

Medicaid Spending & The Impact on Health Care

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ALASKA STATE HOSPITAL &
NURSING HOME ASSOCIATION

World class health care for all Alaskans.

Advancing the shared interests of Alaska's hospitals, nursing homes, and healthcare partners, to build an innovative, sustainable system of care for all Alaskans. For over 60 years, ASHNHA members have worked together to improve health care in Alaska.



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Photo: SEARHC

Overview



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Medicaid – Predicting the Next 10 Years

Medicaid & The Payer Mix

Limiting Access to Care

Getting it Wrong: Going Stale

Focus on the ROI

“Medicaid Spending & The Impact on Health Care”

Predicting the Next 10 Years

FY 2023 10-Year Plan

- 1% annual growth after year 2

MESA Report FY 2021 – 2041

- 3.8% per recipient per year

Medicaid UGF Past Performance

| | | Annual Avg Growth 2016-2019 | Annual Avg Growth 2020-2023 |
|--------------------------|-------------------------|--------------------------------|--------------------------------|
| UGF Approp UGF Actual | | 2.1% | 0.7% |
| | | 1.9% | N/A |
| 2016 | No Inflation | | |
| 2017 | No Inflation | | |
| 2018 | No Inflation, Rate Cuts | | |
| 2020 | | | UGF Actual % Change |
| 2021 | | | -13.4% |
| 2021 - 2022 | | | -4.8% |
| | | | Enhanced FMAP |

Medicaid & The Payer Mix



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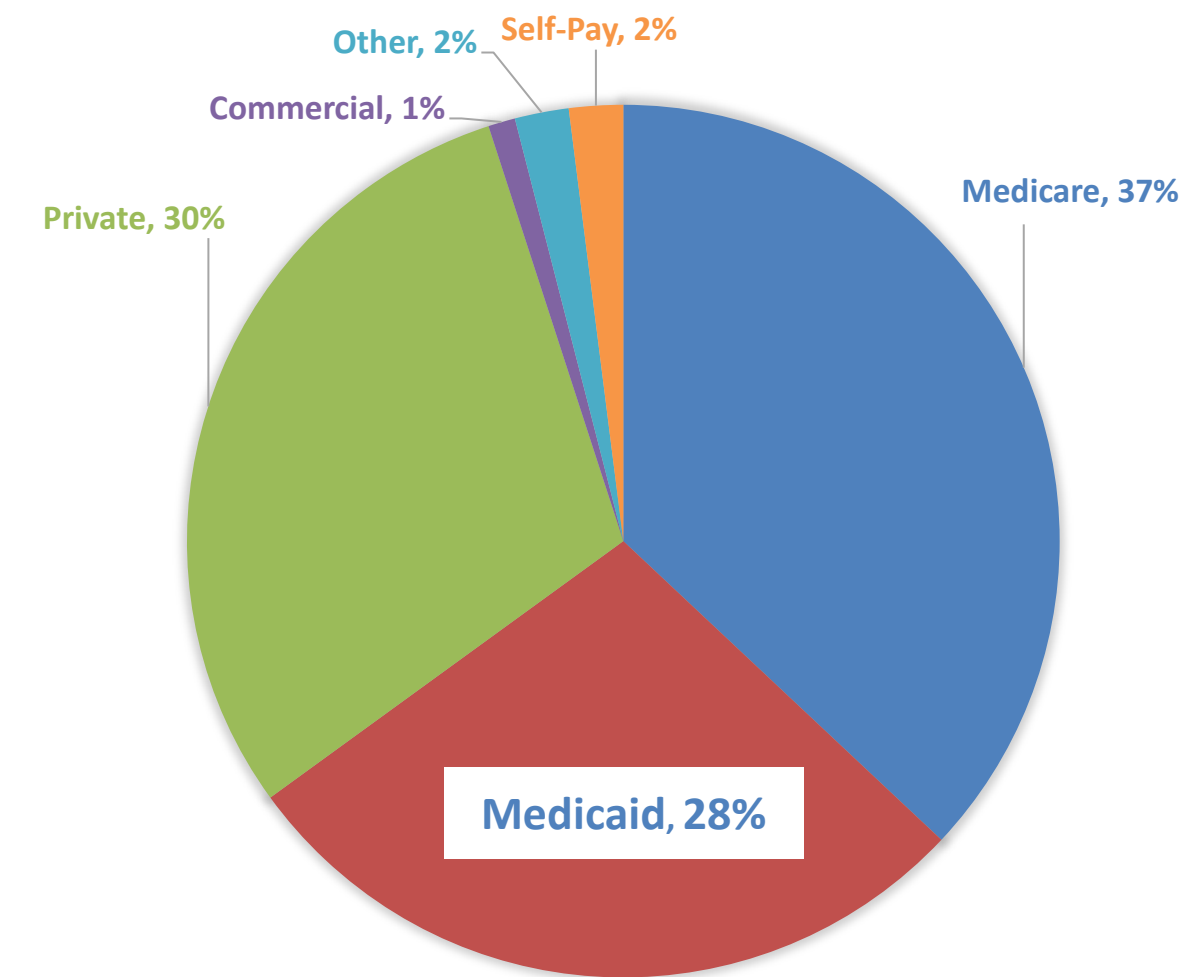
The Payer Mix

- Shows volumes by payer type
- Relevant for three reasons
 - Medicaid is a significant wedge (it will move you)
 - Payer mix varies by service type
 - >50% are govt programs that often pay less than cost

“Government programs [i.e. Medicare and Medicaid] often pay hospitals less than the actual cost of patient treatment, causing hospitals to lose revenue.”

-Alana Moriarty, Definitive HealthCare,
August 2019

HYPOTHETICAL PAYOR MIX

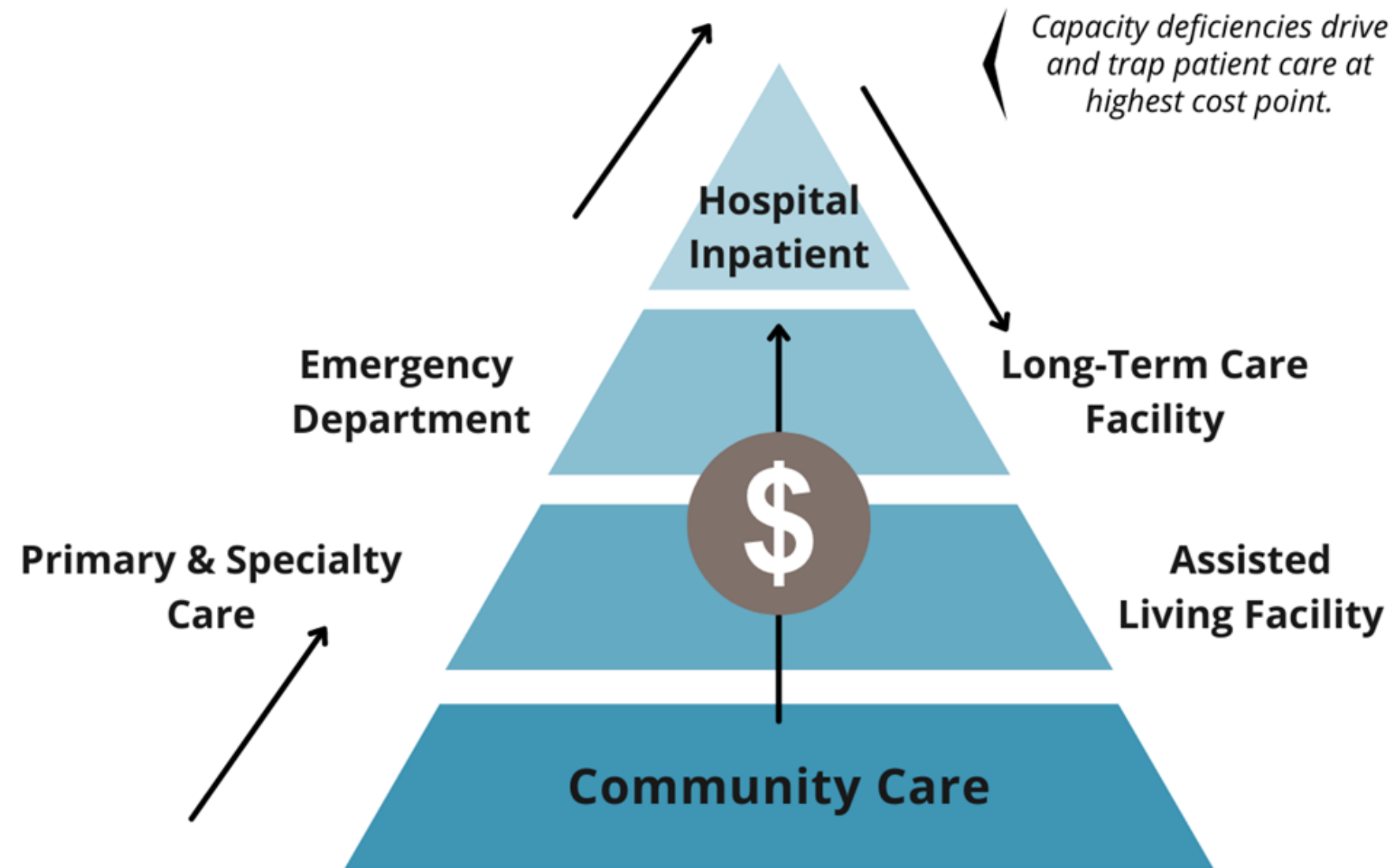


Limiting Access to Care



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Healthcare System Continuum



Getting it Wrong: Going Stale

State of Alaska General Relief Assisted Living Home Program

- Provides assistance to Alaskans who:
 - Lack resources to meet an emergent need; and
 - Not eligible for assistance from other programs
- Waitlist system prioritizes those discharging from hospital or LTC

The current General Relief Assisted Living Home rate is \$70 per day and it has been at that rate since July 1, 2002. See 7 AAC 47.470.

The Consequences

“We currently have 7 patients awaiting placement because ALFs will not accept the \$70 a day GR pays. If our numbers are this high, I can’t imagine how many patients the other hospitals have.”



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| Service | Service Unit | Service Rate |
|--|--------------|--------------|
| RSL State Government Owned/Operated | Per Day | \$170.27 |
| RSL-5 or fewer beds per EIN ¹ Non-State Gov't Owned & Operated | Per Day | \$154.97 |
| RSL-6-16 beds per EIN ¹ Non-State Gov't Owned & Operated | Per Day | \$159.54 |
| RSL-17 or more beds per EIN ¹ Non-State Gov't Owned & Operated | Per Day | \$170.27 |

Medicaid pays \$170.27 per day.
This rate was last updated July 1, 2021

Focus on the ROI



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$$\text{Unit} \times \text{Rate} = \text{Spend}$$

Unit of Service

Rate of Payment

Medicaid Expenditure

Qty v. Type

Price

Budget

Aggressive targets can be hit, but they take:

1. **Planning** (utilization, service category, payment?)
2. **Projecting** (expected performance over 1, 3, 5, 10 years?)
3. **Time** (statute, regulations, state plan amendment, CMS approval?)

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