



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
Health and Social Services**

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January 27, 2016

The Honorable Anna MacKinnon
Alaska State Senate
State Capitol Room 516
Juneau, AK 99801

The Honorable Pete Kelly
Alaska State Senate
State Capitol Room 518
Juneau, AK 99801

Re: Responses to questions posed in January 25, 2016 Letter

Dear Senator MacKinnon and Senator Kelly,

Following is the written response to the questions you asked I address at this morning's Senate Finance Committee hearing in your letter dated January 25, 2016.

1. Is the Medicaid software system certified? If not, when did we apply for certification and when will it be certified?

- The Medicaid software system is not yet certified.
- We began meeting with the Centers for Medicare & Medicaid Services (CMS) and their certification contractor in December.
- The next meeting with CMS is scheduled for February 1, at which time we will determine the process and timeline for certification.

2. In April you had identified 100 defects in the software system. What defects remain? How many errors are we still aware of? Who do the errors affect? Are the defects critical, high, moderate, or low?

- There are currently 121 defects in the system, most of which are new. As old defects are fixed new defects are created in the coding.
 - Critical: 1
 - High: 6
 - Moderate: 111
 - Low: 3

- Defects are currently affecting three service categories:
 - Behavioral health and enhanced adult dental services with prior authorization for approved units of service.
 - Approved units on certain prior authorizations have been miscalculated during claims processing.
 - This problem affected claim types that require prior authorization, and is currently only affecting behavioral health and enhanced adult dental service claim types and solutions are in process.
 - Care coordination services for enrollees on the TEFRA Waiver

3. *How quickly are applications being processed?*

- In December 2015, we processed 8,107 Medicaid applications.
 - Over 20% of those were processed within one week of submission
 - 62% were 60 days old or less
 - 38% were over 60 days old

4. *How quickly are providers being paid?*

- Providers are being paid the same week they submit claims, or the week after.
 - The exceptions are the providers of service categories noted above in the answer to Question #2 (TEFRA Care Coordination, and Behavioral Health & Enhanced Adult Dental with auto-edits).
- On average we are paying over 107,000 claims worth approximately \$30 M each week.
- Repayment of Advance Payments:
 - Providers have repaid a total of \$81,620,848
 - Pending recoveries of advance payments: \$83,699,307 is currently outstanding
 - Provider repayments are ongoing

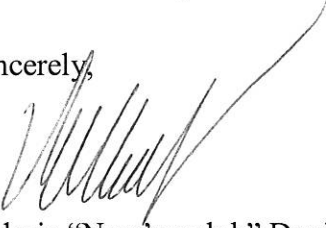
5. *What is the legal status of our lawsuit with Xerox? Have other states in legal challenges with Xerox systems been certified? Has Xerox completed their corrective action plan? Is there a financial award? If so, how much are we requesting as compensation?*

- The case before the Office of Administrative Hearings is currently stayed.
- A mediation with Xerox is scheduled for February 9th.
- The issue of compensation will be discussed at mediation.
- Some providers have filed their own class action lawsuit against Xerox seeking compensation from Xerox.
- We are not aware of other states in litigation with Xerox over their MMIS.
 - North Dakota went live with their Xerox MMIS in October 2015.
 - The New Hampshire enterprise MMIS was certified in June 2015.

- Xerox still has five items on the Corrective Action Plan that they need to complete:
 - Edit 8040: Service Authorization Units Exceeded
 - Approved units on certain prior authorizations have been miscalculated during claims processing.
 - This problem affected claim types that require prior authorization.
 - Behavioral Health and Enhanced Adult Dental claims are the only remaining affected claim types and solutions are in process.
 - TEFRA care coordination service claims processing
 - Two Reports:
 - The MRO 14 Report: Medicaid Cost-Reporting
 - We expect Xerox to correct this by the end of March
 - The National Correct Coding Initiative Report
 - Xerox missed a federal quarterly update which translates into them not getting mutually exclusive coding rules into the system timely. Affected claims will need to be reprocessed to be in compliance, once the updates are made.
 - Mass Adjustment Reprocessing
 - Completion of the work of reprocessing the claims that originally paid incorrectly

Please contact my office for any needed clarification and with additional questions. Thank you.

Sincerely,



Valerie "Nurr'araaluk" Davidson
Commissioner

