

# ALASKA STATE LEGISLATURE

## HOUSE FINANCE COMMITTEE

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Date: May 8, 2015  
To: Department of Health and Social Services  
From: House Finance Committee  
Re: Medicaid Expansion Questions:

1. What are the measured standards or goals of Medicaid expansion?
2. What assurances are there of cost containment?
3. The administration proposes changing language to increase eligibility to 203% and 200% for children and pregnant women, how can you assure us that this does not result in an increase in the number of covered individuals? How does the MAGI change impact eligibility for children and pregnant women?
4. Do you plan to provide the same benefit package to the expansion population group as you provide to traditional Medicaid? If so, please explain the Department's rationale.
5. Why should there be a hold-harmless clause for able-bodied adults who receive Medicaid?
6. HB 148 provides significant details on expansion and the covered population, but very little detail on reform, a most important feature if expansion is going to be supported. Can you detail some of the reforms you will undertake and when? (The timeline on the fiscal notes point to most reforms not being in place or seeing savings till FY18)
7. Would DHSS be able to implement reforms on a quicker timeline if there were additional short-term dedicated regulation support staff at Department of Law? How many staff and at what cost?
8. Many see expansion as an opportunity to expand the use of managed care techniques in Alaska Medicaid, yet HB 148 is largely silent on the delivery model. Do you see expansion happening as we provide Medicaid today, or do you see innovative delivery models being introduced? If so, what opportunities do you see going forward?

9. The provider community involvement is essential to moving forward with meaningful reform and expansion. What have you been doing to enlist their input and counsel? Are any provider groups against expansion?
10. Both the Governor and the Department have referred to a study that states expansion will generate 4,000 new jobs. Can you provide some details on where these jobs are? If they are mostly in healthcare, do we have the capacity to meet the increased demand?
11. What benefits are provided to Medicaid recipients compared to those provided by the State Healthcare policy? What benefits are provided compared to Tri-care, Medicare, and the Veterans' Administration?
12. How can we be sure that the MMIS system, which that was recently identified as having 2 critical defects, 3 high defects, 81 moderate defects, and 1 low defect is functioning properly before we add 20,000 – 40,000 new Alaskans to the Medicaid roster? Why should we not wait until we have the system certified and a SSAE 16 report? What would it cost the state should we have to carry the expansion costs, until the system is certified?
13. Is it true that the Federal Government will not make any provider payments until such time as the system is certified and we have a clean SSAE report? Does this mean that the State would have to carry all payments until the system is certified?
14. Both the new eligibility system and the MMIS have encountered challenges in implementation. Have you spent additional funds, or do you anticipate spending additional funds to prepare for accepting the additional enrollees. If so, how much general funds do you believe are necessary?
15. What happens if we need to make changes to the demonstration waivers? The following changes have been denied in other states?
- AZ – Wanted cost sharing increases
  - CA – Wanted to increase co-pay
  - CT – Wanted to raise asset tests to limit eligibility
  - IN – Wanted to implement personal responsibility for failing to meet co-pay
  - OK – enrollment caps
16. Have Medicaid reimbursements been held at the same match rates. How much have they varied over the years and why? Please provide a chart for all reimbursement rates for service categories from 1990 to the present.
17. What is the cost of a private health insurance policy that would cover all of the items covered under Medicaid? What impact does Medicaid payments have on private plans?
18. What happens if enrollment numbers exceed the forecasted numbers, as has happened in other states?
19. If we see a higher rate of enrollment than anticipated, say from 40,000 to 60,000 or 80,000, can the department handle it and can we afford it? It appears that all of the fiscal notes have been drafted

with an expectation of enrollment of 20,000 Alaskans. What would the fiscal notes look like at 40,000 new enrollees and 60,000 new enrollees respectively?

What happens after 2020? What assurances does the State of Alaska have that Medicaid expansion rates will not go to 50% - 60%?

20. What is the cost of the state's projected 50% of administrative expenses for administration of the Medicaid program?

21. What is the financial effect of Alaska's 27 additional optional services not required by expansion on present enrollees and expansion enrollees? Should all enrollees take cuts or just new enrollees?

22. We know that Medicare has been the lowest payer in Alaska and this has created challenges for seniors on Medicare to get access to care. What will ensure that seniors on Medicare and tri-care veterans will not become secondary to Medicaid recipients with a higher medical pay? How will the Department address this?

23. When does the Department anticipate beginning to cover the expansion population should the legislature approve it?

24. If the Department applies for a section 1115 waiver, are you going to focus on travel for this waiver? Do you anticipate assigning IHS beneficiaries that receive Medicaid to an IHS facility for their primary care?

25. How does the Department envision Medicaid expansion interacting with Indian Health Services?

26. Currently Indian Health Care is federally covered at 100%, under Medicaid the State of Alaska has to pick up 10% of the costs. How much will this cost the state and how does this benefit the state? How many tribal beneficiaries currently do not use tribal facilities for Medicaid covered services?

27. With the lack of health care providers in Alaska, how can the Department ensure that emergency room visits will not increase?

28. Will existing Medicaid eligible recipient groups with a lower Federal match of 50 – 65% suffer more cuts because the expansion group is covered at a higher 100 - 90% rate?

29. What assurances does Alaska have that once we expand Medicaid we can change our mind, or have we entered into a legally binding agreement with the Federal Government?

30. At this time what are the costs to set-up and administer this program for DOC since a sizeable number of inmates will now be qualified for coverage?

31. Please provide a timeline on how Medicaid expansion would work, were it to be approved today? How long before we would start to receive Federal funds and what would be the shared match if our MMIS is not certified and we have not received a SSAE 16 report?

32. What is the status of the State's lawsuit against Xerox and is the state still claiming as of today that we are currently accruing damages due to the system's defects?
33. What is the current status of other lawsuits against the Department of Health and Social Services related to the current Medicaid population? Please list the cases and the main issue of each case.
34. Currently, those who work at minimum wage earn \$20,293 per year. Eligibility for Medicaid Expansion caps income at \$20,314 per year. At proposed eligibility level by 2017 all full-time minimum wage workers in Alaska will be ineligible. This will force workers to choose between full-time work and Medicaid coverage. What solution do you see for this issue?
35. With a shortage of providers and lower reimbursement rates for Medicare patients, some seniors are having difficulty finding a physician to care for them. In Interior Alaska this has proven true. Texas, for example, found that doctors willing to take new Medicare patients dropped by 50% in the last two years. What solution do you see for this problem?
36. Does the administration support changing the current law to allow Alaska licensed physicians, who live outside of Alaska, to work in a Telemedicine roll by coordinating with medical professionals here?
37. One of the primary concerns is the fiscal implication for the future. Medicaid is the fastest growing formula program in our state budget. Some estimates claim that by 2032 Medicaid funding (without expansion) will consume the lion's share of the state's budget. Other states who have expanded Medicaid have found that small employers drop health insurance for their employees, knowing that they now have another option which has resulted in some cases of up to 50 percent higher rate of enrollment than estimated. What solution do you see to prevent low-income employees from losing their employer-provided health care?
38. HB 148 has a proposal to authorize a provider tax up to the maximum extent allowed by federal law to offset some of the cost of the Medicaid program, on Private Health Care Providers which includes: nursing services, chiropractors, doctors, nurse practitioners, opticians,, laboratories, home health care agencies, nursing homes, hospitals, physical therapists, pharmacies, etc. Is the maximum extent 6%? How will this effect small providers?
39. How much has been spent to date on eliminating the backlog of Medicaid applications due to issues with the Enterprise system?
40. What expansion has already been implemented, if any?
41. How many Alaskans are currently enrolled in Medicaid and how many use services?