



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health

FINANCE AND MANAGEMENT SERVICES
Juneau Office

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April 13, 2023

The Honorable Bryce Edgmon
House Finance Co-Chair
Alaska State Legislature
State Capitol Room 410
Juneau, AK 99801

The Honorable Neal Foster
House Finance Co-Chair
Alaska State Legislature
State Capitol Room 511
Juneau, AK 99801

The Honorable DeLena Johnson
House Finance Co-Chair
Alaska State Legislature
State Capitol Room 505
Juneau, AK 99801

Dear Representatives Edgmon, Foster, and Johnson:

The Department of Health received the following questions from the House Finance Committee on March 8, 2023 regarding Medicaid co-pays and provider taxes:

What do Medicaid enrollees pay for co-pay?

The Alaska Administrative Code provides information about cost sharing.

7 AAC 105.610 – Recipient cost-sharing

- (a) Except as provided in (b) of this section, a person eligible for Medicaid under 7 AAC 100 shall pay the following cost-sharing amounts:
 - (1) \$50 per day up to a maximum of \$200 per discharge for inpatient hospital services;
 - (2) five percent of allowable charges for outpatient hospital services;
 - (3) \$3 per day for physician services;
 - (4) for a covered outpatient drug described in 7 AAC 120.110(b), \$0.50 for each prescription that is filled or refilled with a payment for service of \$50 or less, or \$3.50 for each prescription that is filled or refilled with a payment for service of greater than \$50; however, a cost-sharing amount is not required for
 - (A) a prescription for a covered outpatient drug for a recipient eligible under 7 AAC 48.560 (chronic and acute medical assistance; limited reimbursement for prescribed drugs and medical supplies); or
 - (B) a vaccine administered by a pharmacist under 7 AAC 120.110(d).
- (b) The following services are not subject to recipient cost-sharing requirements under this section:
 - (1) a service provided to a recipient under 18 years of age at the time of delivery of the service;
 - (2) a service provided to a recipient in a long-term care facility;

- (3) a service provided to a pregnant woman, including a service provided during the postpartum period;
- (4) a family planning service or supply;
- (5) an emergency service;
- (6) a hospice care service;
- (7) a service provided to an American Indian or an Alaska Native by a tribal health program;
- (8) a service provided to an individual who is eligible for both Medicaid and Medicare, if Medicare is the primary payer for that service;
- (9) adult preventive and screening services under 7 AAC 110.800.
- (c) A provider shall collect the amount of cost-sharing from the recipient and otherwise comply with AS 47.07.042(a) concerning cost-sharing.
- (d) The department will reduce payment to the provider by the amount of cost-sharing required under this section for the service provided to that recipient.
- (e) In this section, "emergency service" means
 - (1) inpatient hospital care provided to a recipient admitted into the hospital from the emergency room of that hospital; and
 - (2) outpatient hospital services and physician services provided to a recipient in response to the sudden and unexpected onset of an illness or accidental injury that requires immediate medical attention to safeguard the recipient's life; in this paragraph "immediate medical attention" means medical care that the department determines cannot be delayed for 24 hours or more after the onset of the illness or occurrence of the accidental injury.

Can Medicaid charge a co-pay for enrollees?

Medicaid cost sharing is limited to requirements defined by 42 CFR 447.52. Alaska Changes to current cost share requirements may require statute, state plan, and state regulatory changes. For maximum allowable cost sharing in a Medicaid program, see 42 CFR 447.52.

<https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-447/subpart-A/subject-group-ECFRa3c17d28ea07411/section-447.52>

How many states augment with a provider tax?

Based on annual 50-State Medicaid Budget Surveys¹ conducted by KFF, most states report having at least one provider tax (hospital, nursing facility, intermediate care facility for those with intellectual disabilities, or Medicaid managed care organization). Alaska is one exception. The legislature directed the department to study the feasibility of instituting a provider tax during the 2015 legislative session. The department's contractor, Myers & Stauffer issued a final report on March 4, 2016. Of note, the report stated that the department

¹ <https://www.kff.org/medicaid/state-indicator/states-with-at-least-one-provider-tax-in-place/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

could not enforce a provider tax on a tribal health provider due to their sovereignty of operation. As a result, the number of providers who could be subject to a provider tax would be significantly reduced.

States With At Least One Provider Tax in Place				
Location	SFY 2007	SFY 2012	SFY 2017	SFY 2022
United States	44 Yes	49 Yes	50 Yes	48 Yes
Alabama	Yes	Yes	Yes	Yes
Alaska	No	No	No	No
Arizona	Yes	Yes	Yes	Yes
Arkansas	Yes	Yes	Yes	NR
California	Yes	Yes	Yes	Yes
Colorado	Yes	Yes	Yes	Yes
Connecticut	Yes	Yes	Yes	Yes
Delaware	No	Yes	Yes	Yes
District of Columbia	Yes	Yes	Yes	Yes
Florida	Yes	Yes	Yes	Yes
Georgia	Yes	Yes	Yes	NR
Hawaii	No	No	Yes	Yes
Idaho	No	Yes	Yes	Yes
Illinois	Yes	Yes	Yes	Yes
Indiana	Yes	Yes	Yes	Yes
Iowa	Yes	Yes	Yes	Yes
Kansas	Yes	Yes	Yes	Yes
Kentucky	Yes	Yes	Yes	Yes
Louisiana	Yes	Yes	Yes	Yes
Maine	Yes	Yes	Yes	Yes
Maryland	Yes	Yes	Yes	Yes
Massachusetts	Yes	Yes	Yes	Yes
Michigan	Yes	Yes	Yes	Yes
Minnesota	Yes	Yes	Yes	Yes
Mississippi	Yes	Yes	Yes	Yes
Missouri	Yes	Yes	Yes	Yes
Montana	Yes	Yes	Yes	Yes
Nebraska	Yes	Yes	Yes	Yes
Nevada	Yes	Yes	Yes	Yes
New Hampshire	Yes	Yes	Yes	Yes
New Jersey	Yes	Yes	Yes	Yes
New Mexico	Yes	Yes	Yes	Yes
New York	Yes	Yes	Yes	Yes
North Carolina	Yes	Yes	Yes	Yes
North Dakota	Yes	Yes	Yes	Yes
Ohio	Yes	Yes	Yes	Yes
Oklahoma	Yes	Yes	Yes	Yes
Oregon	Yes	Yes	Yes	Yes
Pennsylvania	Yes	Yes	Yes	Yes
Rhode Island	Yes	Yes	Yes	Yes
South Carolina	Yes	Yes	Yes	Yes
South Dakota	No	Yes	Yes	Yes
Tennessee	Yes	Yes	Yes	Yes
Texas	Yes	Yes	Yes	Yes
Utah	Yes	Yes	Yes	Yes
Vermont	Yes	Yes	Yes	Yes
Virginia	No	Yes	Yes	Yes
Washington	Yes	Yes	Yes	Yes
West Virginia	Yes	Yes	Yes	Yes
Wisconsin	Yes	Yes	Yes	Yes
Wyoming	No	Yes	Yes	Yes

If you have additional questions, please contact me at 907-465-1630.

Sincerely,

A handwritten signature in black ink, appearing to read 'Josephine Stern', with a long, sweeping horizontal stroke extending to the right.

Josephine Stern
Assistant Commissioner

cc: Valerie Rose, Fiscal Analyst, Legislative Finance
Laura Stidolph, Legislative Director, Office of the Governor
Torrey Jacobson, Office of Management and Budget
Heidi Hedberg, Commissioner
Anne Zink, Chief Medical Officer
Emily Ricci, Deputy Commissioner
Farina Brown, Acting Director of Division of Behavioral Health
Renee Gayhart, Director of Division of Health Care Services
Deb Etheridge, Director of Division of Public Assistance
Christy Lawton, Acting Director of Division of Public Health
Tony Newman, Director of Division of Senior and Disabilities Services
Raquel Solomon-Gross, Deputy Director of Finance and Management Services
Dustin Scown, Budget Manager
Courtney Enright, Legislative Liaison

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