

S

B

8

17

COMMITTEE REPORT

HOUSE

(5)

FURTHER: FINANCE

5/8/82

Date: 5/11/82

Mr. Speaker: HEALTH, EDUCATION & SOCIAL SERVICES
The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had CSSB 817 (Fin)

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

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(=)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation *Handwritten note*
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Handwritten signature

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

SUNMARY FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill 817 (Finance)
 Title An Act relating to medical assistance for needy persons
 Requested by House HESS Committee Date 5/11/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, Or Subprogram(s) Affected Medical Assistance *
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		9185.2	10563.0	12147.4	13969.5	16064.9
TOTAL		9185.2	10563.0	12147.4	13969.5	16064.9

FUNDING (Thousands of Dollars)

		0	0	0	0	0
GENERAL FUND						
FEDERAL FUNDS		9185.2	10563.0	12147.4	13969.5	16064.9
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

- The Medical Assistance BRU would be created by combining the present Medicaid and General Relief Medical BRUs. This and the passage of CSSB 817 would permit the Department of Health and Social Services to claim additional federal funds for Medicaid without using any additional state funds.

IV. DATE 5/12/82 PREPARED BY David M. Davidson
 AGENCY Division of Public Assistance
 Original: Legislative Finance PHONE 465-3347
 ccc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-() (Rev. 12/81)

acc

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/19/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Social and Economic Assistance
 BRU, Program, Or Subprogram(s) Affected Eligibility Determination
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		210.2	231.2	254.3	279.8	307.7
200 TRAVEL		7.7	8.5	9.3	10.3	11.3
300 CONTRACTUAL		79.5	87.4	96.1	105.8	116.3
400 COMMODITIES		3.9	4.3	4.7	5.2	5.7
500 EQUIPMENT		7.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		309.2	331.4	364.4	401.1	441.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		160.7	172.3	189.5	208.6	229.3
FEDERAL FUNDS		148.5	159.1	174.9	192.5	211.7
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		6	6	6	6	6
PART TIME						
TEMPORARY						

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

State General Funds transferred from General Relief Medical budget request unit to Eligibility Determination to provide funding for administrative costs associated with the addition of new eligibles to the Medicaid program.

IV. DATE 3/22/82 PREPARED BY David M. Davidson
 AGENCY Division of Public Assistance
 PHONE 455-3347
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

CSSB 817--
 MEDICAID/GENERAL RELIEF MEDICAL
 FISCAL AND PROGRAM ADJUSTMENTS--FY 83

PROGRAM IMPACT	TOTAL MEDICAID	MEDICAID IMPACT STATE FUNDS	FEDERAL FUNDS	GENERAL RELIEF MEDICAL IMPACT GRM PROGRAM	GENERAL RELIEF MEDICAL IMPACT GRM REDUCTIONS	CASELOAD IMPACT NEW PERSONS COVERED
FY 83 Budget Request	\$51914.6	\$24461.8	\$27452.8	\$12178.3		
Less Budget Deductions	(1355.2)	(1307.8)	(47.4)	(575.3)		
	50559.4	23154.0	27405.4	11603.0		
Cat Illness ReJuction	0	0	0	(2158.4)		
	50559.4	23154.0	27405.4	9444.6		
Transfer of services from GRM to Medicaid	101.0	52.8	48.2	(52.8)		
	50660.4	23206.8	27453.6	9391.8		
Coverage for pregnant women	467.6	243.2	224.4	(243.2)		191
	51128.0	23450.0	27678.0	9148.6		
IHS clinic services	1500.0	0	1500.0			
	52628.0	23450.0	29178.0	9148.6		
GRM children to Medicaid	6520.5	3390.7	3129.8	(3390.7)		700
	59148.5	26840.7	32307.8	5757.9		
New children/100% FFP	3346.6	0	3346.6			3300
	62495.1	26840.7	35654.4	5757.9		
Admin costs for new children	309.2	160.7	148.5	(160.7)		
	62804.3	27001.4	35802.9	5597.2		
Prescribed drugs	0	0	0	(1560.6)		
Totals--CSSB 817(Fin) changes	62804.3	27001.4	35802.9	4036.6		

5/11/82

ADDITIONAL CHANGES NEEDED BETWEEN
MEDICAID AND GRM BRUS

PROGRAM IMPACT	MEDICAID IMPACT		FEDERAL FUNDS	GENERAL RELIEF MEDICAL IMPACT		CASELOAD IMPACT NEW PERSONS COVERED
	TOTAL MEDICAID	STATE FUNDS		GRM PROGRAM	GRM REDUCTIONS	
	62804.3	27001.4	35802.9	4036.6		
GRM savings from participation in Medicare Part B buy-in	220.2	111.5	108.7	(111.5)		
	63024.5	27112.9	35911.6	3925.1		
Elimination of Medicaid penalty	1355.2	1007.7	347.5	(1007.7)		
	64379.7	28120.6	36259.1	2917.4		
IHS Medicaid transportation	1000.0	520.0	480.0	(520.0)		
Total--CSSB 817 and additional charges	65379.7	28640.6	36739.1	2397.4		

5/11/82



319 Seward St., Juneau, Alaska 99801 • (907) 586-1790

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

Chairman of the Board
Tom Mungen
Fairbanks Memorial
Hospital
Fairbanks

Chairman Elect
Ronald A. Pavellas
Alaska Hospital and
Medical Center
Anchorage

Secretary/Treasurer
Mrs. Madeline
Sims
Sims Community Hospital
Sims

Immediate Past Chairman
Sister Barbara Meese
Ketchikan General Hospital
Ketchikan

Delegate to the American
Hospital Association
Al M. Camillo
Provident Hospital
Anchorage

Alternate Delegate to the
American Hospital Assoc.
Edward Zeme
Seward Community
Hospital
Cordova

Delegate to the American
Nurses Association
Jack Burk
St. Ann's Nursing Home
Juneau

Alternate Delegate to the
American Health Care
Association
Eileen G. Ivy
Wrangell General Hospital
Wrangell

Delegate to the Association
of Western Hospitals
Michael Manning
Seward Peninsula Health Center
Seward

Alternate Delegate to the
Association of Western
Hospitals
Linda Van Wagoner
Ketchikan Memorial Hospital
Ketchikan

Alternate Delegate to the
American Hospital Association
Theresa Proctor
Anchorage
Anchorage

Alternate Delegate to the
American Hospital
Association
Linda Proctor
Anchorage
Anchorage

Phone 586-1790
Dennis L. DeWitt
President

May 11, 1982

The Honorable Michael Beirne
Alaska House of Representatives
Pouch V, State Capitol Building
Juneau, AK 99811

Dear Representative Beirne:

The Alaska State Hospital Association wishes to encourage your prompt consideration of Senate Bill 817.

This Association has long advocated an overhaul of the relationship of Medicaid and General Relief/Medical to maximize federal financial participation and increase Alaska's ability to offer health care to its needy residents. The proposal is a bold and forthright step in recognizing the importance of prudent fiscal approach to providing health care. We believe that it is imperative that the legislature make those changes needed to maximize federal financial participation in indigent health care in Alaska before it adjourns the Second Session of the Twelfth Legislature.

We stand ready to lend our assistance to this activity.

Sincerely,

Dennis L. DeWitt
President

DLD:LL

cc: Representative Terry Martin
Representative Bette M. Cato
Representative Hugh Malone
Representative Sally Smith

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
NOTICE OF ADOPTION OF EMERGENCY REGULATIONS

As required by AS 44.62.250, notice is given that, under authority of AS 47.05.010, the Department of Health and Social Services amended or repealed on this date substantial portions of 7 AAC 47 relating to the General Relief Medical (GRM) program and portions of 7 AAC 43.005 relating to the Medicaid program, which emergency regulations will take effect May 17, 1982. These emergency regulations place additional limitations upon benefits available under the GRM program, terminate certain benefits, and change the manner of application. They are based on a finding made on this date that appropriated funds are not sufficient to maintain benefits at current levels throughout the remainder of fiscal year 1982. These emergency regulations, which are to remain in effect for an indefinite period, are not expected to require increased appropriations.

Copies of these emergency regulations may be obtained by contacting David M. Davidson, Medical Assistance Program Officer, Division of Public Assistance, Pouch H-07, Juneau, Alaska 99811, (907) 586-1503.

Notice is also given that the Department of Health and Social Services intends to make this regulation permanent substantially as described above under AS 44.62.260, and any person interested may present oral or written statements or arguments relevant to the action proposed at a teleconference hearing to be held on Wednesday May 12, 1982, at 2:30 PDT, 12:30 ADT, 11:30 BDT, at Legislative teleconference sites in the following locations (check with the Legislative Information office in the community for the exact address and room number):

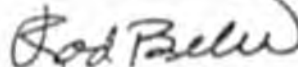
Anchorage, Barrow, Bethel, Delta Junction, Dillingham, Fairbanks, Haines, Homer, Juneau, Ketchikan, Kodiak, Kotzebue, Matanuska-Susitna, Nome, Petersburg, Sand Point, Seward, Sitka, Soldatna, and Valdez.

Any person interested may also present written statements or arguments relevant to the action proposed by delivering them to Rod Betit, Director, Division of Public Assistance, Department of Health and Social Services, Pouch H-07, Juneau, Alaska 99811, no later than May 10, 1982.

DATE:

April 15, 1982

Juneau, Alaska



Rod Betit, Director
Division of Public Assistance
Department of Health and
Social Services

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

JAY S. HAMMOND, GOVERNOR

POUCH H-07
JUNEAU, ALASKA 99811
PHONE: 465-3355

April 21, 1982

The Division of Public Assistance has projected that the General Relief Medical (GRM) program would run out of money if operations continued at the present level of program coverage and usage. To avoid running out of money the Division will begin covering only emergency medical services under GRM effective May 17, 1982.

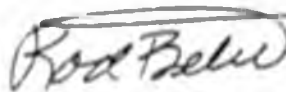
Persons who have received GRM coupons during May will be eligible for nonemergency medical services until May 16th and those coupons will expire on May 16th. Beginning May 17th, coupons will be issued only for persons who have completed new applications for coverage of emergency medical services. Applications must be made after services have been received, and applications for nonemergency medical services will be denied. The Division will have up to 60 days from the date of an application to determine eligibility.

While this change in GRM to an emergency medical program is new, the Division will continue to operate GRM as an emergency medical program indefinitely. For persons not eligible for GRM coverage because their income and resources are too high or the services to be covered are not an emergency, coverage may be available through the Catastrophic Illness program.

We regret having to take this action, but without more money being made available, the Division has no choice but to lower the level of services covered by the GRM program. However, we believe that the best way to spend the money that is available to the GRM program is by providing coverage for emergency medical services.

If you have any questions about this change in the GRM program and how it affects you, please contact your nearest Division of Public Assistance office.

Sincerely,



Rod Betit
Director

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
NOTICE OF ADOPTION OF EMERGENCY REGULATIONS

As required by AS 44.62.250, notice is given that, under authority of AS 47.05.010, the Department of Health and Social Services amended or repealed on this date substantial portions of 7 AAC 47 relating to the General Relief Medical (GRM) program and portions of 7 AAC 43.005 relating to the Medicaid program, which emergency regulations will take effect May 17, 1982. These emergency regulations place additional limitations upon benefits available under the GRM program, terminate certain benefits, and change the manner of application. They are based on a finding made on this date that appropriated funds are not sufficient to maintain benefits at current levels throughout the remainder of fiscal year 1982. These emergency regulations, which are to remain in effect for an indefinite period, are not expected to require increased appropriations.

Copies of these emergency regulations may be obtained by contacting David M. Davidson, Medical Assistance Program Officer, Division of Public Assistance, Pouch H-07, Juneau, Alaska 99811, (907) 586-1503.

Notice is also given that the Department of Health and Social Services intends to make this regulation permanent substantially as described above under AS 44.62.260, and any person interested may present oral or written statements or arguments relevant to the action proposed at a teleconference hearing to be held on Wednesday May 12, 1982, at 2:30 PDT, 12:30 ADT, 11:30 BDT, at Legislative teleconference sites in the following locations (check with the Legislative Information office in the community for the exact address and room number):

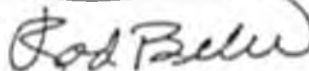
Anchorage, Barrow, Bethel, Delta Junction, Dillingham, Fairbanks, Haines, Homer, Juneau, Ketchikan, Kodiak, Kotzebue, Matanuska-Susitna, Nome, Petersburg, Sand Point, Seward, Sitka, Soldatna, and Valdez.

Any person interested may also present written statements or arguments relevant to the action proposed by delivering them to Rod Betit, Director, Division of Public Assistance, Department of Health and Social Services, Pouch H-07, Juneau, Alaska 99811, no later than May 10, 1982.

DATE:

April 15, 1982

Juneau, Alaska



Rod Betit, Director
Division of Public Assistance
Department of Health and
Social Services

CHAPTER 43.
MEDICAL ASSISTANCE

7 AAC 43.005(c) is amended to read:

(c) Payment will be available through the General Relief Medical program, 7 AAC 47, for [ALL] medicaid beneficiaries for the medical services and supplies listed below when those services are not otherwise available under the medicaid program [THE ELIGIBILITY REQUIREMENTS IN SEC. 20 OF THIS CHAPTER APPLY TO MEDICAID BENEFICIARIES FOR THESE SERVICES, BUT PAYMENT WILL OTHERWISE BE GOVERNED BY THE PROVISIONS OF CH. 47 FOR THE FOLLOWING MEDICAL SERVICES AND SUPPLIES WHEN NOT COVERED UNDER MEDICAID:]

(1) repealed 5/17/82 [DENTAL CARE -- LIMITED TO EMERGENCY TREATMENT FOR RELIEF OF PAIN AND ACUTE INFECTION];

(2) family planning services;

(3) prescribed pharmaceuticals;

(4) repealed 5/17/82 [PHYSICAL AND OCCUPATIONAL THERAPY];

(5) repealed 5/17/82 [PROSTHETIC DEVICES AND MEDICAL SUPPLIES];

(6) emergency medical services as defined in 7 AAC 47.900(18). Eff. 8/18/79, Reg. 1, am 5/17/82, Reg. 82)

Authority: AS 47.05.010
AS 47.07.030
AS 47.07.050

CHAPTER 47.
GENERAL RELIEF

7 AAC 47.030. APPLICATION EXCEPTION. Repealed 5/17/82.

7 AAC 47.030. APPLICATION EXCEPTION. [IF, BECAUSE OF A MEDICAL EMERGENCY, A PERSON IS UNABLE TO APPLY FOR GENERAL RELIEF MEDICAL ASSISTANCE BEFORE TREATMENT IS RECEIVED, THE MEDICAL PROVIDER OR A REPRESENTATIVE OF THE PATIENT MAY NOTIFY THE NEAREST DIVISION OFFICE WITHIN THREE WORKING DAYS AFTER THE PATIENT'S ADMISSION TO A MEDICAL FACILITY. IN ORDER FOR THE PATIENT TO BE CONSIDERED FOR COVERAGE, THE PATIENT OR REPRESENTATIVE MUST MAKE APPLICATION WITHIN ONE WEEK OF DISCHARGE FROM THE MEDICAL FACILITY. FAILURE TO APPLY WITHIN ONE WEEK OF DISCHARGE WILL RESULT IN DENIAL OF COVERAGE FOR SERVICES PROVIDED BEFORE THE APPLICATION IS SUBMITTED].

7 AAC 47.050 is amended to read:

7 AAC 47.050. ELIGIBILITY DECISION. The division will [SHALL] render an eligibility decision upon each identifiable application for assistance and will [SHALL] forward to the applicant a

the receipt of the application by a district office. In this section, "identifiable" application means one which contains at least the applicant's name, mailing address, and signature or witness mark. In order for assistance to be granted, the applicant must complete all portions of the application. (Eff. 3/23/78, Reg. 65; am 5/17/82, Reg. 82)

Authority: AS 47.05.010
AS 47.25.170

7 AAC 47.060. PERIOD OF ELIGIBILITY. Repealed 5/17/82.

7 AAC 47.060. PERIOD OF ELIGIBILITY. [ELIGIBILITY MAY EXTEND NO LONGER THAN SIX MONTHS FROM THE DATE OF APPLICATION. RETROACTIVE ELIGIBILITY WILL BE LIMITED TO THE CIRCUMSTANCES DESCRIBED IN SEC 30 OF THIS CHAPTER. AT THE EXPIRATION OF THE ELIGIBILITY PERIOD, OR AT ANY TIME DURING THE ELIGIBILITY PERIOD WHEN A CHANGE IS INDICATED IN THE RECIPIENT'S NEED OR CIRCUMSTANCES, THE DIVISION MAY REQUIRE A NEW APPLICATION AND FULL SUPPORTING VERIFICATION.]

7 AAC 47.070 is amended to read:

7 AAC 47.070. AVAILABILITY OF HEARING. Any applicant or recipient whose application is not acted upon within 60 [30] days after receipt, whose application is modified or denied, or whose assistance is reduced or discontinued, shall, upon presentation of an oral or written request to any employee of the division, be granted an opportunity for a prompt hearing before a representative of the division. This hearing must be conducted under the procedures established by 7 AAC 49. (Eff. 3/23/78, Reg. 65; am 5/17/82, Reg. 82)

Authority: AS 47.05.010
AS 47.25.180

7 AAC 47.110 is amended to read:

7 AAC 47.110. VENDOR PAYMENTS. With the exception of the payments authorized under 7 AAC 47.120 of this chapter, General Relief payments for rent, food, fuel, clothing, utilities, house repair, transportation, or funeral and burial expenses, as well as all General Relief Medical assistance payments, may be made only to the vendor or provider and not to the recipient of assistance. No General Relief vendor payments may be made for services or goods provided before the month of application. [GENERAL RELIEF MEDICAL PROVIDER PAYMENTS MAY BE MADE FOR MEDICAL SERVICES OR GOODS PROVIDED BEFORE THE MONTH OF APPLICATION ON BEHALF OF THOSE PERSONS WHO MEET THE REQUIREMENTS OF SEC. 30 OF THIS CHAPTER.] (Eff. 3/23/78, Reg. 65; am 5/17/82, Reg. 82)

Authority: AS 47.05.010
AS 47.25.170

7 AAC 47.180. PROVISION OF MEDICAL BENEFITS. Repealed 5/17/82.

7 AAC 47.180. PROVISION OF MEDICAL BENEFITS. [THE DIVISION SHALL PROVIDE A WRITTEN CERTIFICATION OF ELIGIBILITY FOR GENERAL RELIEF MEDICAL BENEFITS UPON A FORM OR CARD SPECIFIED BY IT. THIS

7 AAC 47.210 is amended to read:

7 AAC 47.210. EXCLUSIONS FROM GENERAL RELIEF MEDICAL PROGRAM. [NOTWITHSTANDING ANY OTHER PROVISIONS CONTAINED IN THIS CHAPTER OR CH. 43 OF THIS TITLE, MEDICAL] Payment will not be made [UNDER THE GENERAL RELIEF MEDICAL PROGRAM FOR ANY EXPENSE] for more than 30 days of hospitalization, skilled nursing care, or both, during any single illness or injury regardless of the need for continued care.

[(1) WHICH IS NOT REASONABLY NECESSARY FOR THE DIAGNOSIS OR TREATMENT OF ILLNESS OR INJURY OR FOR CORRECTION OF AN ORGANIC SYSTEM AS DETERMINED BY THE ATTENDING HEALTH CARE PROFESSIONAL OR A PROFESSIONAL STANDARDS REVIEW ORGANIZATION OR UPON REVIEW BY THE DIVISION'S MEDICAL PRACTICE REVIEW SECTION;]

[(2) IF THE EXPENSE IS FOR INPATIENT HOSPITAL OR NURSING HOME CARE WHICH DOES NOT MEET THE CRITERIA IN (1) OF THIS SECTION;]

[(3) IF THE EXPENSE IS FOR ITEMS AND SERVICES NOT PROPERLY PRESCRIBED OR DETERMINED NECESSARY BY A HEALTH CARE PRACTITIONER;]

[(4) IF THE EXPENSE IS INCURRED FOR AN EVALUATIVE OR PERIODIC CHECKUP, EXAMINATION, OR IMMUNIZATION NOT IN CONNECTION WITH THE PARTICIPATION OR ENROLLMENT IN A PROGRAM OR ACTIVITY OF THE DIVISION;]

[(5) IF THE EXPENSE IS FOR OR IN CONNECTION WITH COSMETIC THERAPY OR COSMETIC SURGERY, EXCEPT THAT COVERAGE WILL BE AVAILABLE WHEN REQUIRED FOR REPAIR OF ACCIDENTAL INJURY, FOR THE IMPROVEMENT OF THE FUNCTIONING OF A MALFORMED BODY MEMBER, OR FOR THE CORRECTION OF A VISIBLE DISFIGUREMENT WHICH WOULD MATERIALLY AFFECT THE BENEFICIARY'S ACCEPTANCE IN SOCIETY, AND WHEN PERFORMED WITHIN THE NORMAL COURSE OF TREATMENT OR OTHERWISE BEGINNING NO LATER THAN ONE YEAR AFTER THE EVENT WHICH CAUSED THE NEED FOR THE CORRECTIVE ACTION;]

[(6) IF THE EXPENSE CONSTITUTES A CHARGE IMPOSED BY A FRIEND OR RELATIVE OF THE BENEFICIARY EXCEPT WHEN PAYMENT IS MADE FOR MEDICAL TRANSPORTATION;]

[(7) IF PERSONS ARE IN THE CARE AND CUSTODY OF PENAL FACILITIES, INCLUDING JUVENILES IN DETENTION FACILITIES.]
(Eff. 3/23/78, Reg. 65; am 5/2/79, Reg. 70; am 5/17/82, Reg. 82)

Authority: AS 47.05.010
AS 47.25.120

7 AAC 47.220. RESPONSIBILITY OF RECIPIENT. Repealed 5/17/82.

7 AAC 47.220. RESPONSIBILITY OF RECIPIENT. [(a) IT IS THE RESPONSIBILITY OF THE RECIPIENT TO]

[(1) GUARD HIS CERTIFICATION OF ELIGIBILITY WITH REASONABLE CARE TO PREVENT IT BEING USED BY UNAUTHORIZED PERSONS;]

FOUND ELIGIBLE FOR MEDICAL ASSISTANCE FOR THE PERIOD OF TIME STATED. THIS CERTIFICATION NEITHER GUARANTEES TO THE RECIPIENT THAT CERTAIN MEDICAL SERVICES AND SUPPLIES WILL BE FURNISHED NOR GUARANTEES TO THE PROVIDER THAT HE WILL RECEIVE UNRESTRICTED PAYMENT FOR ANY AND ALL SERVICES AND SUPPLIES HE PROVIDES.]

7 AAC 47.200 is amended to read:

7 AAC 47.200. GENERAL RELIEF MEDICAL COVERAGE. (a) The General Relief Medical program provides payment on behalf of persons eligible under this chapter for emergency medical services.

(b) The General Relief Medical program provides payment on behalf of persons eligible under 7 AAC 43 for the services set out in 7 AAC 43.005(c).

[THE GENERAL RELIEF MEDICAL PROGRAM PROVIDES PAYMENT ON BEHALF OF NEEDY PERSONS WHO ARE ELIGIBLE UNDER THE PROVISIONS OF THIS CHAPTER FOR THE FOLLOWING SERVICES:]

- [(1) HOSPITAL--INPATIENT AND OUTPATIENT;]
 - [(2) SKILLED NURSING FACILITY;]
 - [(3) INTERMEDIATE CARE FACILITY;]
 - [(4) PHYSICIAN SERVICES;]
 - [(5) LABORATORY AND X-RAY SERVICES;]
 - [(6) VISUAL CARE SERVICES AND DISPENSING;]
 - [(7) OPHTHALMIC MATERIALS;]
 - [(8) DENTAL CARE--LIMITED TO EMERGENCY TREATMENT FOR RELIEF OF PAIN AND ACUTE INFECTION;]
 - [(9) MEDICAL TRANSPORTATION;]
 - [(10) SERVICES FOR SPEECH, LANGUAGE, AND HEARING DISORDERS;]
 - [(11) FAMILY PLANNING SERVICES;]
 - [(12) PHARMACEUTICALS, AND OVER-THE-COUNTER DRUGS;]
 - [(13) PHYSICAL AND OCCUPATIONAL THERAPY;]
 - [(14) PROSTHETIC DEVICES AND MEDICAL SUPPLIES.]
- (Eff. 3/23/78, Reg. 65; am 5/2/79, Reg. 70; am 5/17/82, Reg. 82)

Authority: AS 47.05.010
AS 47.25.120

[(2) PRESENT IT TO THE PROVIDER AT THE TIME SERVICE IS RENDERED;]

[(3) PROVIDE THE IDENTIFICATION SUPPORTING THE PROPER USE OF THE CERTIFICATION WHICH THE PROVIDER MAY REQUIRE; AID]

[(4) REFRAIN FROM USING THE CERTIFICATION AFTER ELIGIBILITY HAS EXPIRED.]

[(b) THE RECIPIENT IS RESPONSIBLE FOR ALL CHARGES INCURRED IF NO CERTIFICATION IS PRESENTED AND FOR CHARGES INCURRED BEFORE AND AFTER THE ELIGIBILITY PERIOD.]

7 AAC 47.900 is amended to read:

7 AAC 47.900. DEFINITIONS. In this chapter

(1) "central office" means the Juneau office of the division of public assistance;

(2) "district office" means one of the local offices of the division of public assistance which is staffed to accept applications for cash, food, medical and adult residential care assistance;

(3) "division" means the division of public assistance of the Department of Health and Social Services;

(4) repealed 5/17/82 ["LEGEND DRUG" MEANS A DRUG WHICH MAY BE PURCHASED ONLY ON THE PRESCRIPTION OF A PHYSICIAN OR DENTIST];

(5) repealed 5/17/82 ["OVER-THE-COUNTER DRUG" MEANS A SUBSTANCE FOR DIAGNOSIS, TREATMENT, OR PREVENTION OF DISEASE WHICH MAY BE PURCHASED WITHOUT A PRESCRIPTION];

(6) "provider" means a person, business, or private or public agency or institution which offers goods or services of a medical, dental or pharmaceutical nature to the public;

(7) "regional manager" means an employee of the division of public assistance who has direct administrative responsibility for the operation of district offices within his geographic region of the state;

(8) "APA" means the Adult Public Assistance program administered by the division of public assistance under 42 USC 601 - 611 and AS 47.25.310 - 47.25.420;

(9) "Alaska longevity bonus" means the cash benefit program administered by the Department of Administration under AS 47.45.010 - 47.45.170;

(10) "department" means the Department of Health and Social Services;

(11) "division of mental health and developmental disabilities" means the division of mental health and developmental disabilities of the Department of Health and Social Services;

(12) "division of public assistance" means the division of public assistance in the Department of Health and Social Services.

(13) "division of social services" means the division of social services of the Department of Health and Social Services;

(14) "division of vocational rehabilitation" means the division of vocational rehabilitation of the department of education;

(15) "general relief medical" means the medical assistance program administered by the division of public assistance under AS 47.25.120 - 47.25.300;

(16) "medicaid" means the medical assistance program administered by the division of public assistance under 42 USC 1396 - 1396k and AS 47.07.010 - 47.07.080;

(17) "SSI" means the Supplemental Security Income program administered by the federal government under 42 USC 1381 - 1383c;

(18) "emergency medical services" means medical and dental services and supplies which are necessary to prevent death or serious health impairment and which, because of the threat to life or health, necessitate immediate action. (Eff. 3/23/78, Reg. 65; am 11/23/80, Reg. 76; am 5/17/82, Reg. 82)

Authority: AS 47.05.010
AS 47.25.120

C-15
JL

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF DEPARTMENT OF HEALTH & SOCIAL SERVICES

Notice is hereby given that the Department of Health and Social Services, under the authority of AS 47.05.010, proposes to adopt regulations in 7 AAC 43 dealing with the Medicaid program, to implement AS 47.07.010 - 47.07.080, as follows:

1. 7 AAC 43.115, 7 AAC 43.390, 7 AAC 43.405, and 7 AAC 43.435 are amended by adding the requirement that all nonemergency inpatient hospital treatment must be prior authorized by the Division of Public Assistance or no payment will be made, and that all emergency inpatient hospital treatment must be reported to the Division of Public Assistance within 3 working days of the beneficiary's admission to the hospital.

2. 7 AAC 43.675 - 7 AAC 43.700 are amended by adding provisions for limiting the increase in Medicaid payments to hospitals and long term care facilities so that expenditures will not exceed available state and federal revenues, establishing a prospective method of rate determination, and establishing uniform budgeting, accounting, and reporting for Medicaid.

The adoption of these amendments will not result in an increase in the appropriations for the Department. In fact, it is anticipated that the adoption of the proposed amendments will result in a reduction in Medicaid expenditures.

Notice is also given that any person interested may present written statements or arguments no later than May 20, 1982 by sending them to Rod Betit, Director, Division of Public Assistance, Department of Health and Social Services, Pouch H-07, Juneau, Alaska 99811.

Copies of these regulations may be obtained by writing to David M. Davidson, Medical Assistance Program Officer, Division of Public Assistance, Department of Health and Social Services, Pouch H-07, Juneau, Alaska 99811 (907) 465-3347.

The Department of Health and Social Services, upon its own motion or at the instance of any interested person, may thereafter adopt the proposals substantially as described above without further notice or may decide to take no action on them.

DATE

April 20, 1982

Rod Betit

Rod Betit, Director
Division of Public Assistance

CHAPTER 43.
MEDICAL ASSISTANCEARTICLE 2.
PHYSICIAN SERVICES

7 AAC 43.115 is amended by adding (9):

7 AAC 43.115. LIMITATIONS. The division will make payment to physicians on a fee-for-service basis, subject to the following exceptions and restrictions:

(9) payment will not be made for nonemergency inpatient hospital services unless the services have been authorized by the medical practice review section before admission to the hospital; failure to obtain division approval will result in non-payment regardless of the eligibility of the beneficiary, the appropriateness of the services, or both. (Eff. 8/18/79, Reg. 71; am / / , Reg.)

Authority: AS 47.05.010
AS 47.07.030
AS 47.07.050

ARTICLE 5.
HOSPITAL SERVICES

7 AAC 43.390 is amended to read:

7 AAC 43.390. RETROACTIVE COVERAGE. Payment may be made for hospitalization that occurred during the three-month period before the beneficiary's application for medicaid coverage. If a beneficiary is found to be eligible for retroactive coverage under medicaid, payment will be made for inpatient hospital services only after a determination of appropriateness by the medical practice review section. [RETROACTIVE ELIGIBILITY MUST BE DETERMINED BY THE REGIONAL OFFICE BEFORE COVERAGE. IF A BENEFICIARY IS FOUND TO BE ELIGIBLE FOR RETROACTIVE COVERAGE UNDER MEDICAID DURING A MONTH IN WHICH THEY WERE HOSPITALIZED, THE DIVISION WILL MAKE PAYMENT TO THE HOSPITAL UP TO THE LIMITATIONS ESTABLISHED IN THIS CHAPTER AFTER DEDUCTING OTHER PAYMENTS AS DESCRIBED IN SEC. 60 OF THIS CHAPTER. (EFF. 8/18/79, Reg. 71; am / / , Reg.)

Authority: AS 47.05.010
AS 47.07.050

7 AAC 43.405 is amended to read:

7 AAC 43.405. ADMISSION. (a) Admission of a beneficiary for [TO A] inpatient hospital services must be by a physician's order or an emergency.

(b) When admission is for nonemergency inpatient hospital services, payment will be made only if the services have been approved by the medical practice review section before admission to the hospital.

Failure to obtain division approval will result in non-payment regardless of the eligibility of the beneficiary, the appropriateness of the services, or both.

(c) When admission is for emergency inpatient hospital services, the hospital must notify the medical practice review section within three working days after admission. Failure to notify the medical practice review section will result in non-payment regardless of the eligibility of the beneficiary, the appropriateness of the services, or both.

(d) Payment will be made only for those beneficiaries who are eligible for medicaid coverage at the time they receive hospital care. The hospital is encouraged to contact the the division or the division's fiscal agent [REGIONAL OFFICE] where questions exist as to a person's eligibility for medicaid coverage. (Eff. 8/18/79, Reg. 71; am / / , Reg.)

Authority: AS 47.05.010
AS 47.07.050

7 AAC 43.435 is amended by adding (d) and (e):

7 AAC 43.435. EXCLUSIONS.

(d) The divisor will make payment for nonemergency inpatient hospital services that have been authorized by the medical practice review section before the beneficiary was admitted to the hospital. Failure to obtain division approval will result in non-payment regardless of the eligibility of the beneficiary, the appropriateness of the services, or both.

(e) The division will make payment for emergency inpatient hospital services that have been reported to the medical practice review section within three working days after admission. Failure to notify the medical practice review section will result in non-payment regardless of the eligibility of the beneficiary, the appropriateness of the services, or both. (Eff. 8/18/79, Reg. 71; am / / , Reg.)

Authority: AS 47.05.010
AS 47.07.050

ARTICLE 12.
REASONABLE COST REIMBURSEMENT--
HOSPITALS, INPATIENT PSYCHIATRIC FACILITIES,
AND LONG-TERM CARE FACILITIES

7 AAC 43.675 is amended to read:

7 AAC 43.675. ALLOWABLE REIMBURSEMENT COSTS. (a) During the 1981-82 State of Alaska fiscal year, and for each quarter thereafter that a negotiated rate method of reimbursement is not in operation, [SERVICES PROVIDED BY HOSPITALS, LONG-TERM CARE FACILITIES, INTERMEDIATE

CARE FACILITIES FOR THE MENTALLY RETARDED OR PERSONS WITH RELATED CONDITIONS, INPATIENT PSYCHIATRIC FACILITIES, HOME HEALTH AGENCIES, AND RURAL HEALTH CLINICS, ARE GOVERNED BY] the medicare cost reimbursement principles contained in 42 CFR 405.401--405.488 (which are further clarified through the Medicare provider Reimbursement Manual, HIM-15 published by the Health Care Financing Administration) and medicaid cost reimbursement principles contained in 42 CFR 447.250--447.371 will be used as guidelines in making payment for services provided by hospitals, SNFs, ICFs, ICF/MRs, inpatient psychiatric facilities, home health agencies, and rural health clinics [AS 47.07.070, AND SECS. 675-700 OF THIS CHAPTER. THE PROVISIONS OF SECS. 675-700 APPLY ONLY TO THOSE PROVIDERS LISTED IN THIS SECTION].

(b) For provider fiscal years beginning on or after July 1, 1982, the division will utilize a prospective method of determining reimbursement for the providers listed in (a) of this section.

(c) Effective July 1, 1982, the division does not expect to have funds sufficient to pay the full costs associated with providing care to medicaid beneficiaries. Therefore, the division will establish a target rate of increase that will be applied to the rates of providers.

(1) The target rate of increase for the 1983 state fiscal year will be no more than 128 percent above each hospital's audited rates for the hospital's 1981 fiscal year.

(2) The target rate of increase for the 1983 state fiscal year will be no more than 124 percent above each long term care facility's or ICF/MR's audited rate for the hospital's 1981 fiscal year.

(3) Cost increases that exceed the applicable target will be reimbursed up to the target level only. The target rate of increase will be adjusted to compensate for facilities having fiscal years different from the state fiscal year.

(d) No less than 60 days before the start of each state fiscal year after the 1983 state fiscal year, when the division anticipates not having funds sufficient to pay the full costs associated with providing care to medicaid beneficiaries, the division will publish a target rate of increase for providers.

(e) A uniform system of accounting, budgeting, and financial reporting established by the division must be used by the providers listed in (a) of this section for provider fiscal years beginning on or after January 1, 1983.

(f) Each provider will be required to submit budget projections no later than 60 days before the start of the provider's fiscal year. This budget reporting requirement will be effective for provider fiscal years beginning on or after January 1, 1983.

(g) The medicaid audit section will review the budget with the provider and issue a finding on the budget projection, the basis for

agreement or disagreement, and the rates to be used by the division. Written notice of finding will be sent by the medicaid audit section to the provider by certified mail.

(h) If the provider disagrees with the findings of the medicaid audit section under (g) of this section, the provider may appeal that determination under 7 AAC 43.695. Written notice of appeal must be sent to the medicaid audit section within 30 days after receipt of the notice of finding. Until conclusion of the appeal process, the division will pay the provider at the rates determined by the medicaid audit section.

(i) Subject to (c) and (d) of this section, during the provider's fiscal year, the division will make payment at the rates determined by the medicaid audit section.

(j) Subject to (c) and (d) of this section, within 90 days after the close of each provider's fiscal year, the medicaid audit section will review the actual costs incurred by each provider during the preceding fiscal year as stated in the provider's financial report, and where necessary, the medicaid audit section will recommend that the division make additional payment or that the medicaid audit section recover excess payment under 7 AAC 43.690.

(S.S. 8/18/79, Reg. 71; am / / , Reg.)

Authority: AS 47.05.010
AS 47.07.050
AS 47.07.070

7 AAC 43.680. COST REPORTING REQUIRED. Repealed / / .

7 AAC 43.680. COST REPORTING REQUIRED. [(a) ALL PROVIDERS LISTED IN SEC. 675 OF THIS CHAPTER SHALL FILE ANNUAL COST REPORTS, WITH THE FOLLOWING EXCEPTIONS:

[(1) REPORTING PERIODS OF LESS THAN ONE YEAR MAY BE ALLOWED FOR PROVIDERS ENTERING THE PROGRAM AFTER THE BEGINNING OF THEIR ESTABLISHED FISCAL YEAR, OR FOR PROVIDERS TERMINATING THEIR PARTICIPATION IN THE DIVISION'S MEDICAID PROGRAM BEFORE THE END OF THEIR FISCAL YEAR;

[(2) IF A PROVIDER IS ENROLLED FOR PARTICIPATION IN BOTH MEDICARE AND MEDICAID, THE ANNUAL REPORTING PERIOD UNDER THIS SECTION MUST CONFORM TO THAT REQUIRED BY THE MEDICARE PROGRAM;

[(3) PROVIDERS SHALL ATTACH A COPY OF THEIR ANNUAL FINANCIAL STATEMENT, A COPY OF THEIR MEDICARE COST REPORT AND FILE THE REPORT WITH THE DIVISION WITHIN 90 DAYS AFTER THE CLOSE OF THE PROVIDER'S FISCAL YEAR; AN EXTENSION OF 30 DAYS MAY BE GRANTED BY THE MEDICAID AUDIT SECTION UPON TIMELY APPLICATION;

[(4) UPON CHANGE OF OWNERSHIP AT A TIME OTHER THAN THE END OF A PROVIDER'S FISCAL YEAR, A PROVIDER MUST FILE A COST REPORT.

7 AAC 43.700 is amended to read:

7 AAC 43.700 AUDIT AND INSTITUTIONAL REVIEW. (A) As a condition of participation in the medicaid program, providers under 7 AAC 43.675 - 7 AAC 43.700 [SEC. 675-700 OF THIS CHAPTER] must provide reasonable access to fiscal and patient care records for all medicaid beneficiaries.

(b) Providers must allow inspection of records by the division, the medicaid audit section, and other authorized officials of [BOTH] state and federal agencies when performing duties connected with the administration of the medicaid program.

(c) Providers with facilities in Alaska must make available for inspection [THEIR FISCAL AND PATIENT] records necessary to fully disclose the extent of services provided to Medicaid beneficiaries. The records must be available [EITHER] at the [their] facility within the state of Alaska or at a business office [LOCATED WITHIN THE STATE OF ALASKA]. (Eff. 8/18/79, Reg. 71; am / / , Reg.)

Authority: AS 47.05.010
AS 47.07.050
AS 47.07.070

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
April 9, 1980

Exhibit
Number?
JAY S. HAMMOND, GOVERNOR

POUCH H 01 - JUNEAU 99811

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

65-80

Document # _____

Dear Mr. Gardiner:

COST OF CARE RATE HEARINGS
REPORT TO THE LEGISLATURE

Alaska Statutes, Chapter 47.05.010(14), mandate a public meeting be held by the Department of Health and Social Services "in February to review, study, and propose the necessary levels of care and the rates it (the department) will pay to anyone for the services required during the succeeding year; before final adoption by the department, the proposed levels of care and the rates of payment shall be reviewed by the Legislature annually while in session."

The meetings to conform to the statutes were held during February, 1980 as required. Testimony was presented on both the rates of payments and the levels of care during the hearing process. Attachment 1 lists the estimated rates which need to be paid during FY 1981 based upon testimony given by the providers. Attachment 2 provides the cost estimate and rates without the provider requested 3% allowance for fringe benefits. Funding for both institutional and foster care for in-state costs appears to be insufficient to meet the estimated expenditures.

All calculations of costs presented in this report are based on provisions of current purchase of service statutes.

The rates reflected on Attachment 1 were developed using a 12% increment for salary, a 12% cost of living allowance for all expenditure categories other than salaries and benefits, and a 3% increment for employee benefits. These increases were requested by providers during the rate hearings.

Costs as Requested by Providers at Hearings

	<u>Division of Social Services</u>	<u>Division of Corrections</u>	<u>Department Total</u>
<u>Institutional Care</u>	(In-State)	(In-State)	
Budgeted Amount	\$4,281,300.00	\$2,001,675.00	\$6,282,975.00
Estimated Cost	6,893,119.00	2,550,313.00	9,443,432.00

Balance (Deficit) (2,611,819.00) (548,638.00) (3,160,457.00)

*The difference in \$9,993,958 on Attachment 1 and \$9,443,432 shown represents projected changes in placement patterns.

<u>Foster Care</u>	<u>Division of Social Services</u>	<u>Division of Corrections</u>	<u>Department Total</u>
Budgeted Amount	\$2,682,513.00	\$ 444,100.00	\$3,126,613.00
Estimated Cost	2,943,272.00	448,700.00	3,391,972.00
Balance (Deficit)	\$ (260,759.00)	\$ (4,600.00)	\$ (265,359.00)
Total Deficit	\$(2,872,578.00)	\$ (553,238.00)	\$(3,425,816.00)

Unless the legislature appropriates additional funds required or directs that the rates requested by the providers should be granted, the department does not intend to allow the level of increases as requested. We have developed rates allowing for an across the board increase of 12% (Attachment 2).

In the institutional care and foster care components, no increase beyond the 9% guideline was utilized during budget preparations.

There has not been a separate allowance made in the full cost formula for fringe benefits paid by providers to their employees. The department has historically considered any fringe benefit allowance as part of the salary costs. The providers have requested an increase of 3% over the current salary expenses to enable agencies to improve benefits such as medical/dental insurance, retirement plans, and/or other benefits currently not provided or provided at inadequate levels.

While the providers have requested a separate 3% increase for fringe benefits, the department is not recommending a departure from its established position of including fringe benefits in the salary increase allowance.

	<u>Costs as Recommended by Department</u>		
	<u>Division of Social Services</u>	<u>Division of Corrections</u>	<u>Department Total</u>
<u>Institutional Care</u>	(In-State)	(In-State)	
Budgeted Amount	\$4,281,300.00	\$2,001,675.00	\$6,282,975.00
Estimated Cost	6,763,305.00	2,506,991.00	9,374,398.00
Balance (Deficit)	(2,482,005.00)	(505,316.00)	(2,987,321.00)

Foster Care

Budgeted Amount	\$2,682,513.00	\$ 444,100.00	\$3,126,613.00
Estimated Cost	2,943,272.00	448,700.00	3,391,972.00
Balance (Deficit)	\$ (260,759.00)	\$ (4,600.00)	\$ (265,359.00)
Total Deficit	\$(2,742,764.00)	\$(509,916.00)	\$(3,252,680.00)

Foster Care rates were developed according to 7 AAC50.720(C) assuming a 9.874% change in the Consumer Price Index during FY 1980. Attachment 3 displays the rates for FY 1981.

Consistent with the information presented as a recommendation from the providers, the department projects additional funds would be required in the amount of \$3,425,816 for both institutions, group homes and foster homes as shown below:

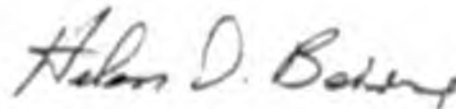
The department has recommended the 12% general increase, not allowing for an additional fringe benefit component. Additional funding required to comply with this recommendation is projected at \$2,987,321 in the institutional care component.

The foster care component as recommended would require an additional \$265,359.

Based upon data developed as the result of recent 1980 hearings, under 47.05.010 (14), the legislature is advised that sufficient provisions have not been made in the current budget request. Additional funds will be required in order to meet anticipated purchase of services at levels proposed either by the providers or the department as set forth in this report.

If such additional funds are not appropriated, the Department of Health and Social Services will not be in position to purchase services from any facility not licensed in FY 1980 and may have to refrain from purchasing services from some existing facilities.

Sincerely,



Helen D. Belrne
Commissioner

Attachments

Fiscal 1980

FULL COST OF CARE FACILITIES
CALCULATION OF RATES AND COST TO STATE
BY AIC

	Rates Per Child Care Day		FY 80 Annualized from 12/31/79 Report		FY 80 Projected		Salaries FY:80 @ 12%	Fringe BEN @ 3%	Other Exp. FY:80 @ 12%	Total Expenses
	FY-81 Projected Rate	Current Reimbursement	Salaries Reported*2.5	Other Exp Reported*2.5	Total Expenses/Census	State Census/Pop				
Alaska Children's Services										
Imperial House	88.85	85.72	76,917	51,747	128,264	11,616/1,646	86,147	2,464	57,469	146,240
Collett House	37.95	56.12	78,617	52,193	130,825	11,696/1,456	83,749	2,642	58,456	139,166
Jesse Lee Home	145.29	100.43	11,036,750	537,437	11,573,687	111,004/12,362	11,160,600	31,814	631,979	11,797,317
Navy Station House	191.25	122.73	277,720	96,903	376,523	2,202/2,204	311,066	9,331	166,531	479,908
Larkin Child Group Home	96.71	57.69	74,423	27,245	111,867	1,230/1,736	55,778	2,441	52,414	108,545
Lorenson Shelter	100.25	79.41	477,399	219,420	116,819	1,127/1,347	478,453	14,544	765,710	1,258,707
Total ACS			11,961,312	11,104,545	12,765,877	14,326/24,510	12,219,642	66,772	1,177,224	13,415,231
Alaska Psychiatric Soc Care	50.33	51.51	87,190	74,289	181,570	7,567/1,654	97,653	2,910	83,364	183,817
Alaska Youth Home	92.05	69.30	404,010	300,725	704,735	7,082/7,722	452,491	13,575	336,812	802,878
Bioeth Perinatal Home	141.93	109.08	376,392	188,810	474,807	3,828/3,828	365,559	10,967	166,719	542,745
Covenant High School	19.75	19.52	140,157	159,150	299,315	151/7,510	1,84,978	4,709	173,257	319,912
Hilltop Home	98.33	59.70	277,150	237,975	465,015	4,319/5,919	248,048	7,464	266,662	522,714
Juniata Receiving Home	90.53	71.61	151,590	77,845	227,415	2,608/2,609	173,141	5,194	81,586	259,921
Royal Penn. Comm. Care Ctr	80.69	61.79	175,380	104,740	240,370	3,182/3,192	151,626	4,549	117,531	273,706
Scribner Childrens Home	14.93	57.09	115,177	196,665	311,782	5,438/5,438	178,999	3,870	270,188	453,046
St. John Baptist Mission	36.71	24.82	84,915	158,948	239,761	6,880/7,494	51,893	2,350	171,513	271,361
Stone Receiving Home	155.43	83.56	75,022	61,248	158,270	1,158/1,158	106,425	3,193	70,833	180,456
W. Slope Penn. Child Receiving Home	175.74	106.85	193,555	92,483	276,038	1,796/1,798	251,567	6,167	103,541	315,310
Wash Star Childrens Home	61.92	51.87	76,842	71,510	171,392	3,054/3,054	108,485	3,255	81,874	195,214
Presbyterian Hosp. Home	127.33	85.75	577,203	168,875	646,075	6,518/6,518	593,485	17,714	189,140	797,319
Sible Receiving Home	51.87	45.31	76,677	71,295	87,962	1974/1974	71,873	896	23,879	96,613
Turning Point Boys Home	173.20	73.77	882,977	467,118	1,305,195	17,020/17,020	1,241,134	39,374	517,572	1,798,080
Totals			5,828,876	1,196,340	8,765,876	87,619/164,376	6,274,335	182,729	1,377,828	9,955,958

Attachment 1

Calculations on this chart are based upon information submitted by providers reflecting costs and number of placements for period July 1, 1979 through December 31, 1979, providing 12% salary increase, 12% other than salary expenses increase and 3% of salaries provided for improved fringe benefits (Medical insurance, retirement, etc).

Fiscal 1981

FULL COST OF CARE FACILITIES
CALCULATION OF RATES AND COST TO STATE
FY 81

	Rates Per Child Care Day		FY 80 Annualized From			Salaries FY80 x 12%	Other Exp. FY80 x 12%	Total Expenses	
	FY-81 Projected Rate	Current Reimbursement	Salaries Reported x 2.5	Other Exp Reported x 2.5	12/31/79 Report Total Expenses				FY 80 Projected State Census/Tot. Census Rpt x 2
Alaska Childrens Services									
Aquarius House	87.27	85.72	76,917	51,347	128,264	11,646/1,646	86,147	57,509	143,656
Collett House	86.39	56.12	78,632	52,193	130,825	11,696/1,696	88,060	58,456	146,516
Jesse Lee Home	147.57	100.43	1,036,250	537,637	1,572,687	111,984/12,362	1,160,620	601,979	1,762,599
Mary Johnson House	190.02	122.33	277,720	96,903	374,623	12,208/2,208	311,046	108,531	419,577
North Star Group Home	85.07	57.69	81,623	47,245	131,870	11,530/1,736	94,778	52,914	147,692
Emergency Shelters	135.56	99.51	427,190	219,420	646,810	5,342/5,342	478,453	245,750	724,203
Total ACS			1,931,332	1,004,545	2,985,877	24,406/24,990	2,159,692	1,125,009	3,284,701
Alaska Baptist Fam Soc Ctr	49.52	71.51	87,190	74,380	161,570	2,562/3,654	97,653	83,306	180,959
Alaska Youth Home	90.49	69.30	404,010	300,725	704,735	7,082/8,722	452,491	336,812	789,303
Routh Memorial Home	139.06	109.08	326,392	148,410	474,807	3,824/3,824	365,559	166,219	531,778
Covenant High School	39.39	19.52	140,157	159,158	299,315	151/8,510	156,976	178,257	335,233
Hilltop Home	87.06	59.70	227,150	237,895	465,045	5,918/5,918	248,808	266,442	515,250
Juneau Receiving Home	96.56	71.64	154,590	72,845	227,435	2,638/2,638	173,141	81,586	254,727
Kend Pen. Comm. Care Ctr	79.35	64.79	135,380	104,940	240,320	3,392/3,392	151,626	117,533	269,159
Ketchikan Childrens Home	64.71	52.09	115,177	196,805	311,782	5,418/5,418	128,998	220,198	349,196
Kodiak Baptist Mission	35.83	24.02	81,815	154,948	239,763	6,683/7,494	94,593	173,538	268,531
Nome Receiving Home	153.07	83.56	95,022	63,245	158,270	1,158/1,158	106,425	70,838	177,263
N. Slopeboro. Child. Receiving Home	171.94	106.05	183,555	92,483	276,038	1,796/1,798	205,587	103,581	309,168
North Star Childrens Home	62.65	51.07	96,862	74,530	171,392	3,054/3,054	108,485	83,474	191,959
Presbyterian Hosp. Home	119.60	85.75	527,200	168,875	696,075	6,518/6,518	590,464	189,140	779,604
Sitka Receiving Home	55.15	45.31	26,677	21,285	47,962	974/974	29,878	23,839	53,717
Turning Point Boys Home	120.86	73.09	842,977	462,118	1,305,095	12,028/12,094	941,134	517,572	1,461,706
Totals			5,428,486	3,136,990	8,765,476	87,620/106,176	6,074,305	3,737,424	9,811,729

Attachment 2

The foster care rates for FY 81 have been calculated in the following manner.

The Anchorage Consumer Price Index (CPI) as of January 1980 was 218.2. Annualizing the rate for the period of March 1979 through March of 1980, the Anchorage CPI is expected to be 221.6 in March. Placing the March CPI over the 1970 base year CPI results in a ratio of 1.9874:1.0. Multiplying the 1970 base year rates by this increase for each of the three age categories we arrive at the annual foster care rate for fiscal year 1981 for the Southeastern, Southern and the Southcentral Regions.

Age Group	<u>221.6</u> <u>111.5</u>		<u>Annual Rate</u>	<u>Month Rate</u>	<u>Daily Rate</u>
4 & under		x 1935 =	\$3,946	\$321	\$10.54
5 thru 11		x 2140 =	\$4,253	\$355	\$11.66
12 & over		x 2557 =	\$5,082	\$424	\$13.94

In order to calculate the rate for the Northern, Northwestern and Western Regions a cost of living differential was calculated based on GGU range 14A salary as negotiated under the 1980 contract.

	<u>Pay Schedule</u>	<u>Percentage</u>		
Anchorage	\$1,850			
Fairbanks	2,132	1.1524		
Bethel	2,465	1.3324		
Kotzebue	2,556	1.3816		

<u>Fairbanks</u>						
<u>Age Group</u>				<u>Monthly</u>		<u>Daily</u>
4 & under	\$3,846	x 1.1524 =	\$4,432	= \$ 369.00		\$12.14
5 thru 11	4,253	x 1.1524 =	4,901	= 408.00		13.42
12 & over	5,082	x 1.1524 =	5,856	= 488.00		16.04

<u>Bethel</u>						
<u>Age Group</u>						
4 & under	\$3,846	x 1.3324 =	\$5,124	= \$ 427.00		\$14.03
5 thru 11	4,253	x 1.3324 =	5,666	= 472.00		15.52
12 & over	5,082	x 1.3324 =	6,771	= 564.00		18.55

<u>Kotzebue - Barrow</u>						
<u>Age Group</u>						
4 & under	\$3,846	x 1.3816 =	\$5,313	= \$ 442.00		\$14.56
5 thru 11	4,253	x 1.3816 =	5,875	= 489.00		16.10
12 & over	5,082	x 1.3816 =	7,021	= 585.00		19.23

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH M 01
JUNEAU, ALASKA 99811
PHONE: 465-3030

19 March 1982

DOCUMENT NO. 104-82

Honorable Charles H. Parr
Alaska State Senate
Pouch V
Juneau, Alaska 99811

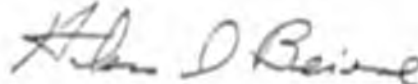
Dear Senator Parr:

Since our recent meeting and after discussion within the Department, I believe SB 817 is the mechanism to make basic changes in the way the Department administers the Medicaid and General Relief Medical (GRM) programs. With the budget limitations that have been placed on all agencies of state government it is increasingly more important to be able to respond to spending limits by making reasoned changes in programs to remain within those limits. With the Medicaid and GRM programs, projected shortfalls in funding during FY 83 have caused the Department to plan for reductions in each program. In Medicaid, that effort has focused on limiting access to services and reducing payments to hospitals and long term care facilities; in GRM, planning has focused on reducing eligibility and availability of coverage.

As described more thoroughly in the attached position paper, an amended SB 817 and changes in budgeting for Medicaid and GRM would increase flexibility in the two programs and would allow the Department to continue providing a full range of health care services to needy children, the aged, and the disabled. By transferring funds from GRM to Medicaid, the Department could gain increased purchasing power for services by earning more federal Medicaid receipts. The remaining GRM program would be limited to emergency medical coverage for single employable individuals and employable couples meeting the income and resource requirements of the program. All children presently eligible only for GRM would be transferred to Medicaid, and 3000 to 4000 new children would become eligible for Medicaid coverage.

I know you will agree with me that state funds should first be used to provide financial assistance to those persons least able to provide for their own needs. The changes made by SB 817 would assure that the limited funds available for Medicaid and GRM would be used to pay for health care services for needy children, the elderly, and the disabled.

Sincerely,



Helen G. Beirne
Commissioner

CSSB 817--
 MEDICAID/GENERAL RELIEF MEDICAL
 FISCAL AND PROGRAM ADJUSTMENTS--FY 83

PROGRAM IMPACT	TOTAL MEDICAID	MEDICAID IMPACT STATE FUNDS	FEDERAL FUNDS	GENERAL RELIEF MEDICAL IMPACT GRM PROGRAM	GENERAL RELIEF MEDICAL IMPACT GRM REDUCTIONS	CARELOAD IMPACT NEW PERSONS COVERED
FY 83 Budget Request	\$51914.6	\$24461.8	\$27452.8	\$12178.3		
Less Budget Deductions	(1355.2)	(1307.8)	(47.4)	(575.3)		
	50559.4	23154.0	27405.4	11603.0		
Cat Illness Reduction	0	0	0	(2158.4)		
	50559.4	23154.0	27405.4	9444.6		
Transfer of services from GRM to Medicaid	101.0	52.8	48.2	(52.8)		
	50660.4	23206.8	27453.6	9391.8		
Coverage for pregnant women	467.6	243.2	224.4	(243.2)		191
	51128.0	23450.0	27678.0	9148.6		
IHS clinic services	1500.0	0	1500.0			
	52628.0	23450.0	29178.0	9148.6		
GRM children to Medicaid	6520.5	3390.7	3129.8	(3390.7)		700
	59148.5	26840.7	32307.8	5757.9		
New children/100% FFP	3346.6	0	3346.6			3300
	62495.1	26840.7	35654.4	5757.9		
Admin costs for new children	309.2	160.7	148.5	(160.7)		
	62804.3	27001.4	35802.9	5597.2		
Transfer of Prescribed drugs to Medicaid (if Dept 811)	3001.6	1560.6	1441.0	(1560.6)		
Totals--CSSB 817 changes	65805.9	28562.0	37243.9	4036.6		

ADDITIONAL CHANGES NEEDED BETWEEN
MEDICAID AND GRM BRUS

PROGRAM IMPACT	MEDICAID IMPACT		FEDERAL FUNDS	GENERAL RELIEF PROGRAMS		CASELOAD IMPACT NEW PERSONS COVERED
	TOTAL MEDICAID	STATE FUNDS		GRM PROGRAM	GRM REDUCTIONS	
	65805.9	28562.0	37243.9	4036.6		
GRM savings from participation in Medicare Part B buy-in	220.2	111.5	108.7	(111.5)		
	63024.5	27112.9	35911.6	3925.1		
Elimination of Medicaid penalty	1355.2	1007.7	347.5	(1007.7)		
	64379.7	28120.6	36259.1	2917.4		
IHS Medicaid transportation	1000.0	520.0	480.0	(520.0)		
Total--CSSB 817 and additional changes	65379.7	28640.6	36739.1	2397.4		

04/20 -- \$7.7 million for adult care

By: Rod Betit 3/15/82
 Rod Betit
 Director, DPA
 DHSS

SB 817 Reference	Medicaid/GRM Modifications	State Funds Only		New Cases Covered
		GRM Costs	Medicaid Costs	
(Section 1)	* Move AFDC U.P. (Including Ribicoff Kids) to Medicaid BRU	(5076.6)	6377.6	3561
(Section 1)	* Add Pregnant Women to Medicaid	(155.3)	252.6	191
(Section 2)	* Cover APA & Certain Other Medically Needy Kids	---	1736.1	400
(Section 3)	* Move Certain Services from GRM to Medicaid	(1200.0)	900.0	-0-
<u>Net Savings and New Persons Added</u>		<u>(6431.9)</u>	<u>9266.3</u>	<u>4152</u>
<u>Other Medical Needs Not Addressed By SB 817</u>				
a)	Cover travel costs dropped by AANHS	250.0	500.0	-0-
b)	Cover penalty assessment in Medicaid	---	1260.0	-0-
c)	Cover FY83 GR Medical shortfall	500.0	---	-0-
d)	Cover Medicare Part B for certain elderly	306.7	---	2130
e)	Raise GRM limits to Medicaid standard	-----	Not Known	-----
f)	Cover AFDC medically needy adults except U.P.	---	3300.0	534
g)	Cover AFDC-U.P. medically needy adults	-----	Not Known	-----

FISCAL NOTE SUMMARY

SENATE BILL NO. 817

	<u>TOTAL NEW MEDICAID</u>	<u>NEW STATE</u>	<u>NEW FEDERAL</u>	<u>NEW POSITIONS</u>
1.a. Addition of New Medicaid Eligibles; Transfer of Services	\$17860.5	\$ 6377.6	\$11482.9	11
1.b. Addition of Pregnant Women as Medicaid Eligibles	467.6	252.6	215.0	0
2. Decrease in GRM Due to Transfer of Services and Eligibles		(5531.9)	0	0
3. Addition of Clinic Services under Medicaid	1500.0	0	1500.0	0
SUBTOTAL	<u>\$19828.1</u>	<u>\$ 1098.3</u>	<u>\$13197.9</u>	<u>11</u>
4. Addition of New Medicaid Medically Needy Eligibles	3338.6	1736.1	1602.5	1
TOTAL	<u>\$23166.7</u>	<u>\$ 2834.4</u>	<u>\$14800.4</u>	<u>12</u>

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/15/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health/Social and Economic Assistance
 BRU, Program, Or Subprogram(s) Affected Medicaid/Elig. Deten./PA Admin.
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		350.4	385.4	423.9	466.3	512.9
200 TRAVEL		12.8	14.3	15.5	17.0	18.7
300 CONTRACTUAL		132.5	145.7	160.3	176.3	193.9
400 COMMODITIES		6.5	7.1	7.8	8.0	9.5
500 EQUIPMENT		13.1	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		17812.8	20484.8	23557.6	27031.2	31154.9
TOTAL		18328.1	21037.1	24165.1	27759.4	31889.9

FUNDING (Thousands of Dollars)

GENERAL FUND		6630.2	7603.8	8730.0	10023.7	11509.8
FEDERAL FUNDS		11697.9	13433.3	15435.1	17735.7	20380.1
OTHER (Specify Source)						

POSITIONS

FULL TIME		11	11	11	11	11
PART TIME						
TEMPORARY						

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

IV. DATE _____ PREPARED BY _____
 AGENCY _____
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/15/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, Or Subprogram(s) Affected Medicaid
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		1500.0	1725.0	1983.7	2281.3	2623.5
TOTAL		1500.0	1725.0	1983.7	2281.3	2623.5

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		1500.0	1725.0	1983.7	2281.3	2623.5
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE _____ PREPARED BY _____
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/15/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health/Social and Economic Assistance
 BRU, Program, Or Subprogram(s) Affected Medicaid/PA Admin/Eliq. Deter.
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		35.0	38.5	42.3	46.5	51.1
200 TRAVEL		2.0	2.2	2.4	2.6	2.9
300 CONTRACTUAL		13.3	14.6	16.1	17.7	19.5
400 COMMODITIES		.6	.7	.8	.9	1.0
500 EQUIPMENT		1.3	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		3286.4	3779.4	4346.3	4998.2	5747.9
TOTAL		3338.6	3835.4	4407.9	5065.9	5822.4

FUNDING (Thousands of Dollars)

GENERAL FUND		1736.1	1994.4	2292.1	2634.3	3027.6
FEDERAL FUNDS		1602.5	1841.0	2115.8	2431.6	2794.8
OTHER (Specify Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction Section III)

IV. DATE _____ PREPARED BY _____
 AGENCY _____
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/15/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, Or Subprogram(s) Affected General Relief Medical
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(5531.9)	(6361.7)	(7316.0)	(8413.4)	(9150.7)
TOTAL		(5531.9)	(6361.7)	(7316.0)	(8413.4)	(9150.7)

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		(5531.9)	(6361.7)	(7316.0)	(8413.4)	(9150.7)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE _____ PREPARED BY _____
 AGENCY _____

Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

POSITION PAPER

SENATE BILL NO. 817

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

I. BACKGROUND

The Alaska Medicaid program was created by the Legislature in 1972 and sections in the statutes were created to list all categories of service and groups of eligibles. The original legislation created a program providing basic medical coverage for individuals eligible for cash payments under the Aid to Families with Dependent Children (AFDC) and the Adult Public Assistance (APA) programs, individuals in long term care facilities, and children under supervision of the Department in foster homes and private child-caring facilities. Since 1972, the Legislature has amended the statutes several times to add new groups of eligibles or categories of service.

The new groups of eligibles added to AS 47.07.020 since 1972 have been institutionalized individuals for whom the state had previously paid all of their cost of care. By adding them to the Medicaid program, the state was able to receive federal funds to partially offset state funds.

The new categories of service added to AS 47.07.030 since 1972 have been fairly low cost services when compared to the total Medicaid program. Several of the new categories of service had the effect of permitting the state to receive federal funds to partially offset state funds being used to provide services.

II. NEED FOR CHANGES IN MEDICAID AND GRM

At this time the Department is anticipating having to make reductions in the Medicaid and General Relief Medical (GRM) programs during FY 83 as the funds requested will not cover expenditures based on historical usage. Since the Medicaid categories of service and groups of eligible are set out in statute, the only flexibility available to the Department is to limit access to services or reduce payment to providers. Since GRM categories of service and eligibility requirements are not in statute, the Department has more flexibility to make program changes. Attachment C breaks down the Medicaid and GRM programs to allow identification of the areas in each program where the Department can make changes to remain within expected FY 83 program budgets without passage of SB 817.

For Medicaid, the Department has proposed: (1) limiting access to providers in an attempt to reduce the amount of services individuals receive; and (2) reducing the rates of payment to hospitals and long term care facilities so that in many cases, payment will be below the amount that would be paid if the Department was paying for the full cost of providing care to Medicaid eligibles.

For GRM, the Department has proposed: (1) limiting GRM eligibility to one two-month period of coverage during any 12 months except for

emergency medical needs; and (2) reducing the rates of payment to hospitals and long term care facilities as proposed under Medicaid. It should also be added that the income and resource limits under the GRM program have not been increased since 1977 and are far below the limits for Medicaid.

SB 817 could be used to permit the Department to make adjustments in the Medicaid and GRM programs if the changes discussed below are made in the bill and in the FY 83 appropriation for the Medicaid and GRM programs. These proposed changes are based on the assumption that one primary goal of the Medicaid and GRM programs should be to provide financial assistance to those persons least able to provide for their own needs.

The present Medicaid program provides coverage for financially needy aged, blind, and disabled individuals through their eligibility for APA. Coverage is also available for financially needy children in AFDC households where there is only one parent. However, because the Alaska AFDC program does not provide financial assistance to families with two employable adults regardless of their financial need, many needy children are not receiving the full range of health care services available under Medicaid. While a limited range of health care services are available under GRM to children in families without other medical resources, few truly needy children are covered by GRM because income and resource standards under GRM are considerably lower than they are for Medicaid.

By passage of SB 817, Medicaid coverage for needy children not in AFDC households would be established. This new Medicaid coverage could be provided without new funds if changes are made in the FY 83 appropriation. The GRM budget request unit should be incorporated in the Medicaid budget request unit and specific intent included giving the Department authority to move funds between components in order to comply with the changes made in the Medicaid program as a result of changes made by SB 817. This change in budgeting would permit the Department to use GRM as the state matching funds needed to earn federal Medicaid funds. Attachment A contains a draft summary sheet for a Medical Assistance BRU to replace the Medicaid and GRM BRUs, with proposed intent language to accomplish this change.

The remaining GRM funds would be used for three things: (1) to eliminate the Medicaid penalty in the FY 83 budget and continue providing Medicaid services at present levels without limiting access to health care services and without reducing the rates of payment to hospitals and long term care facilities; and (2) to absorb Medicaid transportation costs associated with reduction in IHS funding; and (3) to continue the GRM program as an emergency medical assistance program for single employable individuals and employable couples with or without children, to the extent permitted by available funding.

The theory behind the second proposal is based on the Department's experience administering the Catastrophic Illness program. Except in cases of extremely costly medical care, individuals usually have the ability to work out some type of payment agreement with health care providers, often over an extended period of time if there is some reasonable expectation of payment. While it may be desirable for the state to provide that payment on behalf of needy employable individuals, funding limitations often force priorities to be assigned. In the case of state funding for health care services, individuals least able to

provide for themselves should receive a higher priority rating than employable individuals.

III. PROPOSED AMENDMENTS TO SB 817

Section 1 should be amended to eliminate proposed subsection (9). Subsection (9) would add employable adults and, given the present state funding limitations, it would be a better use of scarce resources to provide a full range of health care services, including preventive screening services and dental care, to a maximum number of needy children.

Section 2 would create a Medicaid medically needy program. While this would provide some financial assistance for individuals with income above the level presently covered by Medicaid, it should not be included in SB 817 because it represents new costs. Instead, Section 2 should be limited to adding pregnant women under Medicaid, coverage which is presently provided under GRM for a limited number of individuals could be expanded with funds from the GRM program.

Sections 4 and 5 contain a drafting error which causes the definition of clinic services to be moved from AS 47.07.080, the definitions section, to AS 47.07.030, the section listing services covered under Medicaid. The amended definition of clinic services should remain in the definitions section.

IV. EFFECT OF SENATE BILL NO. 817

Section 1 of the bill amends AS 47.07.020 by adding all children with income below the need standards for payment under the AFDC program, but who are not eligible because they do not meet the definition of dependent children under the AFDC program as discussed above.

Section 3 would transfer from GRM to Medicaid the cost of providing the following categories of service to Medicaid eligible individuals: physical and occupational therapy, prescribed drugs, and prosthetic devices and medical supplies. In addition, SB 817 would give the Department increased flexibility in the area of long term care services.

The Department has projected some cost savings resulting from this amendment. Since the Medicaid program permits eligible individuals free choice of medical providers, individuals eligible for Medicaid and the Indian Health Service can choose between private providers and IHS facilities when they seek medical treatment. While experience has shown that the "crossover" to private health care providers under Medicaid is a small percentage of total Medicaid-IHS dual eligibles, changes in IHS funding or policies could result in increased crossover.

With the passage of the Omnibus Reconciliation Act of 1981, Congress provided increased flexibility to states in the management of the Medicaid program. States may now receive federal funds for certain noninstitutional services when these services are provided to keep an individual out of a long term care facility. The following home and community-based services (other than room and board) may be covered

under the long-term care noninstitutional category of service: case management, homemaker and home health aide, personal care, adult day health, habilitation, respite care, and minor physical adaptation to an individual's home.

While there will probably be no cost savings initially by the addition of this new category of services, over the next several years the rate of growth of long term care institutional services should decrease as individuals receive services at home, in residential care facilities, and other less costly living situations rather than in institutions. While the fiscal note does not reflect any increase in cost to implement this provision, it should be clearly stated that the Department be permitted the flexibility to transfer funds between BRUs and to use Medicaid program funds to provide the case management services necessary to make the program work. The Medicaid nursing home budget request for FY 83 is \$21,831,300 so even the deferral of as little as 5 percent of that total could provide over \$1 million for noninstitutional services.

Sections 4 would revise the definition of clinic services to add physician clinics. While this will not add any new private providers to the Medicaid program, it will permit clinics owned by the Indian Health Service to receive 100 percent federally-funded reimbursement under Medicaid. Without a change in statute, these clinics will continue to be barred from collecting approximately \$1,500,000 in federal Medicaid funds. Since IHS in Alaska is experiencing funding problems, these new federal Medicaid funds should permit clinics to continue operating at their historical service levels and help avoid increasing demand for services from private providers which would be covered under Medicaid using state and federal funds rather than federal funds only.

V. DEPARTMENTAL POSITION

The Department supports SB 817 with the amendments to the bill and the Medicaid and GRF FY 83 appropriations proposed by this position paper.


Recommended by:


Rod Betit, Director
Division of Public
Assistance

Date:

3/19/82

Approved by:


Helen V. Bairne
Commissioner, Dept. of
Health & Social Services

Date:

3-22-82

LEGISLATIVE INTENT:

To implement changes in coverage caused by passage of SB 817, the Department has the authority to transfer funds between components as needed to cover new categories of service and groups of eligibles under the Medicaid program to reduce the scope of the General Relief Medical program, and to make up the Medicaid penalty.

LEGISLATIVE INTENT:

The Department has the authority to transfer funds from the Medical Assistance BRU to the Eligibility Determination BRU to provide funding for up to 7 new field positions when they are needed to determine eligibility for new Medicaid eligibles under SB 817.

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 • (907) 586-1790
REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

Chairman of the Board
Tom Mingen
Fairbanks Memorial
Hospital
Fairbanks

Chairman-Elect
Ronald A. Pavellas
Alaska Hospital and
Medical Center
Anchorage

Secretary-Treasurer
Mary Manning
Sitka Community Hospital
Sitka

Immediate Past Chairman
Sister Barbara Haase
Ketchikan General Hospital
Ketchikan

Delegate to the American
Hospital Association
A. M. Campbell
Providence Hospital
Anchorage

Alternate Delegate to the
American Hospital Assoc.
Edward Zene
Cordova Community
Hospital
Cordova

Delegate to the American
Health Care Association
Jane Burt
St. Ann's Nursing Home
Juneau

Alternate Delegate to the
American Health Care
Association
Emma E. Ivy
Wrangell General Hospital
Wrangell

Delegate to the Association
of Western Hospitals
Michael Herring
South Peninsula Hospital
Nome

Alternate Delegate to the
Association of Western
Hospitals
Donald Van Dyringer
Kodiak Home Hospital
Kodiak

Trustee Delegate to the
American Hospital Assoc.
Mae Kassen
Trustee Providence
Hospital
Anchorage

Alternate Trustee Delegate
to American Hospital
Association
Robert Jensen
Central Peninsula Hospital
Sewardna

President
Dennis L. DeWitt
Juneau

March 29, 1982

The Honorable Charles H. Parr
Alaska State Senate
Pouch V, State Capitol Building
Juneau, Alaska 99811


Dear Senator Parr:

The Alaska State Hospital Association wishes to encourage your consideration of the amendments that the Department of Health and Social Services has proposed to Senate Bill 817.

This Association has long advocated an overhaul of the relationship of Medicaid and General/Relief Medical to maximize federal financial participation and increase Alaska's ability to offer health care to its needy residents. The proposal by the Department of Health and Social Services is a bold and forthright step in recognizing the importance of prudent fiscal approach to providing health care. We believe that it is imperative that the legislature make those changes needed to maximize federal financial participation in indigent health care in Alaska before it adjourns the Second Session of the Twelfth Legislature.

We stand ready to lend our assistance to this activity.

Sincerely,


Dennis L. DeWitt
President

DLD:bf

cc: Friday Mailing
Governor Hammond
Lt. Governor Miller
Commissioner Beirne
Members Senate HESS

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

POUCH H 01
JUNEAU, ALASKA 99811
PHONE: 465-3030

April 23, 1982

DOCUMENT NO. 150-82

The Honorable Richard Eliason
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

*finance CS
take out
Prescription
drugs*

Re: Senate Bill 817

Dear Senator Eliason:

You requested clarification of the pharmaceutical issue involved in CSSB 817 and the Department's position on its deletion from the bill. From the outset I would like to make it clear that the Department strongly supports CSSB 817 even if the pharmaceutical change is deleted. Although for reasons elaborated below the pharmaceutical transfer would increase our FY83 purchasing power by nearly \$1 million, the remaining provisions of CSSB 817 are even more critical and require legislative passage this session.

As you know, pharmacies currently provide drugs to Medicaid and General Relief Medical recipients through the General Relief Program paid solely from state funds. Pharmacy costs are expected to be \$1.7 million in FY83.

Senate Bill 817 would, among other things, move pharmaceuticals for Medicaid recipients under Medicaid where the State would receive 48% cost sharing by the federal government for pharmaceutical costs. The sole federal condition for accepting a 48% cost sharing for pharmaceuticals is that Alaska begin paying pharmacists on a formulary basis rather than actual charges. As the Department intended to establish a formulary anyway in FY83, this federal requirement did not present a major problem. On the average this could represent a 15% reduction below actual charges for pharmacists.

It is our understanding that pharmacists oppose this change primarily because of the greater reimbursement flexibility they perceive under GR Medical than Medicaid. Although we appreciate this view, the Department will be reimbursing all medical providers, to include pharmacists, at a reduced rate in FY83 if CSSB 817 fails to pass this session.

The purpose of CSSB 817 is to stretch the purchasing power of limited state funds by maximizing federal earnings in order to ensure that all of Alaska's needy children continue to receive a full range of medical services in FY83, and that provider rate reductions are minimized.

Removing the pharmaceutical transfer from CSSB 817 does not make the bill any less critical, but will reduce our purchasing power by nearly \$1 million as we will not be earning federal funds for this item so long as it remains under GR Medical. This \$1 million would, by our estimate, have purchased medical services for approximately an additional 1000 persons in FY83.

Again, the Department very strongly supports passage of CSSB 817 even without the pharmaceutical transfer included, as without the remaining provisions of CSSB 817, a great many children from low-income families may be limited to receiving only emergency medical services in FY83. The remaining provisions of CSSB 817 would prevent this from happening.

I sincerely hope this letter has served to clarify the Department's views on the pharmaceutical issue, and the criticality of CSSB 817 to our FY83 medical program even if the pharmaceutical transfer is removed from the bill.

Sincerely,



Helen D. Beirne
Commissioner

cc: Allen Korhonen
Bob Betit

Alaska State Legislature

HOME ADDRESS

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE



Senate

*Clinic services
definition
change*

SENATOR

C. Sackett

FINANCE COMMITTEE

MEMORANDUM

January 19, 1982

TO: Senator Charles Parr

FROM: Senator John C. Sackett

J. Sackett

I would like to see the attached amendment made to AS 47.07.080(4). The implications are stated within the material.

Do you currently have legislation in committee to which this might be added? Or would you recommend that I have a separate bill drafted? If so, would you like to co-sponsor that legislation?

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01
JUNEAU, ALASKA 99811
PHONE: 465-3030

June 2, 1981

Document# 154-81

The Honorable Don Clocksin
Chairman
House HESS Committee
Alaska State Legislature
State of Alaska
Pouch V
Juneau, AK 99811

Dear Mr. Clocksin:

Your staff requested language to allow the three major Alaska Area Native Health Service satellite clinics in Ketchikan, Juneau, and Fairbanks to bill for Medicaid eligible services and the State to receive 100% federal reimbursement. We would recommend the amendment of AS 47.07.080(4) as follows to accomplish this:

(4) "clinic services" means services provided by [WHICH ARE RESTRICTED TO] state approved outpatient community mental health services which receive grants under AS 47.30.520 - 47.30.620, [AND] state-operated community mental health clinics, and physician clinics.

This action would require the addition of \$750,000 to \$1,000,000 in the first fiscal year of operation, with that amount of federal receipts being added to the state's Medicaid budget.

We must caution that adding any new services to Medicaid at this time must be done with the consideration that Congress is currently reviewing proposals to place a "cap" on federal Medicaid reimbursement. If a "cap" were to be placed by Congress on Medicaid federal reimbursement, the addition of AANHS clinics to the Alaska Medicaid program at this time may be done without assurance that 100% federal receipts will be realized.

We also have concerns regarding increasing possible state responsibility for services traditionally provided by federal agencies, such as AANHS. Such a move has the possibility of setting an undesirable precedent which may confuse the lines in the future of who is responsible for these medical care costs in the state for eligible Alaska Natives. This will especially be true when additional federal health care dollars for Medicaid services have a possibility of being significantly limited.

We appreciate your interest in this matter.

Sincerely,



Helen D. Beirne
Commissioner

CHARLIE PARK
Health & Social
POL. DEVELOPMENT

A-PFB
PDS
cufo
#1/81

Tanana Chiefs Conference, Inc.
201 First Avenue
Fairbanks, Alaska 99701

March 25, 1981

Senator John Sackett
Pouch V
Juneau, Alaska 99801

Dear Senator Sackett,

This is to request your assistance in resolving a current problem with Medicaid reimbursement to ANHS for outpatient services at three health centers in the State. At stake in the Interior Service unit is approximately \$280,000 for FY81 alone.

According to the Division of Public Assistance, payment cannot be made on billings from these health centers because State statutes disallow their eligibility, in conflict with the intent of P.L.94-437.

It is our understanding that language to resolve the problem is included in SB41; given the likely delays in action on this bill, a more expeditious solution would be to modify Statute 47.07.080 (Welfare, Social Services, Institutions) Definitions section, to repeal the clause in Section 4 defining clinic services.

If this amendment could be processed in this session, these revenues to ANHS could be released resulting in greatly improved patient care in our region.

Please advise us concerning the necessary actions in this matter. We are prepared to provide additional information necessary to allow this action to be taken.

Sincerely,
TANANA CHIEFS CONFERENCE, INC.

Paul Sherry

Paul Sherry
Director, Health Authority

G H IVEY
(JERRY)

DIRECTOR

- cc: Dave Kather, Regional Health Development
- William C. Williams, President
- Dr. Fon Gould Patient Care Services
- Tanana Chiefs Regional Health Board

ALASKA AREA
NATIVE HEALTH
SERVICE

750,000 + would be able to give back
health corps or provide more health
services.

268-3153

§ 47.07.030 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.07.050

(7) persons under 21 years of age receiving active treatment in a psychiatric hospital who are financially eligible as determined by the standards of part A of Title IV (aid to families with dependent children) of the Social Security Act.

(am § 1 ch 221 SLA 1976; am § 1 ch 11 SLA 1978)

Effect of amendments.

The 1976 amendment, effective June 21, 1976, added paragraph (6) of subsection (b).

The 1978 amendment, effective March 3, 1978, added paragraph (7) of subsection (b).

As the rest of the section was not affected by the amendments, it is not set out.

Sec. 47.07.030. Medical services to be provided. Medical services to be offered to eligible persons include inpatient hospital, outpatient hospital, rural health clinic, outpatient surgical care centers, laboratory and X-ray, refractions and eye examinations by ophthalmologists or optometrists, eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, inpatient psychiatric hospital for persons age 65 or older and persons under age 21, skilled and intermediate nursing home, physician, home health care services, early periodic screening diagnosis and treatment of persons under 21 years of age, clinic services, treatment of speech, hearing and language disorders, and reasonable transportation to and from the point of medical care. No additional services may be provided unless approved by the legislature. (§ 1 ch 182 SLA 1972, am § 1 ch 35 SLA 1973; am § 2 ch 105 SLA 1974; am § 1 ch 12 SLA 1976, am § 2 ch 221 SLA 1976; am § 1 ch 62 SLA 1978)

Effect of amendments.

The first 1976 amendment, effective March 12, 1976, inserted the language beginning "refractions and eye examinations" and ending "diseases of the eye or by an optometrist" in the first sentence.

The second 1976 amendment, effective July 1, 1976, inserted "clinic services, treatment of speech, hearing and language

disorders" near the end of the first sentence.

The 1978 amendment, effective July 1, 1978, inserted "rural health clinic, outpatient surgical care centers" near the beginning of the first sentence.

Legislative committee report.

For report on ch. 12, SLA 1976 (SCSIII 120), see 1976 Senate Journal, p. 402.

Sec. 47.07.050. Definitions. In this chapter

(3) "eyeglasses" are lenses, including frames when necessary, and other aid to vision prescribed by a physician skilled in diseases of the eye, or by an optometrist, whichever the patient may select, to aid or improve vision.

(4) "clinic services" means services which are restricted to state-approved outpatient community mental health services which receive grants under AS 47.30.520 — 47.30.620 and state-operated mental health clinics.

(am § 2 ch 12 SLA 1976; am § 3 ch 221 SLA 1976)