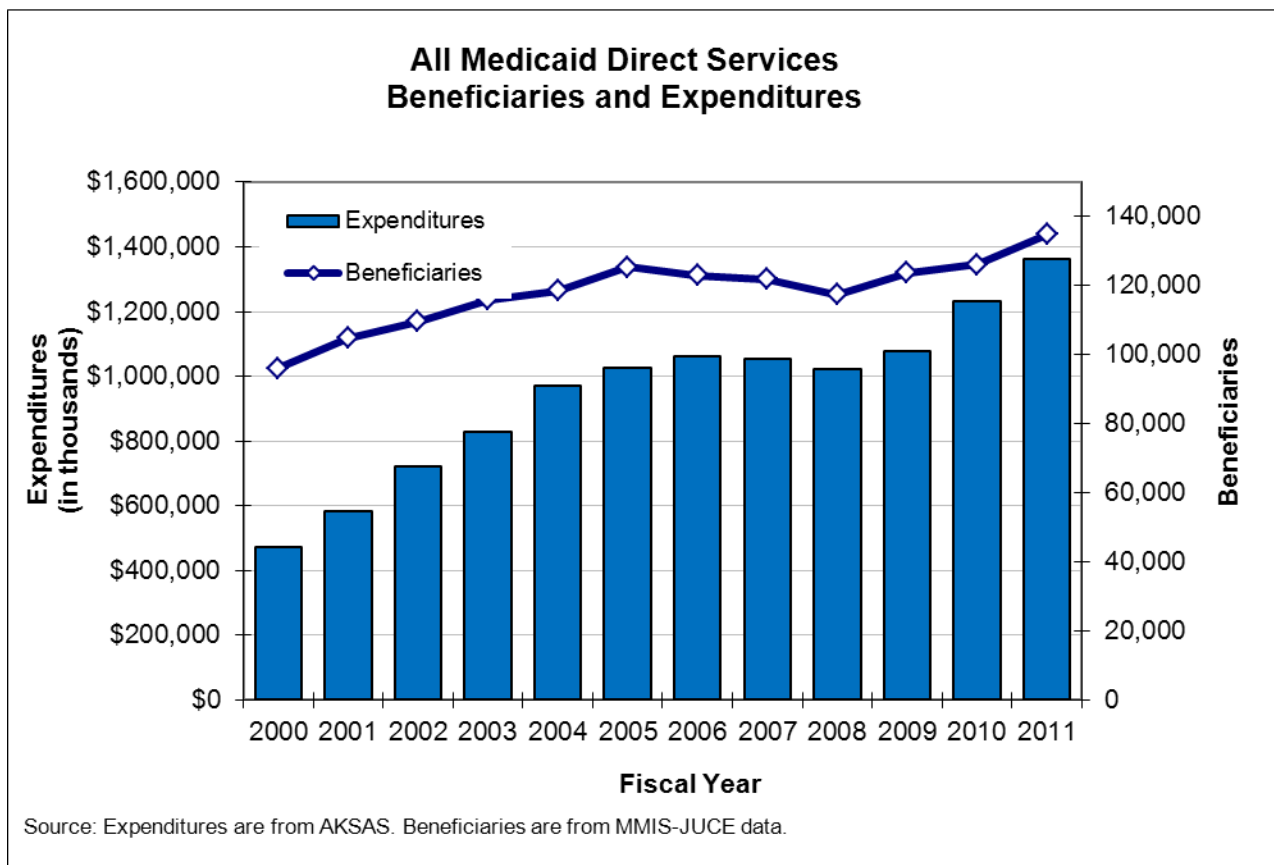
After slowing between FY2004 and FY2008, the number of persons enrolled annually increased by over 8.3% between FY2010 and FY2011. The number of beneficiaries increased by about 6.9%.

Participation in Medicaid					
Fiscal Year	Alaska Population	Medicaid Enrollment	Medicaid Beneficiaries	Percent of Population Enrolled in Medicaid	Percent of Enrollees Receiving Benefits
2000	626,931	110,219	96,033	18%	87%
2001	632,200	116,226	104,730	18%	90%
2002	640,643	121,582	109,571	19%	90%
2003	647,884	126,632	116,008	20%	92%
2004	657,483	129,528	118,466	20%	91%
2005	664,334	131,136	125,318	20%	96%
2006	671,202	131,996	122,978	20%	93%
2007	676,056	128,295	121,864	19%	95%
2008	681,977	125,138	117,472	18%	94%
2009	692,314	127,944	123,791	18%	97%
2010	710,231	135,086	126,127	19%	93%
2011*	704,419	146,244	134,768	21%	92%

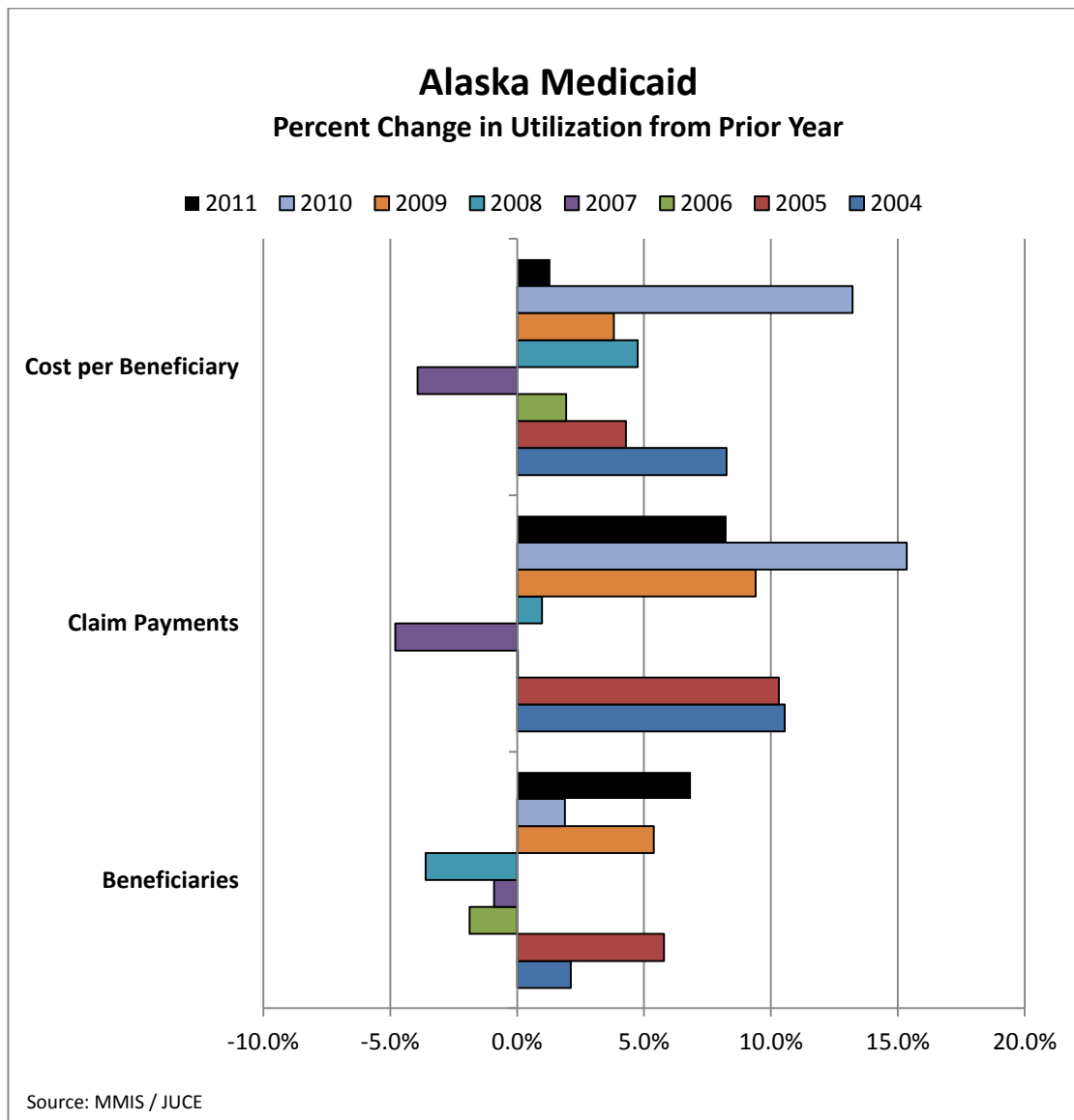
Source: Medicaid Budget Group (MMIS/JUCE) and AK Dept. of Labor and Workforce Development. \* Population is projected

Enrollment and beneficiaries are unduplicated counts of individuals in each fiscal year.

Total costs for direct services (claims paid in the fiscal year) increased by 8.2% between FY2010 and FY2011. The cost per beneficiary increased by 1.3%. The increase in expenditures in FY2011 was largely the result of increased enrollment, due to the general economic climate coupled with a small increase in participation. Additionally, there were increases in payment rates for some Medicaid services.



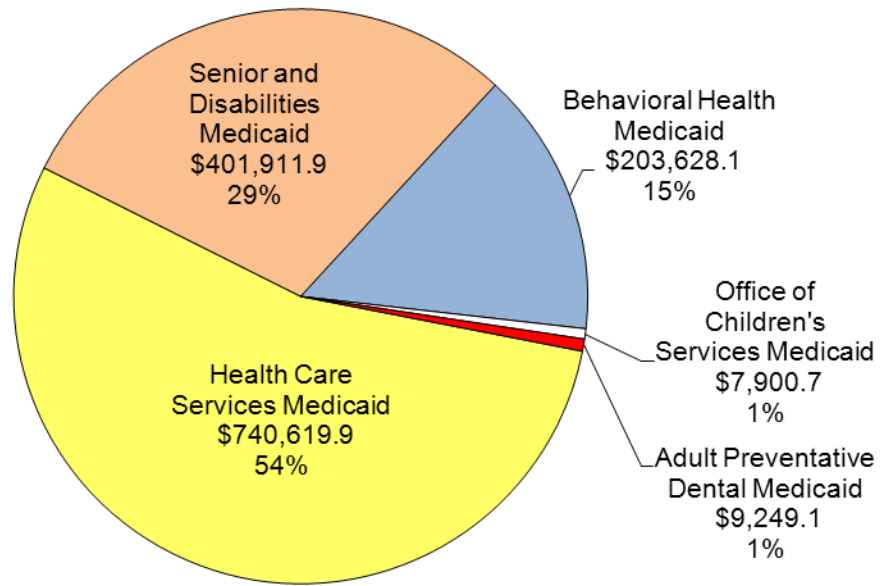




The majority of Medicaid expenditures for direct services in FY2011 were paid through the Health Care Medicaid Services component in the Division of Health Care Services, which funded 54% of the total costs for Medicaid direct services. About 96% of that expenditure was for services provided directly to enrolled individuals. The remainder (less than 4%) was the net of premium assistance payments, third party liability recovery activities (TPL), disproportional share hospital payments (DSH), and Proshare payments to the state's inpatient psychiatric facility.

The Senior and Disabilities Medicaid Services component provided long-term and home-based care services that accounted for 29% of total Medicaid direct services costs in FY2011. The remaining 16% of expenditures were paid through the Behavioral Health Medicaid Services (15%), and Children's Medicaid Services (1%) budget components.

**FY 2011 Medicaid Direct Services  
Expenditures by Division (thousands)**



Source: AKSAS data

**Medicaid Direct Services Expenditures by Division, FY 2011**  
**(in thousands)**

Total Medicaid Direct Services	\$ 1,363,309.5
Health Care Services	
<i>Medicaid Services</i>	\$ 740,619.9
Hospital Services	\$ 303,002.4
Physician Services	\$ 168,039.8
Pharmacy Services	\$ 60,393.6
Dental Services	\$ 51,820.2
Transportation	\$ 61,560.2
Other Medicaid Direct Services	\$ 51,634.5
Non-MMIS Services	\$ 43,041.0
Medicaid Financing	\$ 586.1
Medicaid (State-only)	\$ 542.1
<i>Adult Preventative Dental Medicaid</i>	\$ 9,249.1
Adult Preventative Dental	\$ 9,249.1
Senior and Disabilities Services	
<i>Senior &amp; Disabilities Medicaid Services</i>	\$ 401,911.9
Personal Care Services	\$ 107,801.5
Nursing Homes	\$ 92,511.4
Adults with Disabilities Waiver	\$ 33,929.1
Children with Complex Medical Conditions	\$ 11,125.1
Mental Retardation / Developmental Disabilities	\$ 109,281.4
Older Alaskans Waiver	\$ 43,907.6
Other Services	\$ 3,355.7
Division of Behavioral Health	
<i>Behavioral Health Medicaid Services</i>	\$ 203,628.1
Residential Psychiatric Treatment Centers	\$ 34,652.5
Inpatient Psychiatric Hospitals	\$ 19,046.6
General Mental Health Services	\$ 149,928.9
Office of Children's Services	
<i>Children's Medicaid Services</i>	\$ 7,900.7
Behavioral Rehabilitation Services	\$ 4,819.7
Behavioral Rehabilitation Services - BTKH	\$ 3,081.0

Source: Medicaid Budget Group using AKSAS data.

Many beneficiaries receive services that are budgeted in more than one Medicaid component since individuals, once enrolled, can receive any service for which they are eligible under the State Plan for Medicaid and CHIP. For example, a beneficiary receiving mental health counseling through Behavioral Health Medicaid Services might also get a flu shot that was paid through Health Care Medicaid Services. A child enrolled in Medicaid under the CHIP program might receive vision services funded through Health Care Medicaid Services budget, behavioral rehabilitation services provided through Children's Medicaid Services, as well as drug abuse counseling funded through the Behavioral Health Medicaid services budget. An elderly beneficiary using waiver services under the Older Alaskans waiver program is funded through Health Care Medicaid Services.

Based on claims processed for payment during FY2011, 99% of Medicaid beneficiaries used at least one Medicaid service that was funded through Health Care Medicaid Services component. About 10% used Medicaid services funded through Behavioral Health Medicaid Services component. Nearly, 7% used Medicaid services funded through Senior and Disabilities Medicaid Services component, and less than 1% used Medicaid services funded through the Children's Medicaid Services component.

FY 2011 DEPARTMENT LEVEL SUMMARY	MEDICAID CLAIMS AND ENROLLMENT							
	RECIPIENTS		PAYMENTS		COST per RECIPIENT per YEAR	ENROLLMENT		PARTICIPATION (Recipients as Percent of Enrollment)
	Percent of Category	Annual Count	Percent of Category	Annual Total		Percent of Category	Annual Count	
<b>Medicaid, Department Annual Totals</b>		<b>134,768</b>		<b>\$1,289,178,587</b>	<b>\$9,566</b>		<b>146,244</b>	<b>92.2%</b>
<b>Gender</b>								
Female	56.2%	75,719	56.1%	\$723,267,776	\$9,552	54.5%	79,722	95.0%
Male	43.8%	59,083	43.9%	\$565,910,811	\$9,578	45.5%	66,575	88.7%
Unknown	0.0%	0	0.0%	\$0	\$0	0.0%	1	-
<b>Race</b>								
Alaska Native	38.3%	51,925	36.2%	\$466,333,962	\$8,981	36.8%	54,296	95.6%
American Indian	1.6%	2,145	1.5%	\$19,737,780	\$9,202	1.6%	2,327	92.2%
Asian	6.4%	8,722	6.3%	\$80,920,056	\$9,278	7.0%	10,259	85.0%
Pacific Islander	3.3%	4,517	2.6%	\$33,831,703	\$7,490	3.6%	5,298	85.3%
Black	5.5%	7,492	4.5%	\$58,596,768	\$7,821	5.7%	8,388	89.3%
Hispanic	3.6%	4,850	2.5%	\$31,819,189	\$6,561	3.6%	5,356	90.6%
White	38.7%	52,491	43.5%	\$560,204,096	\$10,672	39.0%	57,538	91.2%
Unknown	2.6%	3,543	2.9%	\$37,735,035	\$10,651	2.7%	4,033	87.9%
Native	40.0%	54,050	37.7%	\$486,071,741	\$8,993	38.6%	56,597	95.5%
Non-Native	60.0%	81,126	62.3%	\$803,106,846	\$9,900	61.4%	90,161	90.0%
<b>Age</b>								
under 1	8.5%	12,508	7.5%	\$96,179,566	\$7,689	7.9%	12,485	100.2%
1 through 12	36.7%	53,840	15.3%	\$197,115,494	\$3,661	38.3%	60,447	89.1%
13 through 18	15.5%	22,810	13.7%	\$177,248,879	\$7,771	16.3%	25,647	88.9%
19 through 20	3.7%	5,443	2.9%	\$37,251,278	\$6,844	3.5%	5,553	98.0%
21 through 30	10.9%	16,005	12.8%	\$164,694,567	\$10,290	10.2%	16,138	99.2%
31 through 54	14.1%	20,778	21.8%	\$280,491,524	\$13,499	13.7%	21,618	96.1%
55 through 64	4.2%	6,119	9.7%	\$124,530,724	\$20,351	3.9%	6,184	98.9%
65 through 84	5.4%	7,891	12.2%	\$157,780,833	\$19,995	5.2%	8,171	96.6%
85 or older	1.0%	1,486	4.2%	\$53,885,722	\$36,262	0.9%	1,411	105.3%
<b>Benefit Group</b>								
Children	60.8%	83,394	32.6%	\$420,453,912	\$5,042	62.6%	92,699	90.0%
Adults	19.4%	26,592	13.6%	\$175,540,497	\$6,601	18.4%	27,289	97.4%
Disabled Children	1.8%	2,507	5.2%	\$67,322,843	\$26,854	1.7%	2,495	100.5%
Disabled Adults	12.3%	16,859	34.1%	\$440,081,549	\$26,104	11.8%	17,480	96.4%
Elderly	5.8%	7,918	14.4%	\$185,779,785	\$23,463	5.5%	8,154	97.1%
<b>Location (DHSS Region)</b>								
Anchorage/Mat-Su	48.8%	67,874	51.5%	\$664,291,121	\$9,787	50.0%	74,979	90.5%
SouthCentral	13.2%	18,410	15.3%	\$196,716,973	\$10,685	13.3%	19,891	92.6%
Northern	12.3%	17,073	10.5%	\$134,808,494	\$7,896	12.6%	18,907	90.3%
Western	15.1%	20,969	10.9%	\$139,956,394	\$6,674	14.3%	21,474	97.6%
SouthEast	9.3%	12,892	11.3%	\$145,153,791	\$11,259	9.4%	14,148	91.1%
Out of State or Unknown	1.4%	1,880	0.6%	\$8,251,814	\$4,389	0.4%	633	

Source: MMIS/JUCE.

Payment amounts are net of all claims paid during the fiscal year. Amounts do not reflect payments for Medicaid services made outside of the Medicaid Management Information System (MMIS) such as lump sum payments, recoveries, or accounting adjustments and may therefore not equal expenditure totals in the state accounting or budget systems. Department-wide recipient counts are unduplicated across divisions. Location is based on residence of the recipient or enrollee, not the location where service was provided.

**Enrollment:** Number of persons eligible for Medicaid and enrolled for at least 1 month during state fiscal year 2011. Counts are unduplicated on the Medicaid recipient identifier at the department and group level (gender, race, age, and benefit group, and region categories). Some duplication may occur between subgroup counts. For example, an infant with a September birthdate would count in the under 1 age subgroup based on enrollment activity between July and September but would also be counted in the 1 through 12 age subgroup based on enrollment activity between October and June.

**Recipients:** Number of persons having Medicaid claims paid or adjusted during state fiscal year 2011 (service may have been incurred in a prior year). Grouping is based on status on the date when service was provided. Counts are unduplicated on the Medicaid recipient identifier at the department and group level (gender, race, age, and benefit group categories) but some duplication may occur between subgroup counts. For example, if a 12 year old child with a September birthdate obtained vision services in August, they would be included in the 1 through 12 age group fiscal year count if that claim was processed for payment any time before June 30, 2011. If they later obtained dental services in December 2010, they would also be included in the 13 through 18 age subgroup count if the claim was paid any time before June 30, 2011.

**Participation:** Recipients as a percent of enrollment. An estimate of the proportion of enrollees receiving medical services, based on claims paid or adjusted during the fiscal year. Participation values in this report may exceed 100% because recipient counts include some persons with service incurred in prior years (but paid or adjusted during the current year) while enrollment counts reflect only the current year enrollment activity.

## List of Primary Programs and Statutory Responsibilities

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AS 08.86.010 - 230	Psychologists and Psychological Associates
AS 08.68.010 - 410	Nursing
AS 08.64.010 - 380	State Medical Board
AS 08.95.010 - 990	Clinical Social Workers
AS 08.84.010 - 190	Physical Therapists and Occupational Therapists
AS 12.47.010 - 130	Insanity and Competency to Stand Trial
AS 18.20	Regulation of Hospitals
AS 18.70.010 - 900	Fire Protection
AS 28.35.030	Miscellaneous Provisions
AS 44.29	Department of Health and Social Services
AS 44.29.020	Department of Health and Social Services (Duties of department)
AS 44.29.210-230	Alcoholism and Drug Abuse Revolving Loan Fund
AS 44.29.300-390	DHSS, Statewide Suicide Prevention Council
AS 47.05	Administration of Welfare, Social Services, and Institutions
AS 47.07	Medical Assistance for Needy Persons
AS 47.24	Protection of Vulnerable Adults
AS 47.25	Public Assistance
AS 47.30	Mental Health
AS 47.30.011-061	Mental Health Trust Authority
AS 47.30.470-500	Mental Health
AS 47.30.520 - 620	Community Mental Health Services Act
AS 47.30.655 - 915	State Mental Health Policy
AS 47.30.655 - 915	State Mental Health Policy (Hospitalization of Clients)
AS 47.33	Assisted Living Homes
AS 47.37	Uniform Alcoholism & Intoxication Treatment Act
AS 47.65	Service Programs for Older Alaskans and Other Adults
AS 47.80.010 – 900	Persons with Disabilities
PL 89-73	Title III Older Americans Act, as Amended
PL 98-459	Public Law, Title III Older Americans Act, as Amended
PL 100 – 203	Omnibus Budget Reconciliation Act of 1987
7 AAC 29	Uniform Alcoholism & Intoxication Treatment Act
7 AAC 32	Depressant, Hallucinogenic, and Stimulant Drugs
7 AAC 33	Methadone Programs
7 AAC 43	Medicaid
7 AAC 43.170	Conditions for Payment
7 AAC 43.1000-1110	Home- and Community-Based Waiver Services Program
7 AAC 71.010 - 300	Community Mental Health Services
7 AAC 72.010 - 900	Civil Commitments
7 AAC 78	Grant Programs
7 AAC 81	Grant Programs
7 AAC 100	Medicaid Assistance Eligibility
20 AAC 40	Mental Health Trust Authority

Social Security Act: Title XVIII Medicare  
Title XIX Medicaid  
Title XXI Children's Health Insurance Program

PL 102-321 Community Mental Health Services

Code of Federal Regulations: 42 CFR Part 400 to End

## Explanation of FY2013 Operating Budget Requests

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### Medicaid Services

The Medicaid budget is based on projections of the number of eligible Alaskans who will access Medicaid funded services, estimates of the quantity and mix of services that may be used, and the anticipated changes in the costs of those services. The department uses both long-term and short-term forecasting models to project Medicaid spending. The short-term model is most useful for budget development and fiscal note analysis while the long-term model is indicated for strategic planning.

The change over a long period is generally more smooth and more gradual than the annual fluctuations experienced in the short term.

#### Budget Overview Table

##### *Behavioral Health Medicaid Services*

<b>Behavioral Health Medicaid</b>	<b>FY2012</b>	<b>FY2013 Gov</b>	<b>Difference</b>
Unrestricted General Funds	\$81,079.6	\$83,641.7	\$2,562.1
Designated General funds	1,500	1,500	0.0
Federal Funds	94,000.5	119,076.8	25,076.3
Other Funds	717.5	717.5	0.0
<b>Total</b>	<b>\$177,297.6</b>	<b>\$204,936.0</b>	<b>\$27,638.4</b>

#### Behavioral Health Medicaid Services Funding Needs Table

<b>Behavioral Health Medicaid Services</b>	<b>Total</b>	<b>Unrestricted GF</b>	<b>Designated GF</b>	<b>Federal</b>	<b>Other</b>
<b>FY2012 Authorized Base</b>	<b>177,297.6</b>	<b>63,437.7</b>	<b>1,500.0</b>	<b>111,642.4</b>	<b>717.5</b>
Restore Medicaid GF for Fed	0.0	17,641.9	0.0	-17,641.9	0.0
Medicaid Growth from FY2012 to FY2013	27,638.4	2,562.1	0.0	25,076.3	0.0
<b>Total</b>	<b>204,936.0</b>	<b>83,641.7</b>	<b>1,500.0</b>	<b>119,076.8</b>	<b>717.5</b>

#### Budget Requests

##### *Behavioral Health Medicaid Services*

**Restore Medicaid GF/MH in FY2013 due to FMAP Reduction to 50%: \$17,641.9 Total: \$1,7641.9 GF/MH, \$(17,641.9) Fed**

The FY2012 budget assumed the continuation of the ARRA FMAP. Congress did not extend the ARRA FMAP past June 30, 2011, so the base budget has excess federal authorization and inadequate GF authorization. This request makes adjustments to the fund source authorization that will reflect Alaska's 50.0% FMAP in FY2013 and assist to maintain the current level of spending in Behavioral Health Services.



**Growth from FY2012 to FY2013: \$27,638.4 Total - \$2,562.1 GF/MH, \$25,076.3 Fed**

This increment is necessary in Medicaid for nearly 12,000 Alaskans with serious behavioral health problems, about 10% of all those enrolled in the Alaska Medicaid program during the year.

The Behavioral Health Medicaid Services component funds three types of services: inpatient psychiatric hospitals, residential psychiatric treatment centers, and outpatient behavioral health services. The programs support the department's mission to manage health care for eligible Alaskans in need. Providing behavioral health services through Medicaid improves and enhances the quality of life for Alaskans with serious behavioral health problems. Behavioral Health Medicaid services are also a major component of the department's Bring the Kids Home initiative.

For FY2013, Behavioral Health Medicaid costs are projected to grow 13.6% from FY2012. Projections are revised monthly and this increment request will be revisited for the Governor's Amended budget. Increased enrollment and utilization will contribute to the increase in costs forecast for FY2012.

Projections for formula growth are based on historic trends in population, utilization, provider reimbursement, and federal financial participation. The formula growth projection does not speculate on future or proposed changes to eligibility, benefits, or federal medical assistance percentage (FMAP).

Behavioral Health Medicaid Services						
State Fiscal Year	Historical Utilization			Annual Percent Change		
	Beneficiaries	Claim Payments (thousands)	Cost per Beneficiary	Beneficiaries	Claim Payments	Cost per Beneficiary
1999	8,821	\$56,771.4	\$6,436			
2000	10,082	\$67,281.0	\$6,673	14.3%	18.5%	3.7%
2001	10,823	\$80,101.2	\$7,401	7.3%	19.1%	10.9%
2002	11,143	\$90,655.0	\$8,136	3.0%	13.2%	9.9%
2003	12,199	\$107,215.7	\$8,789	9.5%	18.3%	8.0%
2004	12,935	\$119,349.9	\$9,227	6.0%	11.3%	5.0%
2005	13,606	\$129,057.1	\$9,485	5.2%	8.1%	2.8%
2006	12,962	\$134,799.0	\$10,400	-4.7%	4.4%	9.6%
2007	12,604	\$138,242.0	\$10,968	-2.8%	2.6%	5.5%
2008	11,767	\$125,562.6	\$10,671	-6.6%	-9.2%	-2.7%
2009	11,861	\$133,609.8	\$11,265	0.8%	6.4%	5.6%
2010	12,083	\$148,331.5	\$12,276	1.9%	11.0%	9.0%
2011	12,798	\$154,099.8	\$12,041	5.9%	3.9%	-1.9%

Source: MMIS/JUCE

**Budget Overview Table**  
***Children's Medicaid Services***

<b>Children's Medicaid Services</b>	<b>FY2012</b>	<b>FY2013 Gov</b>	<b>Difference</b>
Unrestricted General Funds	\$6,308.1	\$6,308.1	\$0.0
Federal Funds	7,629.3	7,629.3	0.0
Other Funds	0.0	0.0	0.0
<b>Total</b>	<b>\$13,937.4</b>	<b>\$13,937.4</b>	<b>\$0.0</b>

<b>Children's Medicaid Services</b>	<b>Total</b>	<b>Unrestricted GF</b>	<b>Designated GF</b>	<b>Federal</b>	<b>Other</b>
<b>FY2012 Authorized Base</b>	<b>13,937.4</b>	<b>5,584.0</b>	<b>0.0</b>	<b>8,353.4</b>	<b>0.0</b>
Restore Medicaid GF for Fed	0.0	724.1	0.0	-724.1	0.0
<b>Total</b>	<b>13,937.4</b>	<b>6,308.1</b>	<b>0.0</b>	<b>7,629.3</b>	<b>0.0</b>

**Budget Requests**

**Restore Medicaid GF/Match in FY2013 due to FMAP Reduction to 50%: \$724.1 Total: \$724.1 GF/Match, \$(724.1) Fed**

The FY2012 budget assumed the continuation of the ARRA FMAP. Congress did not extend the ARRA FMAP past June 30, 2011, so the base budget has excess federal authorization and inadequate GF authorization. This change record makes adjustments to the fund source authorization that will reflect Alaska's 50.0% FMAP in FY2013.

## Budget Overview Table

### *Adult Preventative Dental Medicaid Services*

<b>Adult Preventive Dental Medicaid</b>	<b>FY2012</b>	<b>FY2013 Gov</b>	<b>Difference</b>
Unrestricted General Funds	\$3,804.1	\$5390.2	\$1,586.1
Federal Funds	5,191.4	7,146.5	1,955.1
Other Funds	0.0	0.0	0.0
<b>Total</b>	<b>\$8995.5</b>	<b>\$12,536.7</b>	<b>\$3,541.2</b>

### Adult Preventative Dental Medicaid Funding Needs Table

<b>Adult Preventive Dental</b>	<b>Total</b>	<b>Unrestricted GF</b>	<b>Designated GF</b>	<b>Federal</b>	<b>Other</b>
<b>FY2012 Authorized Base</b>	<b>8,995.5</b>	<b>3,022.2</b>	<b>0.0</b>	<b>5,973.3</b>	<b>0.0</b>
Restore Medicaid GF for Fed	0.0	781.9	0.0	-781.9	0.0
Medicaid Growth from FY2012 to FY2013	4,008.7	1,787.1	0.0	2,221.6	0.0
Previous fiscal notes	-467.5	-201.0	0.0	-266.5	0.0
<b>Total</b>	<b>12,536.7</b>	<b>5,390.2</b>	<b>0.0</b>	<b>7,146.5</b>	<b>0.0</b>

## Budget Requests

### **Restore Medicaid GF/Match in FY2013 due to FMAP Reduction to 50%: \$781.9 Total: \$781.9 GF/MH, \$(781.9) Fed**

The FY2012 budget assumed the continuation of the ARRA FMAP. Congress did not extend the ARRA FMAP past June 30, 2011, so the base budget has excess federal authorization and inadequate GF authorization. This change record makes adjustments to the fund source authorization that will reflect Alaska's 50.0% FMAP in FY2013.

### **Growth from FY2012 to FY2013: \$4,008.7 Total - \$1,787.1 GF/Match, \$2,221.6 Fed**

Spending for Adult Preventive Dental grew by 13.4% from FY2009 to FY2010, but by 37.5% from FY2010 to FY2011, so spending was at the upper end of our estimates. Total spending for FY2012 has been projected again, using more up-to-date data than was available when the budget was being created. This level of funding would allow for 19.8% growth from FY2011 to FY2012. Growth from FY2012 to FY2013 is projected to be 17.2%, based on the July 2011 projections.

### **Previous fiscal notes: (\$467.5) Total – (\$201.0) G/F Match, (\$266.5) Fed**

SB 199 authorizes the department to allow for provision of both an upper and lower denture within the same fiscal year. However, when these services are provided, the adult recipient would not be eligible for additional services under the Adult Preventative Dental program for a two-year period.

The fiscal note for this legislation contained \$935.0 in funding for FY2011, \$467.5 for FY2012, and \$0 for FY2013. This transaction reflects the decrease in funding from \$467.5 to \$0 in FY2013.

**Budget Overview Table**  
**Health Care Medicaid Services**

<b>Health Care Medicaid Services</b>	<b>FY2012</b>	<b>FY2013 Gov</b>	<b>Difference</b>
Unrestricted General Funds	\$315,043.3	\$333,170.0	\$18,126.7
Designated General Funds	847.5	847.5	0.0
Federal Funds	524,756.8	559,894.9	35,138.1
Other Funds	9,796.7	9,796.7	0.0
<b>Total</b>	<b>\$850,444.3</b>	<b>\$903,709.1</b>	<b>\$53,264.8</b>

**Health Care Medicaid Services Funding Needs Table**

<b>Health Care Medicaid Services</b>	<b>Total</b>	<b>Unrestricted GF</b>	<b>Designated GF</b>	<b>Federal</b>	<b>Other</b>
<b>FY2012 Authorized Base</b>	<b>850,444.3</b>	<b>253,280.8</b>	<b>847.5</b>	<b>586,519.3</b>	<b>9,796.7</b>
Restore Medicaid GF for Fed	0.0	61,762.5	0.0	-61,762.5	0.0
Medicaid Growth from FY2012 to FY2013	53,272.3	18,130.4	0.0	35,141.9	0.0
Previous fiscal notes	-7.5	-3.7	0.0	-3.8	0.0
<b>Total</b>	<b>903,709.1</b>	<b>333,170.0</b>	<b>847.5</b>	<b>559,894.9</b>	<b>9,796.7</b>

**Budget Requests**

**Restore Medicaid GF/Match in FY2013 due to FMAP Reduction to 50%: \$61,762.5 Total-\$61,762.5 GF/Match, (\$61,762.5) Fed**

The FY2012 budget assumed the continuation of the ARRA FMAP. Congress did not extend the ARRA FMAP past June 30, 2011, so the base budget has excess federal authorization and inadequate GF authorization. This change record makes adjustments to the fund source authorization that will reflect Alaska's 50.0% FMAP in FY2013.

**Growth from FY2012 to FY2013: \$53,272.3 Total - \$18,130.4 G/F Match, \$35,141.9 Fed**

This increment is necessary to maintain the current level of quality Medicaid health care services for eligible Alaskans. Health Care Medicaid Services' costs are projected to grow 5.9% from 2012 to 2013, due to growth in enrollment, growth in utilization, and rate increases. Projections are revised monthly, and this increment request will be revisited for the Governor's Amended Budget.

In recent years the department has implemented reforms aimed at improving Medicaid sustainability. Cost containment efforts begun in FY04 have successfully reduced the rate of growth in recent years for direct benefits from a high of 21.5% for 2003. Cost containment has been especially effective in pharmacy services; costs for this category have fallen 37% since the high of \$95.7 million in 2005, spending in FY2011 was \$60.4 million.

The Health Care Medicaid Services component funds acute health care services, such as hospitals, physicians, prescription drugs, dental services, and transportation. Providing acute health services through Medicaid improves the department's mission to manage health care for eligible Alaskans in need.

**Prescription Drug Database Ch84 SLA 2008 (SB196 fiscal note): (\$7.5) Total – (\$3.7) G/F Match, (\$3.8) Fed**

There is a decrease in funding in the fiscal note for SB196, Prescription Drug Database.

<b>Health Care Medicaid Services Direct Benefits</b>						
<b>State Fiscal Year</b>	<b>Historical Utilization</b>			<b>Annual Percent Change</b>		
	<b>Beneficiaries</b>	<b>Claim Payments (thousands)</b>	<b>Cost per Beneficiary</b>	<b>Beneficiaries</b>	<b>Claim Payments</b>	<b>Cost per Beneficiary</b>
1999	80,099	\$235,260.2	\$2,937			
2000	96,263	\$277,807.6	\$2,886	20.2%	18.1%	-1.7%
2001	105,185	\$333,979.5	\$3,175	9.3%	20.2%	10.0%
2002	109,946	\$398,598.1	\$3,625	4.5%	19.3%	14.2%
2003	116,151	\$484,435.8	\$4,171	5.6%	21.5%	15.1%
2004	118,575	\$525,882.5	\$4,435	2.1%	8.6%	6.3%
2005	124,978	\$588,067.1	\$4,705	5.4%	11.8%	6.1%
2006	122,023	\$557,633.3	\$4,570	-2.4%	-5.2%	-2.9%
2007	120,879	\$506,497.9	\$4,190	-0.9%	-9.2%	-8.3%
2008	116,552	\$517,946.2	\$4,444	-3.6%	2.3%	6.1%
2009	122,926	\$573,459.8	\$4,665	5.5%	10.7%	5.0%
2010	125,191	\$671,547.4	\$5,364	1.8%	17.1%	15.0%
2011	133,773	\$726,131.7	\$5,428	6.9%	8.1%	1.2%

Source: MMIS / JUCE. Paid claims for direct services to Medicaid clients only. Excludes CAMA, Senior Care Drug, and Public Assistance field services benefits. Excludes supplemental payments , premium payments, and other services processed outside of the MMIS claims system.

**Budget Overview Table**  
*Senior and Disabilities Medicaid Services*

<b>Senior and Disabilities Medicaid Services</b>	<b>FY2012</b>	<b>FY2013 Gov</b>	<b>Difference</b>
Unrestricted General Funds	\$224,679.2	\$247,470.5	\$22,791.3
Federal Funds	235,907.6	259,130.0	23,222.4
Other Funds	3,752.2	3,752.2	0.0
<b>Total</b>	<b>\$462,305.2</b>	<b>\$510,352.7</b>	<b>\$46,013.7</b>

**Senior and Disabilities Medicaid Services Funding Needs Table**

<b>Senior and Disabilities Medicaid Services</b>	<b>Total</b>	<b>Unrestricted GF</b>	<b>Designated GF</b>	<b>Federal</b>	<b>Other</b>
<b>FY2012 Authorized Base</b>	<b>464,339.0</b>	<b>176,233.7</b>	<b>0.0</b>	<b>284,353.1</b>	<b>3,752.2</b>
Restore Medicaid GF for Fed	0.0	48,445.5	0.0	-48,445.5	0.0
Medicaid Growth from FY2012 to FY2013	46,004.7	22,786.8	0.0	23,217.9	0.0
Previous fiscal notes	9.0	4.5	0.0	4.5	0.0
<b>Total</b>	<b>510,352.7</b>	<b>247,470.5</b>	<b>0.0</b>	<b>259,130.0</b>	<b>3,752.2</b>

**Budget Requests**

**Restore Medicaid GF/match in FY2013 due to FMAP Reduction to 50%: \$48,445.5 Total-\$48,445.5 GF/Match, (\$48,445.5) Fed**

The FY2012 budget assumed the continuation of the ARRA FMAP. Congress did not extend the ARRA FMAP past June 30, 2011, so the base budget has excess federal authorization and inadequate GF authorization. This change record makes adjustments to the fund source authorization that will reflect Alaska's 50.0% FMAP in FY2013.

**Growth from FY2012 to FY2013: \$46,004.7 Total - \$22,786.8 G/F Match, \$23,217.9 Fed**

This increment is necessary to maintain the current level of quality Medicaid services for eligible Alaskans. Senior and Disabilities Medicaid Services' costs are projected to grow 9.0% from FY2012 to FY2013, due to growth in enrollment, growth in utilization, and rate increases. Projections are revised monthly, and this increment request will be revisited for the Governor's Amended Budget.

The Senior and Disabilities Medicaid Services component funds long-term care services: nursing homes, personal care attendants, and home-and community-based services. These programs support the department's mission to manage health care for eligible Alaskans in need. Providing long-term care through Medicaid improves and enhances the quality of life for seniors and persons with disabilities through cost-effective delivery of services.

**Traumatic Brain Injury fiscal note Ch 109 SLA 2011 (SB129 ): \$9.0 Total – \$4.5 G/F Match, \$4.5 Fed**

This is to account for an increase in funding in the fiscal note for SB219, Traumatic Brain Injury.

<b>Senior and Disabilities Medicaid Services</b>						
<b>State Fiscal Year</b>	<b>Historical Utilization</b>			<b>Annual Percent Change</b>		
	<b>Beneficiaries</b>	<b>Claim Payments (thousands)</b>	<b>Cost per Beneficiary</b>	<b>Beneficiaries</b>	<b>Claim Payments</b>	<b>Cost per Beneficiary</b>
1999	2,688	\$79,351.7	\$29,521			
2000	2,914	\$90,587.8	\$31,087	8.4%	14.2%	5.3%
2001	3,504	\$105,834.3	\$30,204	20.2%	16.8%	-2.8%
2002	3,902	\$130,887.3	\$33,544	11.4%	23.7%	11.1%
2003	4,484	\$163,925.3	\$36,558	14.9%	25.2%	9.0%
2004	5,460	\$205,790.8	\$37,691	21.8%	25.5%	3.1%
2005	6,395	\$236,357.6	\$36,960	17.1%	14.9%	-1.9%
2006	7,358	\$257,777.8	\$35,034	15.1%	9.1%	-5.2%
2007	7,817	\$280,164.4	\$35,840	6.2%	8.7%	2.3%
2008	7,406	\$290,235.9	\$39,189	-5.3%	3.6%	9.3%
2009	7,588	\$316,967.6	\$41,772	2.5%	9.2%	6.6%
2010	8,282	\$362,733.3	\$43,798	9.1%	14.4%	4.9%
2011	9,169	\$400,248.7	\$43,652	10.7%	10.3%	-0.3%

Source: MMIS / JUCE

## FY2013 Governor's Request Increment and Decrement Fund Breakout

<b>DHSS FY2013 Governor's Request for <u>Medicaid Services</u></b> <b>General and Other Funds</b> (Increase, Decrease and OTI Items Only)					
Item	UGF	DGF	Federal	Other	Total
Medicaid GF for Fed in FY2013 due to Federal Medical Assistance Percentage (FMAP) Reduction to 50% (BH)	\$ 17,641.9	\$ -	\$ (17,641.9)	\$ -	\$ -
Medicaid GF for Fed in FY2013 due to Federal Medical Assistance Percentage (FMAP) Reduction to 50% (OCS)	\$ 724.1	\$ -	\$ (724.1)	\$ -	\$ -
Medicaid GF for Fed in FY2013 due to Federal Medical Assistance Percentage (FMAP) Reduction to 50% (Adult Dental)	\$ 781.9	\$ -	\$ (781.9)	\$ -	\$ -
Medicaid GF for Fed in FY2013 due to Federal Medical Assistance Percentage (FMAP) Reduction to 50% (HCS)	\$ 61,762.5	\$ -	\$ (61,762.5)	\$ -	\$ -
Medicaid GF for Fed in FY2013 due to Federal Medical Assistance Percentage (FMAP) Reduction to 50% (SDS)	\$ 48,445.5	\$ -	\$ (48,445.5)	\$ -	\$ -
Medicaid Growth from FY2012 to FY2013 (BH)	\$ 2,562.1	\$ -	\$ 25,076.3	\$ -	\$ 27,638.4
Medicaid Growth from FY2012 to FY2013 (Adult Dental)	\$ 1,787.1	\$ -	\$ 2,221.6	\$ -	\$ 4,008.7
Medicaid Growth from FY2012 to FY2013 (HCS)	\$ 18,130.4	\$ -	\$ 35,141.9	\$ -	\$ 53,272.3
Medicaid Growth from FY2012 to FY2013 (SDS)	\$ 22,786.8	\$ -	\$ 23,217.9	\$ -	\$ 46,004.7
Traumatic Brain Injury Fiscal Note CH109 SLA2010 (SB219 FN year 3)	\$ 4.5	\$ -	\$ 4.5	\$ -	\$ 9.0
Reduce Medicaid Coverage for Dentures CH60 SLA2010 (SB199 FN year 3)	\$ (201.0)	\$ -	\$ (266.5)	\$ -	\$ (467.5)
Reduce Prescription Drug Database CH84 SLA2008 (SB196 FN year 5)	\$ (3.7)	\$ -	\$ (3.8)	\$ -	\$ (7.5)
Reverse Medicaid Contingency Language Sec15(b) CH3 FSSLA2011 P73 L22-28 (HB108)	\$ (17,641.9)	\$ -	\$ 17,641.9	\$ -	\$ -
Reverse Medicaid Contingency Language Sec15(b) CH3 FSSLA2011 P73 L22-28 (HB108)	\$ (724.1)	\$ -	\$ 724.1	\$ -	\$ -
Reverse Medicaid Contingency Language Sec15(b) CH3 FSSLA2011 P73 L22-28 (HB108)	\$ (781.9)	\$ -	\$ 781.9	\$ -	\$ -
Reverse Medicaid Contingency Language Sec15(b) CH3 FSSLA2011 P73 L22-28 (HB108)	\$ (61,762.5)	\$ -	\$ 61,762.5	\$ -	\$ -
Reverse Medicaid Contingency Language Sec15(b) CH3 FSSLA2011 P73 L22-28 (HB108)	\$ (48,445.5)	\$ -	\$ 48,445.5	\$ -	\$ -
<b>Medicaid Services Total</b>	<b>\$ 45,066.2</b>	<b>\$ -</b>	<b>\$ 85,391.9</b>	<b>\$ -</b>	<b>\$ 130,458.1</b>