

SENATE BILL NO. 74

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY SENATORS KELLY, Giessel, Micciche, Bishop, MacKinnon, Hoffman, Costello, McGuire, Stedman, Stevens, Coghill, Egan, Meyer

Introduced: 3/13/15

Referred: Health and Social Services, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to permanent fund dividends; relating to a medical assistance reform**
2 **program; establishing a personal health savings account program for medical assistance**
3 **recipients; relating to the duties of the Department of Health and Social Services;**
4 **establishing medical assistance demonstration projects; and relating to a study by the**
5 **Department of Health and Social Services."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 43.23 is amended by adding a new section to read:

8 **Sec. 43.23.074. Contribution to personal health savings accounts.** A
9 recipient of medical assistance under AS 47.07 who is eligible to receive a permanent
10 fund dividend may elect to have 10 percent of the recipient's annual permanent fund
11 dividend deposited into a personal health savings account established under
12 AS 47.07.038. The department shall establish an application process to allow an
13 applicant, or the parent, legal guardian, or other authorized representative of an

unemancipated minor, to request that the department pay 10 percent of the applicant's dividend directly to the applicant's personal health savings account.

* **Sec. 2.** AS 47.05 is amended by adding a new section to read:

Sec. 47.05.250. Medical assistance reform program. (a) The department shall adopt regulations to design and implement a program for reforming the state medical assistance program under AS 47.07. The reform program must include

(1) procedures to allow a medical assistance recipient to use a personal health savings account under AS 47.07.038 for payment of premiums, copayments, and deductibles if required of the recipient;

(2) referrals to community and social support services, including job training;

(3) distribution of an explanation of medical assistance benefits to recipients for health care services received under the program;

(4) expanding the use of telemedicine for primary care and urgent care;

(5) enhancing fraud prevention, detection, and enforcement;

(6) reducing the cost of behavioral health, senior, and disabilities services provided to recipients of medical assistance under the state's home and community-based services waiver under AS 47.07.045;

(7) pharmacy initiatives;

(8) enhanced care management;

(9) redesigning the payment process;

(10) stakeholder involvement in setting annual targets for quality and cost-effectiveness;

(11) to the extent consistent with federal law, reducing travel costs by requiring a recipient to obtain medical services in the recipient's home community, to the extent appropriate services are available in the recipient's home community.

(b) Annually, the Department of Health and Social Services shall prepare a report and submit the report to the senate secretary and the chief clerk of the house of representatives and notify the legislature that the report is available within 10 days after the convening of the regular session. The report must include

(1) realized cost savings related to reform efforts under this section;

(2) realized cost savings related to medical assistance reform efforts undertaken by the department other than the reform efforts described in this Act; and

(3) a statement of whether the Department of Health and Social Services has met annual targets for quality and cost-effectiveness.

* **Sec. 3.** AS 47.07 is amended by adding a new section to read:

Sec. 47.07.038. Personal health savings account program. The department shall develop and implement a personal health savings account program for the benefit of medical assistance recipients who elect to participate in the program. The program must include

(1) consumer education strategies;

(2) recipient cost-sharing and copayment structures;

(3) a procedure for deposits in and payments from health savings accounts; and

(4) a procedure for educating recipients about the application process established by the Department of Revenue under AS 43.23.074 to allow recipients who are eligible to receive a permanent fund dividend to elect to have 10 percent of the dividend annually deposited in a personal health savings account.

* **Sec. 4.** AS 43.23.074; AS 47.05.250; and AS 47.07.038 are repealed October 1, 2022.

* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

MEDICAID MANAGED CARE DEMONSTRATION PROJECT FOR INDIVIDUALS ENROLLED IN DENALI KIDCARE; OPT IN FOR OTHER RECIPIENTS.

(a) On or before October 1, 2015, the Department of Health and Social Services shall design and initiate a managed care demonstration project for individuals who qualify for medical assistance under AS 47.07.020(b)(13) or (14) and for other medical assistance recipients who opt in to the managed care demonstration project. The purpose of the demonstration project is to ensure sustainability while reducing the cost of medical assistance payments and increasing access to and improving the quality of care available to all medical assistance recipients. The project developed under this section may include

(1) comprehensive care management;

(2) care coordination, including the assignment of a primary care case

1 manager located in the local geographic area of the recipient;

2 (3) health promotion;

3 (4) mental health parity as described in 42 U.S.C. 300gg-26.3;

4 (5) comprehensive transitional care from and follow-up to inpatient treatment;

5 (6) individual and family support;

6 (7) referral to community and social support services, including job training.

7 (b) The department may enter into contracts with one or more third-party
8 administrators to implement the project established under this section. The contract must
9 provide for a fee based on a per capita administrative expense that is fair and economical. The
10 department or administrator shall develop a comprehensive system of prior authorizations and
11 presumptive eligibility determinations for payment of services under the project. However,
12 prior authorization may not be required for mental health or primary care services.

13 (c) The department shall designate health care providers or one or more teams of
14 health care providers to provide services that are primary care and patient centered as
15 described by the department for purposes of the project under this section. The department
16 shall enter into necessary provider and fee agreements. For primary care case managers, the
17 fee agreement must include an incentive-based management fee system. The fee agreements
18 may not be based on a fee for service but must be based on performance measures, as
19 determined by the department. The performance measures must include premium payments
20 for centers of excellence according to nationally acceptable criteria and penalties for hospital-
21 acquired infections, readmissions, and failures of outcomes.

22 (d) The project under this section must include additional cost-saving measures that
23 include innovations to

24 (1) reduce travel through the expanded use of telemedicine for primary and
25 urgent care services; to the extent legal barriers prevent the expanded use of telemedicine, the
26 department shall identify those barriers;

27 (2) simplify administrative procedures for providers, including streamlined
28 audit, payment, and stakeholder engagement procedures.

29 (e) The project under this section must include a procedure to allow an election for
30 eligible medical assistance recipients under AS 47.07.020(b)(1) - (12) and (15) to opt in to the
31 managed care project.

(f) The department shall adopt regulations necessary to implement this section and request technical assistance from and apply to the United States Department of Health and Human Services for waivers or amendments to the state plan as necessary to implement the project under this section.

(g) The project established under this section terminates October 1, 2022.

(h) In this section, "department" means the Department of Health and Social Services.

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REDUCTION OF NONURGENT USE OF EMERGENCY DEPARTMENT SERVICES BY MEDICAL ASSISTANCE RECIPIENTS; DEMONSTRATION PROJECT.

(a) On or before September 1, 2015, the Department of Health and Social Services shall design and implement a demonstration project to reduce nonurgent use of emergency departments by recipients of medical assistance under AS 47.07 and improve appropriate care in appropriate settings for recipients. The project under this section must include

(1) to the extent consistent with federal law, a system for electronic exchange of patient information among emergency departments;

(2) a process for defining and identifying frequent users of emergency departments;

(3) a procedure for educating patients about the use of emergency departments and appropriate alternative services and facilities for nonurgent care;

(4) to the extent consistent with federal law, a process to disseminate lists of frequent users to hospital personnel to ensure that frequent users can be identified through the electronic information exchange system described under (1) of this subsection;

(5) a process for assisting frequent users with plans of care and for assisting patients in making appointments with primary care providers within 96 hours after an emergency department visit;

(6) strict guidelines for the prescribing of narcotics;

(7) a prescription monitoring program;

(8) designation of medical personnel to review feedback reports regarding emergency department use.

(b) The department shall adopt regulations necessary to implement this section and

1 request technical assistance from and apply to the United States Department of Health and
2 Human Services for waivers or amendments to the state plan as necessary to implement the
3 projects under this section.

4 (c) The project established under this section terminates October 1, 2022.

5 (d) In this section, "department" means the Department of Health and Social Services.

6 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 MEDICAID CHOICE WAIVER. The Department of Health and Social Services shall
9 apply to the United States Department of Health and Human Services for a waiver under 42
10 U.S.C. 1396n(b) if necessary to implement AS 47.05.250(11), enacted by sec. 2 of this Act.

11 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 DEPARTMENT OF HEALTH AND SOCIAL SERVICES FEASIBILITY STUDY.

14 (a) The department shall conduct a study analyzing the feasibility of privatizing services
15 delivered at Alaska Pioneers' Homes, the Alaska Psychiatric Institute, and select facilities of
16 the division of juvenile justice. The department shall deliver a report summarizing the
17 department's conclusions to the senate secretary and the chief clerk of the house of
18 representatives and notify the legislature that the report is available within 10 days after the
19 convening of the Second Regular Session of the Twenty-Ninth Alaska State Legislature.

20 (b) In this section, "department" means the Department of Health and Social Services.

21 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 MEDICAID STATE PLAN; INSTRUCTIONS. Not later than January 1, 2016, the
24 Department of Health and Social Services shall amend and submit for federal approval a state
25 plan for medical assistance coverage consistent with this Act. The Department of Health and
26 Social Services shall apply to the United States Department of Health and Human Services for
27 the choice of provider requirement and any waivers necessary to implement the projects and
28 programs described in this Act.

29 * **Sec. 10.** Section 11 of this Act is repealed October 1, 2022.

30 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 MEDICAID REFORM: CONTINGENT EFFECT. AS 43.23.074, enacted by sec. 1 of
2 this Act, AS 47.05.250, enacted by sec. 2 of this Act, and AS 47.07.038, enacted by sec. 3 of
3 this Act, take effect only if the commissioner of health and social services certifies to the
4 revisor of statutes, on or before October 1, 2017, that all of the provisions added by
5 AS 47.05.250, enacted by sec. 2 of this Act, all of the provisions added by AS 47.07.038,
6 enacted by sec. 3 of this Act, and all of the provisions added by secs. 5 - 7 and 9 of this Act
7 have been approved by the United States Department of Health and Human Services.