

SB

556

POSITION PAPER

ON

SENATE BILL NO. 556

"An Act relating to medical assistance for needy persons; and providing for an effective date."

I. HISTORICAL PERSPECTIVE

On December 13, 1977, President Carter signed H.R. 8422 into law. The bill, now Public Law 95-210, authorizes Medicare and Medicaid coverage of rural health clinic services. Services to be covered include services and supplies that would be covered incident to physician services as well as additional services provided by physician assistants and nurse practitioners. While clinics may be covered under current federal statutory provisions, P.L. 95-210 specifically authorizes Medicare and Medicaid to pay for services not rendered directly, i.e., in the presence of a supervisory physician. The law is designed to meet a continuing and chronic problem--the lack of adequate health resources in rural areas.

Many states have already implemented coverage for rural health clinics. Before creation of a special category for rural health clinics, the Medicaid option was available to cover these clinics as well as many other types of clinic services. However, under the Medicaid program in Alaska, the clinic services option was limited to community mental health clinics. Rural health clinics, ambulatory surgical centers and other non-hospital outpatient services are not covered.

Reimbursement for services provided by rural health clinics will be determined by the federal Medicare program based on reasonable cost reimbursement. Medicaid payment will be made at the same reasonable cost level determined by Medicare for each separate clinic. No reduction in payment may be made by the state below the established Medicare rate.

Rural health care clinics must have some physician supervision and participation. However, that participation need only be periodic and not at the time that the services are provided. That is, physician supervision may be indirect rather than direct. A physician must be available to prepare necessary medical orders, refer patients and assist in medical emergencies.

This amendment has potential far-reaching effect on rural health care in Alaska. Services provided in rural areas come under four basic types:

- (1) Services provided by urban providers while visiting bush areas;

- (2) Services provided by Public Health Service (Indian Health Service);
- (3) Services provided by Regional Native Corporation Health Care organizations and other non-profit rural health clinics; and
- (4) Services provided by Alaska state public health nurses.

At the present time federal guidelines have not been published defining this program and without State regulations to define "physician assistant" and "nurse practitioner" it is impossible to predict the full impact of this program. It is certain that some state general funds currently being expended for health care in rural areas will be supplanted by federal funds especially for state public health nurses. It is also certain that some routine health care will be more readily available and probably at a savings in cost to the state because of a decreased need to refer many Medicaid patients to the urban centers for treatment. It is also certain that Medicaid billings will increase simply because health care will be available locally to many persons who either could not afford it on their own or did not seek health care because of its lack of availability.

There is also the opportunity to save Medicaid money in the most expensive area of the program--nursing home care. Currently there is little "rural" nursing care available. With the exception of small nursing facilities connected to hospitals in some rural areas (notably Nome, Cordova, Petersburg and Wrangell), the bulk of the nursing care provided in Alaska is in urban areas or towns connected by road to urban areas. Rural Alaskans who need nursing care are forced into the urban areas for that care at tremendous expense to the state (the average daily rate for Intermediate Care is about \$75.00 per day). Through rural health clinics it would be possible to provide some nursing care to persons as outpatients in their own homes. This type of service, home health care, is currently covered under Medicaid but is only being provided on limited scale in Anchorage.

"Rural", as defined by the Bureau of Census, potentially includes all areas of the State outside of Anchorage. Thus, many small communities normally thought of as "cities" in Alaska could be included in this program if clinics are certified for Medicare participation.

The earliest date that a rural health clinic could apply for Medicaid reimbursement would be July 1, 1978, if all of the certification is taken care of ahead of that date and a reimbursement rate is established by Medicare.

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IV. ALTERNATES

There are three alternatives available to the State of Alaska concerning this Medicaid covered service:

- (1) Amend the Alaska Statutes to eliminate licensing of nurse practitioners and physician assistants which would prevent participation by rural health clinics in the Alaska Medicaid program.
- (2) Opt out of the Medicaid program entirely.
- (3) Establish rural health clinics as a covered service and implement regulations or amend Alaska Statutes to allow participation by nurse practitioners and physician assistants in the Alaska Medicaid program.

Rural health clinics will be certified for participation by Division of Public Health, Office of Certification and Licensing. That office is the contractor for Medicare certification in Alaska. The following is the initial list of potentially eligible rural health clinics. Other providers are likely to make applications as they become more aware of potential coverage and licensing of nurse practitioners and physician assistants by the State Division of Occupational Licensing becomes a reality (see discussion in the following paragraph).

POTENTIAL RURAL HEALTH CARE CLINIC PROVIDERS

FACILITY	LOCATION	PUBLIC ASSISTANCE DISTRICT	MARCH 1978 MEDICAID CASELOAD
Copper River Native Association Inc	Copper Center	Valdez	104
Cook Inlet Native Association	Wasilla	Palmer	198
North Slope Borough Health Projects	Barrow	Barrow	117
Iliuliuk Family and Health Services	Unalaska	Aleutian Chain	88
Bristol Bay Area Health Corporation	Dillingham	Dillingham	239
Bristol Bay Area Health Corporation	King Salmon	Dillingham	239
Galena Native Health Service Corporation	Galena	Galena	170
Public Health Service-Alaska Native Health Clinic	Fort Yukon	Fort Yukon	143
Yakutat Health Center	Yakutat	Juneau	331
Craig Health Center	Craig	Ketchikan	339
Pelican Health Center	Pelican	Juneau	331
Metlakatla Health Center	Metlakatla	Ketchikan	339
Tanana Medical and Surgical Group, Inc	Tok Junction	Tok	110
Tanana Medical and Surgical Group, Inc.	Usibelli	Minto	126
Fairbanks Medical and Surgical Clinic	Healy	Minto	126
Fairbanks Medical and Surgical Clinic	Delta Junction	Minto	126
Norton Sound Health Corporation	Nome	Nome	335
Public Health Service-Alaska Native Health Clinic	St. George Island	Aleutian Chain	88
Public Health Service-Alaska Native Health Clinic	St. Paul Island	Aleutian Chain	88

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Under the rural health clinic program, licensing of the facility and establishment of reimbursement rates is done by Medicare. However, in order to cover services provided in these facilities; each state is responsible for licensing physician assistants and nurse practitioners. In Alaska, the Division of Occupational Licensing is charged with licensing these occupations. Both are currently provided for in the Alaska Statutes (AS 08.14.107 and AS 08.64.170 for physician assistants and AS 08.68.410 for nurse practitioners).

As yet no administrative regulations have been promulgated for physician assistants. The administrative regulations for nurse practitioners are currently limited to midwifery. Without implementing regulations or amendment of the above statutory provisions, rural health clinics will be unable to bill for services provided without direct supervision of a physician. This would, in effect, defeat the purpose of the rural health clinic amendment proposed here.

Recommended By:

Richard R. Wilson

Richard R. Wilson, Director
Division of Public Assistance

4-3-78

Date

Approved By:

Helen D. Beirne

Helen D. Beirne, Commissioner
Department of Health & Social Services

4-3-78

Date

POSITION PAPER/Department of Health and Social Service



Official Business

Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT FOR SENATE BILL 556

Upon review of Senate Bill 556, the House Health, Education & Social Services Committee has been informed that regulations regarding physician assistants have not been promulgated. Although AS 08.64.107 was passed in 1974 requiring the State Medical Board to adopt regulations, and there has been ample time to promulgate them, no regulations have appeared. This Committee strongly urges the State Medical Board, in conjunction with the Division of Occupational Licensing, to adopt regulations regarding the registration of physician assistants in Alaska. Copies of this letter shall be sent to the State Medical Board and the Division of Occupational Licensing.

Charles H. Parr, Chairman
May 1978

TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 555
 Title "An Act relating to medical assistance for needy persons"
 Requested by Department of Health and Social Services Date May 16, 1978

II. FISCAL DETAIL

Agency Affected Division of Public Assistance
 Program Category Affected Medicaid
 Budget Request Unit(s) Affected Physician Services

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	0	43.8	93.7			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	43.8	93.7			

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND	0	21.9	46.8			
FEDERAL FUNDS	0	21.9	46.9			
OTHER (Specify)						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME	0	0	0			
PART TIME	0	0	0			
TEMPORARY	0	0	0			

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FY 1979 is based on average charge per visit of \$35.00, 250-day year, one chargeable call per day at 5 facilities.

FY 1980 is based on average charge per visit of \$37.50, 250-day year, one chargeable call per day at 10 facilities.

IV. DATE May 18, 1978 PREPARED BY Richard Lawson
 AGENCY Division of Public Assistance
 PHONE 465-3355
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)



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A handwritten signature in cursive script, appearing to read "Charles H. Parr".

Charles H. Parr, Chairman
May 1978