SB

348-H

(11)

Date referred: 4/8/88 FURTHER REFERRALS:

DATE: 4/30/88

The Finance Committee has considered SB 348

"An Act relating to medical assistance for needy persons."

RECOMMENDS:

[X] replace with HCSSB 348(Fin.) [X] the same title
[ ] attached amendment(s) [ ] a new title

- [X] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [ ] fiscal impact
- [ ] zero fiscal note
- [ ] zero with analysis
- [X] same as previous fiscal note published Senate: 1/27/88
- [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

ADAMS
POURCHOT
LARSON
BOYER
GOLL
SWACK
BROWN
DAVIS

SIGNING OTHER RECOMMENDATIONS:

RIEGER

Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 348
PUBLISH DATE: 1-27-88

FISCAL NOTE

REQUEST:

Revision Date:
Title: An Act relating to Medical Assistance for needy persons
Sponsor: Uehling
Requestor: House HESS Committee

Agency Affected: Health & Social Services
BRU: MA Admin/Medical Assistance
PA Admin/State Health Services
Components: Claims Processing/Med. Fac./ Med. Non-Fac. Eligibility Determination/ PA Data Proc./Family Health

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		245.9	461.0	461.0	461.0	461.0
TRAVEL		46.0	48.0	48.0	48.0	48.0
CONTRACTUAL		31.9	37.5	37.5	37.5	37.5
SUPPLIES		2.1	2.9	2.9	2.9	2.9
EQUIPMENT		14.0	9.0	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS		2,610.8	6,430.6	7,597.5	8,764.4	9,931.3
MISCELLANEOUS						
TOTAL OPERATING		2,950.8	6,989.0	8,146.9	9,313.8	10,480.7
CAPITAL						
REVENUE		1,527.8	3,567.7	4,146.8	4,730.3	5,313.8

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,423.0	3,421.3	4,000.1	4,583.5	5,166.9
FEDERAL FUNDS		1,527.8	3,567.7	4,146.8	4,730.3	5,313.8
OTHER						
TOTAL		2,950.8	6,989.0	8,146.9	9,313.8	10,480.7

POSITIONS:

FULL-TIME		7	10	10	10	10
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Kim Busch, Director — Phone: 465-3355
Division: Medical Assistance — Date: 1-28-88

Approved by Commissioner: Myra M. Munson — Date: 1-29-88
Agency: Health and Social Services

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

ANALYSIS

ALASKA HEALTHY BABY PROJECT

PLAN FOR IMPLEMENTATION

1. Add all pregnant women and children up to one year of age with monthly incomes up to 100% of the federal poverty level for Alaska to the Medicaid Program. The program design includes:

    * one time eligibility determination for pregnant women. Once found eligible, the woman would retain Medicaid through the 60 day postpartum period. An income eligible pregnant woman may receive Medicaid as soon as pregnancy is medically verified. Children are automatically eligible for the 60 day postpartum period once the mother verifies the birth date.

    * no resource (asset) limit for pregnant women and children.

    * pregnant women and children will be eligible for all Medicaid services offered under the State Plan.

    (Estimate 974 eligibles: $4,163 per pregnant woman x 974 = $4,054,762 + $1,198 per child x 974 = $1,166,852 = Total $5,221,614). These cost estimates are based on actual average 1986 expenditure data for pregnant women and children age 5 and under. NOTE: the January 1, 1989 implementation date will result in ½ the program expenditures under Medicaid services for pregnant women and children during the first year.

2. Add case management services, as an enhanced service to pregnant women, to coordinate health care service delivery. This service will be particularly targeted at women with high risk pregnancies, and must be offered to all Medicaid-eligible pregnant women. The program will be implemented by hiring four nurse consultant public health nurses in the Division of Public Health to be case managers. These positions will operate from Anchorage, Fairbanks, Bethel and Juneau. The nurses will receive Medicaid referral of all pregnant women in order that each may be evaluated as to their pregnancy risk factor. The case managers will coordinate the health care services delivered, assure that pregnant women receive necessary services, and assist with arranging appointments and transportation. Uniform perinatal guidelines will be adopted to assure that pregnant women are receiving adequate care. Also hired, will be a Nurse IV Pre-Natal Coordinator for the Division of Medical Assistance to coordinate case management services, perform a utilization review function on expenditures for pregnant women and children, design and manage computer reports to monitor program objectives, establish criteria to evaluate improved pregnancy outcome, and evaluate program compliance. All positions will be at 75/25 federal/state match since each will be filled with medical personnel.

3. Add nutrition services under enhanced services to pregnant women beginning in the second year. This service must be provided to all pregnant women. (Estimate that 15% of pregnant women would need nutrition counseling because of high risk pregnancy. Average two visits per person X 600 persons x $35/visit)

4. New eligibility technicians in the Division of Public Assistance to review applications, conduct interviews, verify eligibility and authorize medical coupons for the new population of pregnant women and children eligible under this Medicaid option. There will be two new positions in year one and three new positions in year two, with a one time outlay of $3,000 per position for desk, chair, file cabinet and computer terminal.

5. This change in the Medicaid Program will require a system support increase to the Eligibility Information System (EIS) of the Division of Public Assistance, and will require lead time to accomplish (the January 1, 1989 implementation date).

Year One

		Fed match	GF match
Cost	Medicaid services for pregnant women assuming ½ year costs	$1,013,690	$1,013,690
	Medicaid services for children one year of age assuming ½ year costs	$ 291,713	$ 291,713
	Case management services 5 nurses at 75/25 federal state match plus travel, supplies, equipment and risk insurance assuming 3/4 year cost and 10.0 for outreach	$ 193,743	$ 88,956
	Two new eligibility technicians for the Division of Public Assistance - $36,300 assuming ½ year cost of $18,150 each at 50/50 state/federal match plus equipment	$ 21,150	$ 21,150
	Public Assistance computer system data processing	$ 7,450	$ 7,450
	TOTAL	$1,527,746	$1,422,959

Year Two

NOTE: This will be the first full year of the program, so the costs for medical services for pregnant women and children, and new positions have been restated indicating full year costs.

Add children up to age two with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
Cost	Medicaid services for pregnant women	$2,027,381	$2,027,381
	Medicaid services for children one and two years of age.	$1,166,852	$1,166,852
	Nutrition services	$ 21,000	$ 21,000
	Case management services, full year cost	$ 249,700	$ 103,200
	Three new eligibility technicians for the Division of Public Assistance - $36,300 each at 50/50 state federal match plus equipment	$ 59,000	$ 59,000
	Full year cost of two eligibility technicians added year one	$ 36,300	$ 36,300
	Public Assistance data processing	$ 7,450	$ 7,450
	TOTAL	$3,567,683	$3,421,183

Year Three

Add children up to age three with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
Cost	Medicaid services for children three years of age.	$ 583,426	$ 583,426
	Public Assistance data processing	$ 7,450	$ 7,450
	TOTAL	$ 590,876	$ 590,876

NOTE: Assumes base includes year 1 and year 2 costs.

Year Four

Add children up to age four with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
Cost	Medicaid services for children four years of age.	$ 583,426	$ 583,426
	Public Assistance data processing	$ 7,450	$ 7,450
	TOTAL	$ 590,876	$ 590,876

NOTE: Assumes base includes years 1, 2 and 3 costs.

Year Five

Add children up to age five with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
Cost	Medicaid services for children five years of age.	$ 583,426	$ 583,426
	Public Assistance data processing	$ 7,450	$ 7,450

TOTAL	$ 590,876	$ 590,876

NOTE: Assumes base includes years 1, 2, 3 and 4 costs.

ASSUMPTIONS: An inflation factor has not been added to medical care costs for years two, three, four and five. An inflation factor will have to be applied each fiscal year to the Medicaid budget to adequately fund this option.

ALASKA HEALTHY BABY PROJECT
Summary

	YEAR				
	1989	1990	1991	1992	1993
Pregnant Women Coverage for medical services	2,027.4	4,054.8	4,054.8	4,054.8	4,054.8
Medical services for children:					
Age one year	583.5	1,166.9	1,166.9	1,166.9	1,166.9
Age two years		1,166.9	1,166.9	1,166.9	1,166.9
Age three years			1,166.9	1,166.9	1,166.9
Age four years				1,166.9	1,166.9
Age five years					1,166.9
Division of Public Assistance Eligibility Technicians plus equipment					
two - first year	42.3	72.6	72.6	72.6	72.6
three - second year		118.0	109.0	109.0	109.0
DPA computer upgrade	14.9	14.9	14.9	14.9	14.9
Case Management	282.7	352.9	352.9	352.9	352.9
Nutrition Services		42.0	42.0	42.0	42.0
Total Yearly Cost	2,950.8	6,989.0	8,146.9	9,313.8	10,480.7
Yearly General Fund Cost	1,423.0	3,421.3	4,000.1	4,583.5	5,166.9
Yearly federal cost	1,527.8	3,567.7	4,146.8	4,730.3	5,313.8

AFDC INCOME STANDARDS

Adult included		ANNUAL	Adult not included		ANNUAL
			1	$275	$3300
2	$692	$8304	2	$550	$6600
3	$779	$9348	3	$637	$7644
4	$866	$10392	4	$724	$8688
5	$953	$11436	5	$811	$9732
6	$1040	$12480	6	$898	$10776
7	$1127	$13524	7	$985	$11820
each add	$87		each add	$87	

single adult pregnant woman	$437
increment for incapacitated spouse	$162

ALASKA'S FEDERAL POVERTY LEVEL

Family size	annual income
1	$6,860
2	$9,240
3	$11,620
4	$14,000
5	$16,380
6	$18,760
7	$21,140
8	$23,520
each additional	$2,380

NOTE: THESE INCOME LEVELS WILL BE CHANGED IN FEBRUARY 1988.

RESOURCE LIMITS

AFDC

- a home of any value
- a car worth $1,500
- other real or personal property worth up to $1,000

APA/SSI

- a home of any value
- a car worth $4,500
- personal effects worth up to $2,000
- liquid resources worth $1,800 for individuals and $2,700 for couples
- a burial plot
- up to $1,500 for burial expenses
- life insurance with face value up to $1,500

Alaska's Medicaid Program pays for the following services:

- inpatient hospital care
- outpatient hospital care
- laboratory and x-ray services
- skilled nursing facility and home health services for individuals 21 and older
- physicians services
- rural health clinic services
- early and periodic screening, diagnosis and treatment for individuals under 21 (EPSDT)
- family planning
- medical transportation
- nurse midwife services
- community mental health clinic and state operated mental health clinic services
- intermediate care facility services
- intermediate care facility for the mentally retarded services
- skilled nursing facility services for individuals under 21
- optometrists services and eyeglasses
- mental institution services for persons under 21
- institution for mental diseases services for persons aged 65 and older
- treatment of speech, hearing and language disorders
- outpatient surgical care center services
- physical therapy
- occupational therapy
- prosthetic devices
- medical supplies
- adult dental services (limited to relief of pain and acute infection)
- chiropractic services
- personal care attendant services

Prescription drugs are provided to Medicaid recipients through the 100% state-funded General Relief Medical Assistance Program.

FY89

BRU	Medical Assistance Administration	Medical Assistance	Medical Assistance	Public Assistance Administration	Public Assistance Administration	State Health Services
Component	Claims Processing	Medicaid Facility	Medicaid Non-Facility	Eligibility Determinations	PA Data & Word Processing	Family Health
Personal Serv.	33.9	-0-	-0-	36.3	-0-	175.7
Travel	16.0	-0-	-0-	-0-	-0-	30.0
Contractual	3.8	-0-	-0-	-0-	14.9	13.2
Supplies	.3	-0-	-0-	-0-	-0-	1.8
Equipment	-0-	-0-	-0-	6.0	-0-	8.0
Land & Street	-0-	-0-	-0-	-0-	-0-	-0-
Grants/Claims	-0-	1,740.6	870.2	-0-	-0-	-0-
Misc.	-0-	-0-	-0-	-0-	-0-	-0-
Total Op	54.0	1,740.6	870.2	42.3	14.9	228.7
General Fund	18.5	870.3	435.1	21.15	7.5	70.4
Fed Fund	35.5	870.3	435.1	21.15	7.4	158.3
FTE	1	0	0	2	0	4

FY90

INCLUDES NUTRITION SERVICES

BRU	Medical Assistance Administration	Medical Assistance	Medical Assistance	Public Assistance Administration	Public Assistance Administration	State Health Services
Component	Claims Processing	Medicaid Facility	Medicaid Non-Facility	Eligibility Determinations	PA Data & Word Processing	Family Health
Personal Serv.	45.2	-0-	-0-	181.6	-0-	234.2
Travel	8.0	-0-	-0-	-0-	-0-	40.0
Contractual	5.0	-0-	-0-	-0-	14.9	17.3
Supplies	.5	-0-	-0-	-0-	-0-	2.4
Equipment	-0-	-0-	-0-	9.0	-0-	-0-
Land & Street	-0-	-0-	-0-	-0-	-0-	-0-
Grants/Claims	-0-	4,259.1	2,171.5	-0-	-0-	-0-
Misc.	-0-	-0-	-0-	-0-	-0-	-0-
Total Op	58.7	4,259.1	2,171.5	190.6	14.9	294.2
General Fund	14.7	2,129.5	1,085.7	95.3	7.5	88.5
Fed Fund	44.0	2,129.5	1,085.8	95.3	7.4	205.7
FTE	1	0	0	5	0	4

Original sponsors: Uehling, Halford,
Eliason, et al.

IN THE SENATE BY THE FINANCE COMMITTEE

HOUSE CS FOR SENATE BILL NO. 348 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to medical assistance for needy persons."

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

* Section 1. AS 47.07.020(b) is amended to read:

(b) In addition to the persons specified in (a) of this section, the following optional groups of persons for whom the state may claim federal financial participation are eligible for medical assistance:

(1) persons eligible for but not receiving assistance under any plan of the state approved under 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with Dependent Children) or 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental Security Income);

(2) persons in a general hospital, skilled nursing facility or intermediate care facility, who, if they left the facility, would be eligible for assistance under one of the federal programs specified in (1) of this subsection;

(3) persons under age 21 who are under supervision of the department, for whom maintenance is being paid in whole or in part from public funds, and who are in foster homes or private child-care institutions;

(4) aged, blind, or disabled persons, who, because they do not meet income and resources requirements, do not receive supplemental security income under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not receive a mandatory state supplement,

but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility to receive an optional state supplementary payment;

(5) persons under age 21 who are in an institution designated as an intermediate care facility for the mentally retarded and who are financially eligible as determined by the standards of the federal aid to families with dependent children program;

(6) persons in a medical or intermediate care facility whose income while in the facility does not exceed 300 percent of the supplemental security income benefit rate under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who would not be eligible for an optional state supplementary payment if they left the hospital or other facility;

(7) persons under age 21 who are receiving active treatment in a psychiatric hospital and who are financially eligible as determined by the standards of 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with Dependent Children);

(8) persons under age 21 and not covered under (a) of this section, who would be eligible for benefits under the federal aid to families with dependent children program, except that they have the care and support of both their natural and adoptive parents;

(9) pregnant women not covered under (a) of this section and who meet the income and resource requirements of the federal aid to families with dependent children program;

(10) pregnant women, and children five years of age or younger, with a household income that does not exceed 100 percent of the federal poverty level.

* Sec. 2. AS 47.07.030(b) is amended to read:

(b) In addition to the mandatory services specified in (a) of

this section, the department may offer only the following optional services: <u>case management and nutrition services for pregnant women;</u> personal care services in a recipient's home; emergency hospital services; long-term care noninstitutional services; medical supplies and equipment; clinic services; inpatient psychiatric facility services for individuals age 65 or older and individuals under age 21; physical therapy; occupational therapy; chiropractic services; treatment of speech, hearing, and language disorders; adult dental services; prosthetic devices and eyeglasses; optometrists' services; intermediate care facility services, including intermediate care facility services for the mentally retarded; skilled nursing facility services for individuals under age 21; and reasonable transportation to and from the point of medical care.

* Sec. 3. AS 47.07.035 is amended to read:

Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the department finds that the cost of medical assistance for all persons eligible under this chapter will exceed the amount allocated in the state budget for that assistance for the fiscal year, the department shall eliminate coverage for optional medical services and optionally eligible groups of individuals in the following order:

(1) chiropractic services;

(2) adult dental services;

(3) emergency hospital services;

(4) treatment of speech, hearing, and language disorders;

(5) optometrists' services and eyeglasses;

(6) occupational therapy;

(7) prosthetic devices;

(8) medical supplies and equipment;

(9) clinic services;

(10) physical therapy;

(11) personal care services in a recipient's home;

(12) long-term care noninstitutional services;

(13) inpatient psychiatric facility services;

(14) intermediate care facility services for the mentally retarded;

(15) intermediate care facility services;

(16) pregnant women, and children five years of age or younger, with a household income that does not exceed 100 percent of the federal poverty level;

(17) individuals under age 21 who are not eligible for benefits under the federal aid to families with dependent children program because they are not deprived of one or more of their natural or adoptive parents;

(18) [17] skilled nursing facility services for persons under age 21;

(19) [18] aged, blind, and disabled individuals who, because they do not meet the income requirements, do not receive supplemental security income under Title XVI of the Social Security Act, but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility, to receive an optional state supplementary payment;

(20) [19] individuals in a hospital, skilled nursing facility, or intermediate care facility whose income while in the facility does not exceed 300 percent of the supplemental security income benefit rate under Title XVI of the Social Security Act, but who, because of income, are not eligible for the optional state supplementary payment;

(21) [20] individuals under age 21 under supervision of the department, for whom maintenance is being paid in whole or in part

from public money and who are in foster homes or private child-care institutions.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCSSB 348 (HESS)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to Medical Assistance for needy persons
Sponsor: Uehling
Requestor: House HESS Committee

Agency Affected: Health & Social Services
BRU: MA Admin/Medical Assistance/PA Admin
State Health Services
Components: Claims Processing/Med. Fac./ Med. Non-fac./Eligibility Determination/ PA Data Processing/General Relief Medical/ Family Health

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		245.9	461.0	461.0	461.0	461.0
TRAVEL		56.0	58.8	59.7	60.6	61.6
CONTRACTUAL		137.9	136.9	144.8	153.4	162.7
SUPPLIES		3.6	4.5	4.6	4.8	4.9
EQUIPMENT		14.0	9.0	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS		2,610.8	6,430.6	7,597.5	8,764.4	9,931.3
MISCELLANEOUS						
TOTAL OPERATING		3,068.2	7,100.8	8,267.6	9,444.2	10,621.5
CAPITAL						
REVENUE		2,957.1	5,597.2	6,338.6	7,097.5	7,870.3

FUNDING: (Thousands of Dollars)

GENERAL FUND		111.2	1,503.6	1,929.0	2,346.7	2,751.2
FEDERAL FUNDS		2,957.1	5,597.2	6,338.6	7,097.5	7,870.3
OTHER						
TOTAL		3,068.3	7,100.8	8,267.6	9,444.2	10,621.5

POSITIONS:

FULL-TIME		8	11	11	11	11
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This Committee Substitute incorporates the provisions of SB 255, Pharmaceutical Medical Assistance for needy persons, and SB 348 which are described in detail in the attached documents.

Prepared by: Kim Busch, Director Kim Busch — Phone: 465-3355
Division: Medical Assistance — Date: 4-6-88

(E) Approved by Commissioner: Myra M. Munson Myra M Munson — Date: 4-7-88
Agency: Health and Social Services

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

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APR 8 1988
LEGISLATIVE FINANCE

page ____ of ____

ANALYSIS

ALASKA HEALTHY BABY PROJECT

PLAN FOR IMPLEMENTATION

1. Add all pregnant women and children up to one year of age with monthly incomes up to 100% of the federal poverty level for Alaska to the Medicaid Program. The program design includes:

    * one time eligibility determination for pregnant women. Once found eligible, the woman would retain Medicaid through the 60 day postpartum period. An income eligible pregnant woman may receive Medicaid as soon as pregnancy is medically verified. Children are automatically eligible for the 60 day postpartum period once the mother verifies the birth date.

    * no resource (asset) limit for pregnant women and children.

    * pregnant women and children will be eligible for all Medicaid services offered under the State Plan.

    (Estimate 974 eligibles: $4,163 per pregnant woman x 974 = $4,054,762 + $1,198 per child x 974 = $1,166,852 = Total $5,221,614). These cost estimates are based on actual average 1986 expenditure data for pregnant women and children age 5 and under. NOTE: the January 1, 1989 implementation date will result in ½ the program expenditures under Medicaid services for pregnant women and children during the first year.

2. Add case management services, as an enhanced service to pregnant women, to coordinate health care service delivery. This service will be particularly targeted at women with high risk pregnancies, and must be offered to all Medicaid-eligible pregnant women. The program will be implemented by hiring four nurse consultant public health nurses in the Division of Public Health to be case managers. These positions will operate from Anchorage, Fairbanks, Bethel and Juneau. The nurses will receive Medicaid referral of all pregnant women in order that each may be evaluated as to their pregnancy risk factor. The case managers will coordinate the health care services delivered, assure that pregnant women receive necessary services, and assist with arranging appointments and transportation. Uniform perinatal guidelines will be adopted to assure that pregnant women are receiving adequate care. Also hired, will be a Nurse IV Pre-Natal Coordinator for the Division of Medical Assistance to coordinate case management services, perform a utilization review function on expenditures for pregnant women and children, design and manage computer reports to monitor program objectives, establish criteria to evaluate improved pregnancy outcome, and evaluate program compliance. All positions will be at 75/25 federal/state match since each will be filled with medical personnel.

3. Add nutrition services under enhanced services to pregnant women beginning in the second year. This service must be provided to all pregnant women. (Estimate that 15% of pregnant women would need nutritinn counseling because of high risk pregnancy. Average two visits per person X 600 persons x $35/visit)

4. New eligibility technicians in the Division of Public Assistance to review applications, conduct interviews, verify eligibility and authorize medical coupons for the new population of pregnant women and children eligible under this Medicaid option. There will be two new positions in year one and three new positions in year two, with a one time outlay of $3,000 per position for desk, chair, file cabinet and computer terminal.

5. This change in the Medicaid Program will require a system support increase to the Eligibility Information System (EIS) of the Division of Public Assistance, and will require lead time to accomplish (the January 1, 1989 implementation date).

Year One

		Fed match	GF match
Cost	Medicaid services for pregnant women assuming ¾ year costs	$1,013,690	$1,013,690
	Medicaid services for children one year of age assuming ¾ year costs	$ 291,713	$ 291,713
	Case management services 5 nurses at 75/25 federal state match plus travel, supplies, equipment and risk insurance assuming 3/4 year cost and 10.0 for outreach	$ 193,743	$ 88,956
	Two new eligibility technicians for the Division of Public Assistance - $36,300 assuming ¾ year cost of $18,150 each at 50/50 state/federal match plus equipment	$ 21,150	$ 21,150
	Public Assistance computer system data processing	$ 7,450	$ 7,450
	TOTAL	$1,527,746	$1,422,959

Year Three

Add children up to age three with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
Cost	Medicaid services for children three years of age.	$ 583,426	$ 583,426
	Public Assistance data processing	$ 7,450	$ 7,450
	TOTAL	$ 590,876	$ 590,876

NOTE: Assumes base includes year 1 and year 2 costs.

Year Four

Add children up to age four with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
Cost	Medicaid services for children four years of age.	$ 583,426	$ 583,426
	Public Assistance data processing	$ 7,450	$ 7,450
	TOTAL	$ 590,876	$ 590,876

NOTE: Assumes base includes years 1, 2 and 3 costs.

Year Five

Add children up to age five with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
Cost	Medicaid services for children five years of age.	$ 583,426	$ 583,426
	Public Assistance data processing	$ 7,450	$ 7,450

TOTAL	$ 590,876	$ 590,876

NOTE: Assumes base includes years 1, 2, 3 and 4 costs.

ASSUMPTIONS: An inflation factor has not been added to medical care costs for years two, three, four and five. An inflation factor will have to be applied each fiscal year to the Medicaid budget to adequately fund this option.

ALASKA HEALTHY BABY PROJECT
Summary

	YEAR				
	1989	1990	1991	1992	1993
Pregnant Women Coverage for medical services	2,027.4	4,054.8	4,054.8	4,054.8	4,054.8
Medical services for children:					
Age one year	583.5	1,166.9	1,166.9	1,166.9	1,166.9
Age two years		1,166.9	1,166.9	1,166.9	1,166.9
Age three years			1,166.9	1,166.9	1,166.9
Age four years				1,166.9	1,166.9
Age five years					1,166.9
Division of Public Assistance Eligibility Technicians plus equipment					
two - first year	42.3	72.6	72.6	72.6	72.6
three - second year		118.0	109.0	109.0	109.0
DPA computer upgrade	14.9	14.9	14.9	14.9	14.9
Case Management	282.7	352.9	352.9	352.9	352.9
Nutrition Services		42.0	42.0	42.0	42.0
Total Yearly Cost	2,950.8	6,989.0	8,146.9	9,313.8	10,480.7
Yearly General Fund Cost	1,423.0	3,421.3	4,000.1	4,583.5	5,166.9
Yearly federal cost	1,527.8	3,567.7	4,146.8	4,730.3	5,313.8

AFDC INCOME STANDARDS

Adult included		ANNUAL	Adult not included		ANNUAL
			1	$275	$3300
2	$692	$8304	2	$550	$6600
3	$779	$9348	3	$637	$7644
4	$866	$10392	4	$724	$8688
5	$953	$11436	5	$811	$9732
6	$1040	$12480	6	$898	$10776
7	$1127	$13524	7	$985	$11820
each add	$87		each add	$87	

single adult pregnant woman	$437
increment for incapacitated spouse	$162

ALASKA'S FEDERAL POVERTY LEVEL

Family size	annual income
1	$6,860
2	$9,240
3	$11,620
4	$14,000
5	$16,380
6	$18,760
7	$21,140
8	$23,520
each additional	$2,380

NOTE: THESE INCOME LEVELS WILL BE CHANGED IN FEBRUARY 1988.

RESOURCE LIMITS

AFDC

- a home of any value
- a car worth $1,500
- other real or personal property worth up to $1,000

APA/SSI

- a home of any value
- a car worth $4,500
- personal effects worth up to $2,000
- liquid resources worth $1,800 for individuals and $2,700 for couples
- a burial plot
- up to $1,500 for burial expenses
- life insurance with face value up to $1,500

Alaska's Medicaid Program pays for the following services:

- inpatient hospital care
- outpatient hospital care
- laboratory and x-ray services
- skilled nursing facility and home health services for individuals 21 and older
- physicians services
- rural health clinic services
- early and periodic screening, diagnosis and treatment for individuals under 21 (EPSDT)
- family planning
- medical transportation
- nurse midwife services
- community mental health clinic and state operated mental health clinic services
- intermediate care facility services
- intermediate care facility for the mentally retarded services
- skilled nursing facility services for individuals under 21
- optometrists services and eyeglasses
- mental institution services for persons under 21
- institution for mental diseases services for persons aged 65 and older
- treatment of speech, hearing and language disorders
- outpatient surgical care center services
- physical therapy
- occupational therapy
- prosthetic devices
- medical supplies
- adult dental services (limited to relief of pain and acute infection)
- chiropractic services
- personal care attendant services

Prescription drugs are provided to Medicaid recipients through the 100% state-funded General Relief Medical Assistance Program.

HRU	Medical Assistance Administration	Medical Assistance	Medical Assistance	Public Assistance Administration	Public Assistance Administration	State Health Services
Component	Claims Processing	Medicaid Facility	Medicaid Non-Facility	Eligibility Determinations	PA Data & Word Processing	Family Health
Personal Serv.	33.9	-0-	-0-	36.3	-0-	175.7
Travel	16.0	-0-	-0-	-0-	-0-	30.0
Contractual	3.8	-0-	-0-	-0-	14.9	13.2
Supplies	.3	-0-	-0-	-0-	-0-	1.8
Equipment	-0-	-0-	-0-	6.0	-0-	8.0
Land & Street	-0-	-0-	-0-	-0-	-0-	-0-
Grants/Claims	-0-	1,740.6	870.2	-0-	-0-	-0-
Misc.	-0-	-0-	-0-	-0-	-0-	-0-
Total Op	54.0	1,740.6	870.2	42.3	14.9	228.7
General Fund	18.5	870.3	435.1	21.15	7.5	70.4
Fed Fund	35.5	870.3	435.1	21.15	7.4	158.3
FTE	1	0	0	2	0	4

FY90

INCLUDES NUTRITION SERVICES

BRU	Medical Assistance Administration	Medical Assistance	Medical Assistance	Public Assistance Administration	Public Assistance Administration	State Health Services
Component	Claims Processing	Medicaid Facility	Medicaid Non-Facility	Eligibility Determinations	PA Data & Word Processing	Family Health
Personal Serv.	45.2	-0-	-0-	181.6	-0-	234.2
Travel	8.0	-0-	-0-	-0-	-0-	40.0
Contractual	5.0	-0-	-0-	-0-	14.9	17.6
Supplies	.5	-0-	-0-	-0-	-0-	2.4
Equipment	-0-	-0-	-0-	9.0	-0-	-0-
Land & Street	-0-	-0-	-0-	-0-	-0-	-0-
Grants/Claims	-0-	4,259.1	2,171.5	-0-	-0-	-0-
Misc.	-0-	-0-	-0-	-0-	-0-	-0-
Total Op	58.7	4,259.1	2,171.5	190.6	14.9	294.2
General Fund	14.7	2,129.5	1,085.7	95.3	7.5	88.5
Fed Fund	44.0	2,129.5	1,085.8	95.3	7.4	205.7
FTE	1	0	0	5	0	4

FISCAL NOTE ANALYSIS

SB 255

"An Act relating to pharmaceutical medical assistance for needy persons, and providing for an effective date"

FY89 Governor's Medical Assistance Request

	GF	Total
GENERAL RELIEF MEDICAL Request	9,380.4	9,380.4
C-4 Transfer to Medicaid	[1,370.6]	[1,370.6]
Decrement to Remove Pharmacy	[1,370.6]	[1,370.6]
REVISED	6,639.2	6,639.2

	FED	GFM	Program	Total
MEDICAID NON-FACILITY Request	17,145.4	17,213.2	169.0	34,527.6
C-4 Transfer from GRM	-0-	1,370.6	-0-	1,370.6
Increment for Federal	1,370.6	-0-	-0-	1,370.6
REVISED	18,516.0	18,583.8	169.0	37,268.8

With a move of prescription drugs for Medicaid recipients from the General Relief Medical (GRM) Component to the Medicaid Non-Facility Component, Medicaid funds would become available at a 50/50 federal financial participation ratio. The Governors FY 89 General Relief Medical budget request for Title XIX pharmacy is $3,654.8. This fiscal note assumes an October 1, 1988 implementation date.

The national rate of increase for prescription drug costs in 1987 according to the U.S. Department of Labor was 8%. For purposes of this fiscal note the Department has assumed 8% as the annual rate of inflation for prescription drugs.

Medical Assistance Administration - Claims Processing

The administrative costs except for the $14,000 for computer programming changes will not be necessary if the increment in the Governor's budget is approved as introduced.

Travel:

On-site pharmacy reviews for dispensing fees, validating acquisition costs for drugs, meetings with the pharmacy association, and gathering data for pricing compounded drugs.	$10,000

Contractual:

Professional services contract for pharmacist/ pharmacy services*	$84,000
One time funding for fiscal intermediary to change computer system documentation including provider manuals, change the collocation code table to shift expenditures from GRM to Medicaid, change pricing logic, and add new edits	$14,000
On-going funding for fiscal intermediary for Blue Book update of average wholesale prices into MMIS claims processing system	$ 3,000
Space Rent $1.25/sq. ft. X 200 sq. ft.	$ 3,000
Communications - Long Distance and Printing	$ 1,000
Advertising and Printing	$ 1,000
Supplies:	$ 1,500
Total	$117,500
Federal	$58,750
SGFM	$58,750

Increases from fiscal year to fiscal year are projected at 8%.

* The Department proposes using the services of a contractor to do the initial work of design, development, and implementation of a Medicaid pharmacy program. However, the Department may elect in subsequent years to seek legislative approval of a permanent position for these services.

A M E N D M E N T

Offered in the Finance Committee by Boyer

HCSSSB 348 (HESS)

pg. 3 line 12 delete [prescribed drugs]

Page 4, line 3:delete

(12) prescribed drugs;

(renumber accordingly)

Page 5:

delete lines 5-11

ALASKA PHARMACEUTICAL ASSOCIATION

Box 10-1185 Anchorage, Alaska 99510

April 25, 1988

The Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator,

This letter comes to you out of professional and personal concern about SB 255, "An act relating to pharmaceutical medical assistance for needy persons; and providing for an effective date." The Alaska Pharmaceutical Association has developed a position paper which addresses our opposition to this bill. Please see attachment No.1.

Pharmacists are charged by statute and by the ethics of our profession to be concerned with the welfare and safety of the public in these matters. Pharmacists are very aware of the fiscal realities present in today's healthcare reimbursement arena. Pharmacists are willing to cooperate with and to support a reimbursement program that is equitable to healthcare providers, benefits the State and the public, and which is well defined. SB 255 does not meet these criteria and so it is not possible for pharmacists to support this bill. A recent Dittman survey demonstrates the potential impact of SB 255 on delivery of healthcare and employment in the State of Alaska. Please see attachment No.2.

Alaska has the lowest percentage of all 50 states of the monies expended for pharmaceuticals in a GMR program. Only 3.2% of the funds spent for GMR go for reimbursement of pharmaceutical expenses. This is, in part, a positive effect of the legislation passed last year which provides for the use of generic drugs when possible.

Senator Arliss Sturgulewski has agreed to chair an interim committee which would examine alternatives and develop a plan which would be acceptable to both Health and Human Services Department and Alaskan pharmacists. This plan could then be presented to the next legislative session. We request your support in this effort. It is imperative that our actions on this matter be well thought out, rather than precipitous. The matter is far too important to the delivery of healthcare in Alaska to rush into a program which would do more harm than good to the residents of the State.

If you require additional information, please do not hesitate to contact me.

Thank you for your consideration in this matter.

Sincerely,

Chris Coursey

Chris Coursey
President,
Alaska Pharmaceutical Association
(907) 264-1138

ALASKA PHARMACEUTICAL ASSOCIATION

Box 10-1185 Anchorage, Alaska 99510

POSITION PAPER

SB 255

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

PURPOSE: To allow the Department of Health and Social Services to obtain federal revenue by funding prescribed drugs for Medicaid reciepients under the Federal Medicaid program rather then under the state funded General Relief Medical Program.

BACKGROUND

ARGUMENT: "All states, except Alaska, have chosen to fund this coverage through the federal Medicaid program. There is no indication that this has in any way harmed medical assistance recipients or resulted in withdrawal of pharmacies from participation as medical assistance providers."

RESPONSE: Most states began participation in the Federal Medicaid program 15 to 20 years ago. Many independent, small pharmacies were unable to survive under the imposed fees and bureaucracy of the program. It is probably true that there is little withdrawal of pharmacies from the program today. However, this is only because the devastation was wrought in these states many years ago, when the programs were begun, leaving the large chain store operations and a few independent pharmacies who had enough non-Medicaid business to survive.

ARGUMENT: "The Department believes that a Medicaid drug program will continue to result in reasonable payments to pharmacies. The Medicaid rules concerning payment for drugs were amended last October. The new rules offer the state substantial flexibility....in setting payment rates for drugs."

RESPONSE: The Department is asking pharmacists to blindly accept and embrace participation in a program with no set guidelines of operation and no established rates, fees, or levels of reimbursement. To this date, the amended Medicaid rules have not resulted in any significant change in payment rates for any state. In response to the issue of reasonable payments to pharmacies, the Association references the previously submitted position paper of Ron Sedgwick, Registered Pharmacist. The Association agrees with and supports Mr. Sedgwick's

observations and arguments. The Department implies that the Medicaid rules and reimbursement would not necessarily cause Alaska pharmacies to lose money. There is no question that the operating margins of those pharmacies participating in this program would be significantly reduced. It is only a question of how much Medicaid business each individual pharmacy has and whether the new bottom line will sustain operations.

ARGUMENT: "The shift in funding sources from GRM to Medicaid is unlikely to have any effect on the utilization patterns of most Medicaid-eligible natives."

RESPONSE: The Association disagrees with this assessment. In addition, there will also be a percentage of the current GRM covered population who will not qualify for Medicaid participation under the more stringent Federal eligibility rules. Funding for this group will remain entirely with the state. The Department of Health and Social Services has not identified this financial responsibility.

ARGUMENT: "The Department can assure that the addition of this option will result in a significant annual cost savings to the state without comprimising services to Alaskans."

RESPONSE: Can the Department assure that Alaskans will not lose their jobs or their businesses by the addition of this option to the Medicaid program? Can the Department assure that these Alaskans will maintain their standard of living for those fortunate enough to retain their jobs or businesses after the addition of this option?

How will the Department assure that service will not be comprimised to Alaskans if a small pharmacy, serving a rural Alaskan area, fails because of reduced operating margins as a result of adding this option? Loss of a single source provider for a rural area will affect not only the Medicaid population, but the entire community and service area. How can this not comprimise Alaskan health care?

CONCLUSIONS

The present state funded program well serves both the health care community and the medical assistance recipients.

Physicians are able to select drug therapy for the patient based on therapeutic effectiveness rather than be restricted to a drug formulary based on drug acquisition cost.

Pharmacists are able to serve the medical assistance patient in the same manner as the general public and is compensated fairly and on the same basis as they are for the general public.

Passage of SB 255 at this time would severely impact the financial picture of Alaskan pharmacies, ultimately resulting in some business failures. The net effect will be loss of jobs for Alaskans and comprimised health care for those

dents of rural areas served by single pharmacies which do not remain ancially viable.

ependent pharmacies are already subjected to a barrage of economic pressures h as mail order prescription programs and physician dispensing of drugs for ofit. In Anchorage alone, five pharmacies have already closed over the past ar due to the existing economic climate. How many more businesses will be ndemned to failure and jobs lost by the addition of one more unfair economic rden?

nder current reimbursement rates used in the lower 48 states for Medicaid atients, the legislature and State of Alaska would be asking pharmacies, their mployees and their non-Medicaid customers to further subsidize health care for this population.

The amount spent for pharmaceuticals at present is a very small percentage of the Medicaid budget. Are the above impacts and offsets to cost savings truly worth the 50% Federal funds the state stands to gain?

RECOMMENDATIONS

The Alaska Pharmaceutical Association strongly urges defeat of SB 255 at this time. We cannot endorse acceptance of an undefined program, which as administered in the lower 48 states, would be economically devastating to the members of our association.

The Department of Health and Social Services appears to believe that under amended Medicaid rules, it would be possible to design a program and establish acceptable payment rates for drugs. Their <u>own</u> position paper <u>implies</u> that previous Medicaid regulations and rules (most of which still exist) did not provide enough flexibility and freedom for the state in establishing this program.

The Association is willing to work closely with the Department of Health and Social Services in designing a Medicaid program and establishing a reimbursement system which is reasonable and fair to pharmacy providers and which allows the state to realize actual savings.

The Alaska Pharmaceutical Association recommends that the Senate direct the Department of Health and Social Services to work with the Association over the next year in designing such a program. If this cooperative effort produced a program which would be accepted in writing at the Federal level, the Association would be happy to support new legislation at the next session.

As an interim measure, the Alaska Pharmaceutical Association urges defeat of SB [illegible] year, and asks that the General Relief Medical Program be funded to [illegible] medical assistance for FY 89.

CONTACT

Mr. Chris Coursey
President
ALASKA PHARMACEUTICAL ASSOCIATION
BOX 10-1185
ANCHORAGE, ALASKA 99510

Work phone: (907) 264-1138
Home phone: (907) 694-5488

PHARMACY OWNERS:

Senate Bill No 255 and House Bill No. 315 are two identical bills being considered by the Alaska State Legislature. They are in the Finance Committees of both houses.

These bills **STRONGLY IMPACT** pharmacy. They change the G.R. MED PROGRAM that is presently in place (usual and customary payment) to the FEDERAL TITLE XIX PROGRAM. Reimbursement under the Federal Program is made on the following basis: Average Wholesale Price (AWP) less, repeat, LESS a percentage of at least 11% (eleven percent) and then adding a negotiated FEE that in most states is from $3.00 to $3.70 per prescription. Other restrictions, such as limiting choice of drugs and mandated price for a list of 200 prescription drugs, also add to the pharmacy costs.

PROPONENTS OF THE BILL CLAIM:	OPPONENTS OF THE BILL CLAIM:
1. THE STATE WILL SAVE OVER A MILLION DOLLARS.	1. THE BILLS WILL FORCE PHARMACY TO SUBSIDIZE THE PROGRAM, RESULTING IN A REDUCTION IN GROSS PROFIT AND AN ACTUAL NET LOSS.
2. THE SAVINGS WILL ALLOW THE STATE TO USE THE MONEY TO FUND OTHER PROGRAMS NOT RELATED TO PHARMACY.	2. NEW STATE PROGRAMS SHOULD SURVIVE ON THEIR OWN MERIT AND NOT DEPEND ON A SUBSIDIZATION BY PHARMACY.
3. THE STATE WILL BE ABLE TO HIRE PERSONNEL IN THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES, CREATING JOBS IN THE STATE GOVERNMENT.	3. JOBS COULD ACTUALLY BE DESTROYED STATEWIDE IN THE PRIVATE SECTOR DUE TO PHARMACIES GOING OUT OF BUSINESS AT A TIME WHEN EVERY PRIVATE SECTOR JOB SHOULD BE SAVED.
4. THE CROSS-OVER OF PEOPLE NOW SERVED BY THE NATIVE SERVICE PHARMACIES WOULD NOT INCREASE THE COST OF THE PROGRAM TO THE STATE.	4. THE FEDS WILL NOT FUND TWO PROGRAMS, AND THE CROSSOVER IN PHARMACY AS WELL AS HOSPITAL USE BY THE NATIVE POPULATION CANNOT BE ACCURATELY PROJECTED AND COULD COST IN THE MILLIONS OF DOLLARS.

Considering the above facts and the financial impact on pharmacy, if the Bills pass and become law on their effective date of July 1, 1988:

1. Will your pharmacy seriously consider dropping out of the program? .....(X)Yes ....( )No.

2. If you are presently participating in the GR MED State program, what percentage of your total prescriptions are GR MED? 25 %. Presently not participating in GR MED.....( )

3. Will you voice your opinion in this matter by calling or writing to your respective Senator and Representative? .....(X)Yes ....( )No.

Comments:
We operate a small retail pharmacy. Should these bills pass, resulting in increased paperwork/recordkeeping expenses and decreased revenues, we would be forced to discontinue our retail pharmacy operation.

Name of Pharmacy: HUMANA PROFESSIONAL PHARMACY

Pharmacy Address 2841 DeBarr Rd, Suite 21, Anchorage, AK 99508

Name of person completing survey: Chris Courtney (Manager) Phone 264-1138

Please return in the enclosed postage paid envelop to DITTMAN RESEARCH CORPORATION **AT ONCE!** Time is of the essence! These bills could come to a vote SOON. Several Legislators have asked for input from Pharmacy. Therefore, your response and the results of this poll are very important. Thank you!

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OPPONENTS OF THE BILL CLAIM:

1. THE BILLS WILL FORCE PHARMACY TO SUBSIDIZE THE PROGRAM, RESULTING IN A REDUCTION IN GROSS PROFIT AND AN ACTUAL NET LOSS.
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Considering the above facts and the financial impact on pharmacy, if the Bills pass and become law on their effective date of July 1, 1988:

1. Will your pharmacy seriously consider dropping out of the program? .....(X)Yes ....( )No.

2. If you are presently participating in the GR MED State program, what percentage of your total prescriptions are GR MED? 14.8 %. Presently not participating in GR MED.....( )

3. Will you voice your opinion in this matter by calling or writing to your respective Senator and Representative? .....(X)Yes ....( )No.

Comments:
If this program goes into effect we will reduce our staff by 1 pharmacist + 1 Clerk.

Name of Pharmacy: Medical Arts Pharmacy

Pharmacy Address 3330 Providence Dr Anchorage 99508

Name of person completing survey: Jay W Danielson Phone 561-1964

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Considering the above facts and the financial impact on pharmacy, if the Bills pass and become law on their effective date of July 1, 1988:

1. Will your pharmacy seriously consider dropping out of the program? .....(X)Yes ....( )No.

2. If you are presently participating in the GR MED State program, what percentage of your total prescriptions are GR MED? 10% . Presently not participating in GR MED.....( )

3. Will you voice your opinion in this matter by calling or writing to your respective Senator and Representative? .....(✓)Yes ....( )No.

Comments:
Considering the travel around time + paper work involved presently - it is already a near Break even task. With Further Reduction - we would be losing money.

Name of Pharmacy: Alaska Drug

Pharmacy Address Box 3522, Kodiak AK 99615

Name of person completing survey: Kim S Zultner RPH Phone 486-5015

Please return in the enclosed postage paid envelop to DITTMAN RESEARCH CORPORATION **AT ONCE!** Time is of the essence! These bills could come to a vote SOON. Several Legislators have asked for input from Pharmacy. Therefore, your response and the results of this poll are very important. Thank you!

PHARMACY OWNERS

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1. Will your pharmacy seriously consider dropping out of the program? .....(X)Yes ....( )No.

2. If you are presently participating in the GR MED State program, what percentage of your total prescriptions are GR MED? 30 %. Presently not participating in GR MED.....( )

3. Will you voice your opinion in this matter by calling or writing to your respective Senator and Representative? .....(X)Yes ....( )No.

Comments:
I have a small service pharmacy. If the bills pass I will probably have to close & have the state. My wife is working so that we can provide (over)

Name of Pharmacy: Anchor Point Pharmacy

Pharmacy Address P.O. Box 663, Anchor Point, AK 99556

Name of person completing survey: Leslie Grosz Phone 235-8222

Please return in the enclosed postage paid envelop to DITTMAN RESEARCH CORPORATION **AT ONCE**! Time is of the essence! These bills could come to a vote SOON. Several Legislators have asked for input from Pharmacy. Therefore, your response and the results of this poll are very important. Thank you!

prescription service in this community. It is ironic that we both ~~took~~ reasonable pay cuts & paid our own moving expenses to come to Alaska to provide a service to Alaskans so they would have a better way of life. The real irony comes from the very state we came to serve. These bills will more than likely cause us to close our doors.

DRC
DITTMAN RESEARCH CORPORATION
DRC BUILDING
8115 JEWEL LAKE ROAD
ANCHORAGE, ALASKA 99502
(907) 243-3345

APRIL 18, 1988

SUBJECT: PHARMACIST POLL REGARDING SENATE BILL 255
AND HOUSE BILL 315

BACKGROUND: Senate Bill 255 and House Bill 315 would have an impact on pharmacies in Alaska. Accordingly, the Alaska Pharmaceutical Association developed a questionnaire and selected a sample of other Alaskan pharmacies to be included in a survey to gather pharmacist opinion regarding the proposed changes in the G.R. MED Program. The Dittman Research Corporation of Alaska was retained to accomplish the data collection. DRC personnel prepared the questionnaires for printing; had 100 copies printed; folded and inserted the questionnaires; inserted postage-paid, return-addressed envelopes; affixed mailing labels and postage; mailed the questionnaires and accepted the returns.

RESULT: A total of 98 questionnaires were mailed and 33 were returned. Among the 33 returns, two were no longer in business. The 31 active respondents ranged from Fairbanks to Kodiak...

GEOGRAPHIC AREA OF RESPONDENT

	Anchorage	Fairbanks	Kenai Pen.	Southeast	Kodiak	Mat-Valley
Number of Pharmacies	10	3	8	5	4	1

.... and the G.R. MED Program accounted for a varying percentage of prescriptions filled by each responding pharmacy...

G.R. MED AS A PERCENTAGE OF ALL PRESCRIPTIONS

	Unknown	2%	8%	10%	10-15%	12%	15%	20%	25%	30%	35%	40%
Number of Pharmacies	1	1	1	5	3	3	5	4	1	5	1	1

Of the 31 respondents who were still in the pharmacy business, 29 reported they would seriously consider dropping out of the G.R. MED program if Senate Bill 255 and House Bill 315 are passed...

* Mailed.....	98
* Returned.....	33
* Out of business.....	2
* Current pharmacists	31
* Drop G.R.MED.....	29
* Not drop G.R. MED	1
* Undecided.....	1

Signed

David L. Dittman
President
Dittman Research

Senator Rick Halford

Senate District I
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman

TO: All Legislators

FROM: Senator Rick Halford

DATE: March 26, 1988

SUBJECT: "Prenatal Care in Alaska: More Costs Less"

Alaskan newborn infants whose mothers do not seek enough prenatal care are in danger of being born too soon, too small and too sick. These babies have a much greater chance of dying than normal weight babies. But those who live -- and the majority do -- are at high risk to suffer from lifelong disabilities such as mental retardation, blindness, cerebral palsy and deafness.

Just ten years ago most low birthweight babies died. Today they are rushed to newborn intensive care units and many are saved. But this has created a public policy problem nationwide. The medical technology that keeps a fragile baby alive is staggeringly expensive. And infants who survive with serious physical and mental damage have enormous expenses lasting a lifetime.

These costs are likely to become the public's responsibility. Parents who cannot afford $1,100 for nine months of prenatal care in Alaska probably cannot afford $1,800 a day for intensive care in the Providence Hospital newborn intensive care unit, or $35,000 for the average 20-day stay in the unit or $1 million in costs for the sick babies who live at the unit two and even three years. They are unlikely to be able to pay $87,000 a year to institutionalize the baby with severe mental retardation or the $24,000 a year for special education for the child blinded by the very efforts to save its life.

Fortunately, much of the expense of low birthweight is preventable. Extensive studies document that pregnant women who obtain adequate prenatal care have a better chance of delivering healthy babies. This report, "Prenatal Care in Alaska: More Costs Less", prepared at my request, shows that if all Alaskan pregnant women were to obtain sufficient prenatal care, up to $6 in long-term medical and institutional costs alone might be saved for every $1 spent on prenatal care. The report shows that lives can be saved as well as money. As many as 27 low birthweight Alaskan babies will die this year who might have been born healthy if their mothers had obtained enough care during pregnancy. Babies with preventable low birthweight suffer from a perverse reversal of effort. We are very good at making the heroic and expensive efforts to save their lives but we are less adept at assuring the prenatal care which could prevent the baby's sickness in the first place. This report shows that adequate prenatal care makes good economic sense.

Post Office Box V, Juneau, Alaska 99811 (907) 465-4958 • Post Office Box 190, Chugiak, Alaska 99567 (907) 694-4958

A PROPOSAL FOR COMPREHENSIVE PRENATAL CARE AND HEALTH SERVICES FOR CHILDREN

ALASKA HEALTHY BABY PROJECT

WHAT IS IT?

The Alaska Healthy Baby Project would provide prenatal care, delivery and other health services to pregnant women who have incomes up to 100% of the federal poverty level.

The Alaska Healthy Baby Project would insure that prenatal care can begin as soon as pregnancy is confirmed, to include regular physical examinations, monitoring of the pregnancy, treatment of correctable conditions, assistance in making behavioral changes to reduce the risk of harm to mother and child, and assistance in securing basic needs such as good nutrition.

Children whose families have incomes up to 100% of the federal poverty level would receive a broad spectrum of preventive, screening and treatment services to assure optimum health status in the first five years of life. It is estimated that 5,000 children would receive additional medical coverage over the five year period.

Case management would be available through Public Health Nurses to Medicaid-eligible pregnant women to assess their health problems, coordinate their access to necessary medical care, and refer them to providers of social, education and other services. Promoting individual needs and appropriate prenatal care and health services, case management would aid in reducing complications of pregnancy, and diminish the frequency and severity of handicaps associated with premature delivery and low birth weight infants.

Nutrition services would also be made available to Medicaid-eligible pregnant women to assist those women identified as having complex nutritional, medical and social risk factors requiring intensive nutrition education. Through case managers, all pregnant women would be referred to the Women Infants and Children (WIC) Nutrition Program, however certain high risk women require services beyond the scope of WIC and would be served through enhanced nutritional services.

WHO

Under this Medicaid option, an estimated 974 low income women would be eligible for Medicaid coverage through their pregnancy and postpartum periods. This would increase, by a minimum of 22.2%, the number of pregnant women eligible for Medicaid services.

All children with incomes under the federal poverty level would also be eligible for Medicaid, up to age one the first year and phasing in children each year until all children under the age of five are covered.

WHY

The Alaska Healthy Baby Project is important because of the increasing number of women in Alaska who do not have access to prenatal and delivery care because they are low income but ineligible for Medicaid, or cannot afford health insurance or the cash outlay to cover the cost of those services.

Lack of prenatal care is associated with poor delivery outcomes, including prematurity, infants of low birthweight, and infant deaths and disabilities.

Research shows that improvement in the quality and availability of prenatal and delivery care reduces the need for expensive newborn intensive care.

In FY 84 the Medicaid program spent over $4.6 million dollars for 96 infants in newborn intensive care; 11 of those babies had medical costs exceeding $100,000 each.

In 1984, 141 Alaskan babies died before reaching the age of one; 72 of those infants died in the first 28 days of life.

HOW

All of these changes would require an amendment by the legislature to AS 47.07.020, 47.07.030 and 47.07.035 to allow the department to provide Medicaid to pregnant women and children whose incomes do not exceed 100% of the federal poverty level; to allow these pregnant women to receive case management and nutrition services; and to prioritize this group and these services under AS 47.07.035.

The state would also have to provide funding for these services: The FY 89 cost of adopting the option is $3,063.1 million ($1,477.5 state funds); for FY 90 the cost is $6,880.8 million ($3,397.1 state funds). The increase from FY 89 to FY 90 is because the program cannot be implemented until January 1, 1988 resulting in only ½ year funding the first year.

WHAT WILL HAPPEN?

These provisions will reduce the incidence of infant deaths, birth defects, and developmental disabilities related to insufficient prenatal care, premature birth and low birthweight; and will provide a system of preventive health care and early intervention, promote health and reduce long-term health care costs.

CONTACTS:

Elizabeth Ward, Director, Division of Public Health - 465-3090
Nancy Bennett, Medical Assistance Administrator, Division of Medical Assistance - 465-3355

* The federal law allows many different ways to provide coverage to all or part of this target group, The Alaska Healthy Baby Project is one way. These options are explained in more detail in additional materials.

STEVE COWPER, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC HEALTH

POUCH H-06
JUNEAU, ALASKA 99811-9976

PHONE:

PREVENTION SAVES ALASKA'S BABIES AND THE STATE'S MONEY

- National data shows lack of prenatal care as the most significant factor in problem births, including prematurity, infants of low birthweight and infant deaths and disabilities.

- A woman without adequate prenatal care has twice the risk of her infant being born with low birthweight and twice the risk of infant death as the infant born to a mother with adequate care.

- Low birthweight babies can suffer tragic outcomes and must endure extensive and costly medical care: about 20% of all neonatal intensive care unit graduates have major medcial problems by age two. Up to 60% have some physical or intellectual difficulties by age five.

- Every $1.00 spent on comprehensive prenatal care saves $2.00 in the first year of an infant's life alone, because of the reduced need for hospital care.

- Every $1.00 spent on prenatal care saves up to $11.00 when all costs of caring for permanently disabled children are included.

- Every $1.00 spent on women at high risk for delivering low birthweight babies saves $3.40 during the surviving infants' first year of life.

- Prenatal care that begins early in pregnancy and provides a woman with the medical, nutritional and supportive services she and her baby need has been shown to reduce the incidence of low birthweight by 30%.

- Prenatal care is <u>most effective</u> in improving the health of high risk mothers and babies, whether the risk is from medical factors, or social factors or both.

- 3/4 of the factors that lead to low birthweigth can be evaluated in the first prenatal visit and appropriate intervention, such as counseling on substance abuse, can begin early to reduce risks.

- Prenatal visits routinely include blood pressure checks and blood urine tests to screen for conditions which <u>if</u> left unprotected and untreated can cause major problems to the mother or her baby.

- Routine prenatal tests can detect treatable conditions which lead to poor pregnancy outcomes.

STEVE COWPER, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC HEALTH

POUCH H-06
JUNEAU, ALASKA 99811-9976

PHONE:

THE HEALTH OF ALASKA'S MOTHERS AND BABIES

- Each year, about 2,000 or 16% of all births in Alaska occur to women who recieve inadequate or no prenatal care.
- The average total cost for prenatal, labor and delivery care in Alaska is $3,500..... less than the cost of 1 1/2 days in a neonatal intensive care unit.
- In 1984, 608 babies were born low in Alaska weighing less than 5 1/2 pounds, most of whom required expensive ($2,500/day) neonatal intensive care; 142 babies died before reaching their first birthday.
- In 1986, an estimated 2,140 women in Alaska were not able to afford prenatal care in their crucial first trimester.
- Low birthweight babies constituted less than 5% of all births in Alaska in 1984, but accounted for more than 40% of all infant deaths.
- Alaska's low birthweight rate has remained fairly constant.... we have made very little progress in preventing low birthweight.
- Alaska's women most in need of prenatal care are least likely to receive it: single, nonwhite, teens and those with little education or income.
- The hight cost of prenatal and hospital delivery care is cited repeatedly as the predominant barrier in preventing low income women from obtaining needed prenatal care.
- Medicaid provides coverage for < 78% of the poor in Alaska.

EXAMPLES OF GAPS IN PRENATAL CARE

Women earning over 78% of poverty are **not** eligible for medicaid; these women must pay cash out of pocket for prenatal care unless insured.

-- *uncomplicated pregnancy = 25% of her income must go toward prenatal care*

The 1984 Vital Statistics Report states that 25% (605) of Native women had inadequate prenatal care and 13% of White Alaskan women received inadequate prenatal care.

Four to five deliveries occur monthly in Anchorage emergency rooms because these women have had no prenatal care.

Alaska Women's Health Clinic in Anchorage reports 27% of their patients are not eligible for any third party reimbursement.

Providence Hospital reported that in 1986, 667 of the 2,480 births there occurred to women who had **no** third party reimbursement for their birth; 555 of these women have established some sort of payment plan for their birth, but 112 of these have not been able to establish a payment plan.

The state demographer estimates that 11% of the Alaska population has incomes above the Alaska poverty line, but **below** $18,000.

POSTNEONATAL MORTALITY IN ALASKA

Definitions:

Infant Mortality (IM) - death of an infant during its first year of life

Neonatal Mortality (NM) - death of an infant during its first 28 days of life

Postneonatal Mortality (PNM) - death of an infant between 28 days and one year of age

Facts: *(based on Alaska data for 1979-85)*

1. Alaska's PNM rate is the **highest** of any state in the union.
   - AK's 1984 PNM rate: 5.5
   - U.S. 1984 PNM rate: 3.8

2. In Alaska, the PNM rate for Natives is **twice** as high as that for Whites.

   1984
   - Natives - 9.2
   - Whites - 4.5

   1979-85
   - Natives - 9.6
   - Whites - 4.3

3. The Native's PNM rate is higher than the rate for Whites in **each** of the 6 geographical regions in the state.

4. The PNM rate (for all races) is **highest** in these 2 regions:

	1985 Rate
• Southwest AK	10.0
• Northern AK	9.1

5. Low Birth Weight (LBW) is more common among Neonatal deaths than among Postneonatal deaths.

2/3 of neonatal deaths are LBW

1/4 of postneonatal deaths are LBW

This is true for both Whites and Natives.

6. 3/4 of all Postneonatal deaths are Normal Birth Weight (NBW).

7. Teens account for:

(1984 - 85 data)

9% of births

17% of Neonatal deaths

17% of PN deaths (between 6 mos. and 1 year)

8. Single mothers account for:

16% of births

24% of Neonatal deaths

33% of all PN deaths

9. Natives account for:

20% of births

26% of Neonatal deaths

42% of all PN deaths

10. The bush accounts for:

14% of births

18% of Neonatal deaths

26% of all PN deaths

11. Inadequate Prenatal Care was characteristic of 3-4% of infant deaths compared to < 2 % of all births.

Higher percentage of Inadequate Prenatal Care was found among teens and among Natives.

(Adequacy of Care could not be determined for 1/3 of all infant deaths)

12. Causes of Death

- Neonatal: (of Whites and Natives respectively)

  Congenital Anomalies (29% and 22%)

  Respiratory Distress Syndrome (16% and 16%)

  Other Conditions of Perinatal Origin (30% and 31%)

- Postneonatal: (of Whites and Natives respectively)

  Sudden Infant Death Syndrome (SIDS) - (54% and 44%)

  (90% of PN SIDS occurred before the age of 6 months).

  For Whites, Congenital Anomalies (13%)

  For Natives, Pneumonia and Influenza (11%)

All other causes (18% and 27%). More detailed information is needed here.

Further Detail:

(1) **Low Birth Weight (LBW)** - less than 2500 grams (5.5 lbs)

Normal Birth Weight (NBW) - 2500 grams (5.5 lbs.) or more

(2) **PNM rate** = # postneonatal deaths in a year/# live births in a year X 1,000

(3) The 6 geographical regions of the state (with census areas included in each):

- Anchorage/Matanuska - Susitna Region

  Anchorage Borough

  Matanuska-Susitna Borough

- Gulf Coast Region

  Kenai Peninsula Borough

  Kodiak Island Borough

  Valdez-Cordova Census Area

- Interior Region

  Fairbanks North Star Borough

  Southeast Fairbanks Census Area

  Yukon-Koyukuk Census Area

- Northern Region
  - Nome Census Area
  - North Slope Borough
  - Northwest Arctic Borough (Kobuk C.A.)

- Southeast Region
  - Haines Borough
  - Juneau Borough
  - Ketchikan Gateway Borough
  - Prince of Wales-Outer Ketchikan C.A.
  - Sitka Borough
  - Skagway-Yakutat-Angoon Census Area
  - Wrangell-Petersburg Census Area
- Southwest Region
  - Aleutian Islands Census Area
  - Bethel Census Area
  - Bristol Bay Borough
  - Dillingham Census Area
  - Wade Hampton Census Area

(4) The bush: Census Areas

Nome, North Slope, Northwest Arctic (Kobuk), Aleutian Islands, Bethel, Bristol Bay, Dillingham, Wade Hampton, Yukon-Koyukuk

(5) Inadequate Prenatal Care: Initial visit was in the third trimester of pregnancy or fewer than five prenatal visits.

PRENATAL CARE COSTS

Adequate Prenatal Care - for uncomplicated pregnancies must begin in the first trimester

-- visits should be every 4 weeks for first 28 weeks
-- one visit every 2 weeks for next 8 weeks
-- one visit every week thereafter until delivery
-- total number of prenatal visits = 14 to 15 visits
-- prenatal care provider - obstetrician/gynecologist, certified nurse midwife, or advanced nurse practitioner

Alaska Women's Health Service - Prenatal Care

1st Prenatal Visit	$ 200
Each Subsequent Visit @ $45 x 13 visits	$ 585

Since the recommended prenatal visit schedule for prenatal care totals 14 visits for a low risk full term gestation, I multiplied the $45 per visit rate by 13 visits.

Delivery Fees

Vaginal delivery	$ 700
Cesarean Section	$ 1,400

Cost of Vaginal Delivery		Cost of a C-Section Delivery	
Prenatal Care	$ 785	Prenatal Care	$ 785
Delivery-Physician Chg.	700	C-Section Del.	$ 1,400
Total Fees	$1,485	Total Fees	$ 2,185
Providence Hospital Fees	1,950	Providence Fees	$ 5,000
Grand Total	**$3,435**	**Grand Total**	**$ 7,185**

Neighborhood Health Center

Fee includes all prenatal visits plus delivery charges

0 Fee	25% Fee	50% Fee	75% Fee	Full Fee
Medicaid	125% Poverty	150% Poverty	175% Poverty	200% Poverty
$0.00	$300	$600	$900	$1,200

OPTIONS FOR INCREASING PRENATAL SERVICES

I. Increase the number of women and children who qualify for medicaid

II. Provide a prenatal care program that would pay a portion of the cost of the medical prenatal care of the eligible women. Each woman would have a participation amount that would be dependent on her income and family size.

Eligibility

-- **low income**, but not eligible for medicaid

-- **high risk pregnancy** due to a medical condition or lack of access to prenatal care because of geographic location.

III. Enhancement of Services

-- case management

-- nutritional services

-- presumptive eligibility

-- no resource limit

-- one time eligibility

Solutions can be limited to one of these three choices or be combination of the three - see schematic.

NUMBER OF WOMEN OF CHILD BEARING AGE IN ALASKA

BY AGE AND RACE

1984 Alaska Vital Statistics Annual Report

Age	White	Native	Other	Total
15-19	13,605	4,051	1,684	19,340
20-24	14,455	3,980	2,139	20,574
25-29	23,497	3,338	3,902	30,737
30-34	24,205	2,939	1,785	21,248
35-39	17,192	2,271	1,083	14,459
	104,604	18,305	13,873	136,782

1984 LIVE BIRTHS BY AGE AND RACE OF MOTHER

Age	White	Native	Black	Other	Unknown	Total
< 15	4	4	0	0	0	8
15-17	158	136	17	3	0	314
18-19	531	294	41	11	6	883
20-24	2,929	848	160	82	30	4,049
25-29	3,163	628	126	119	25	4,061
30-34	1,911	328	51	77	23	2,390
35-39	567	117	5	39	0	733
40-44	55	22	0	4	0	81
45 +	1	1	0	1	0	3
Unknown	1	2	0	0	0	3
	9,320	2,380	400	336	89	12,525

PROBLEMS TO BE DISCUSSED

Access to Care

Teen Pregnancies

Nutrition for Pregnant Women

Sudden Infant Death Syndrome

Data Related to Infant Births and Deaths

From "State Health Plan for Alaska", June 1984

INFANT MORTALITY

HEALTH STATUS GOAL:
REDUCE THE INFANT MORTALITY RATE TO 15 PER 1,000 LIVE BIRTHS AND THE NEONATAL DEATH RATE TO 9 PER 1,000 LIVE BIRTHS.

HEALTH SYSTEMS RESPONSE:
Provide an adequate range of preventive, primary and acute care services.

HEALTH SYSTEMS OBJECTIVE:	RELATIONSHIP TO PART II: SERVICES OBJECTIVES & ACTIONS
H. Ensure that all women have access to early and continuous prenatal care, including prenatal education and access to obstetrical services, by 1985.	
I. Maintain the High Risk Infant Critical Care System of the Alaska Newborn Project.	
J. Ensure that 100% of families have access to autopsy confirmation in cases of unexplained infant death, and that 100% of families that have experienced sudden infant death received information and counseling.	

BACKGROUND **RECOMMENDATION**

Teenage Prenatal Care: 73

A comprehensive prenatal and infant care program is essential to ensure nutritional and medical care needs for healthy pregnancies and healthy children. In 1986, the U.S. Congress broadened states' ability to provide this care for poor women and their children and appropriated federal dollars to match state dollars. Families with incomes up to the poverty level can be included. Alaska has the ninth highest infant mortality rate in the nation, and the highest rate of postneonatal mortality. Low birth weight, which is significantly reduced by good prenatal care programs, is responsible for 40% of Alaska's infant deaths. Alaska's teenagers, just 50% of whom receive adequate prenatal care now, are more likely to have low birth weight babies. The new federal option allowed under the Sixth Omnibus Budget Reconciliation Act (SOBRA) has already been adopted by more than half the states. If adopted in Alaska, an estimated 974 additional women would receive pregnancy and postpartum coverage, and 5,000 children would have medical insurance coverage under Medicaid for their first five years of life. For every $1 spent on women at high risk of having low birth weight babies, $3.40 is saved in the surviving infant's first year of life alone.

Comprehensive prenatal care programs for teenagers and low income women should be created and funded through expanded Medicaid coverage options allowed under SOBRA. The programs would ensure medical care, access to community social services, adequate nutrition, and emphasize home visits to teenage parents by public health nurses or lay companions during the last three months of pregnancy through an infant's first birthday. The visitors should teach parenting skills and monitor the health of mother and infant.

A comprehensive prenatal and infant care program is essential to ensure nutritional and medical care needs for healthy pregnancies and healthy children.

Municipality of Anchorage

Municipal Health & Human Services Commission

825 "L" Street
P.O. Box 196650 • Anchorage, Alaska 99519-6650

Telephone
(907) 343-4674

Tom Fink,
Mayor

Similar letter was also sent to Senator Uehling.

April 13, 1988

Representative Johnny Ellis
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Ellis:

On behalf of the Health and Human Services Commission, I would like to take this opportunity to thank you and Representative Boyer for meeting with the Commission on March 19. Communication between the Anchorage Legislative delegation and the Commission is essential to our implementation efforts.

As I mentioned at the March 19 meeting, the Commission has supported HB 342 and SB 348 which raises income eligibility for medicaid eligible women. We concurred that these initiatives offer important increments to prenatal care and have endorsed your legislation because it is consistent with the high priority given to maternal and child health under the Anchorage Health and Human Services Plan's physical health priorities.

The Commission has also examined the problem of financial inaccessibility to health care under its basic human needs priorities. We have concluded that our leading 1988 implementation objective to mitigate the problem of financial inaccessibility to health care is to urge the State to reinstate outpatient benefits under the General Relief Medical program. It is our belief that in the allocation of public resources for people in need, the standard should be to serve the neediest. Recipients of the GRM outpatient services are our most needy persons. The Commission felt strongly that the GRM outpatient services encourages rather than discourages the provision of primary care services that are essential to forestalling the development of serious illness and reducing the need for more expensive inpatient care. We appreciate that the Governor's Interim Commission on Health Care is completing a study on health care costs and financing and the Health and Human

2-2-68

WE OF THE PHARMACY COMMUNITY IN SITKA APPLAUD YOUR EFFORTS TO ADD HOME HEALTH CARE LANGUAGE AS SPECIFIED IN HB 315. ALREADY IN ALASKA THIS NEW TREND CAUSED BY RISING HOSPITAL COSTS HAS FORCED PEOPLE TO BE CARED FOR OUTSIDE THE HOSPITAL ENVIRONMENT SOONER. MANY CASES DOCUMENT THAT COSTS TO THE FIRST, SECOND OR THIRD PARTY ARE 1/3 OR 1/2 AND IN SOME CASES AS LITTLE AS 1/10TH THE COST OF HOSPITALIZATION, SIMPLY BY PROVIDING HOME CARE THROUGH AN AGENCY AND A DURABLE MEDICAL EQUIPMENT PROVIDER WHILE A PATIENT RECOVERS FROM AN ILLNESS OR AS AN ALTERNATIVE TO LONG TERM CARE IN AN INSTITUTION. WE SEE JUSTIFICATION FOR KEEPING MORE PATIENTS HOME IN ALASKA WHERE THEY RECOVER FASTER AND MORE COMPLETELY THAN EXCURSIONS TO OUT OF STATE HOSPITALS.

AS PROVIDERS FOR BOTH PHARMACY AND DURABLE MEDICAL SERVICES, WE HAVE SOME VERY REAL CONCERNS ABOUT THE FUTURE. ARE WE TO EXPECT TO PROVIDE USUAL AND CUSTOMARY QUALITY FOR OUR PRODUCTS AND SERVICES AND IN TURN BE PAID A USUAL AND CUSTOMARY RETURN? OUR COSTS OF DOING BUSINESS IN OUR AREA CONTINUE TO RISE YET WE ARE BEING TOLD WHAT WE ARE TO BE PAID BASED NOT ON THE QUALITY OF GOODS AND SERVICES BUT ON THE CHEAPEST PRICE IN THE INDUSTRY. WE FEEL AN OBLIGATION TO SERVE OUR PATIENTS WITH THE BEST CARE FOR THE BEST PRICE, HOWEVER, WE STILL MUST MAINTAIN AN INVENTORY OF GOODS AND BE ABLE TO PAY OUR PROVIDERS IN A TIMELY MANNER AND COVER THE OVERHEAD COSTS TO ALLOW US TO DO BUSINESS THE NEXT MONTH WHEN SOMEONE ELSE REQUIRES OUR SERVICES. A GOOD EXAMPLE ARE WHEELCHAIRS AND BEDS. THESE ARE EXPENSIVE ITEMS RUNNING ANYWHERE BETWEEN $250 AND WELL OVER $1000. THERE ARE MANY TO CHOOSE FROM AND MOST PATIENTS REQUIRE SPECIAL NEEDS IN THEIR CHAIRS AND BEDS OR WHY WOULD THEY NEED THE SERVICE IN THE FIRST PLACE. WILL YOU PAY THE $750 FOR THE RECIPIENTS PROPER CHAIR OR ONLY $250 FOR THE "CHEAPEST" CHAIR BECAUSE IT'S AVAILABLE? THE RECIPIENT'S ABILITY TO PAY A FEW DOLLARS ABOVE YOUR MAXIMUM ALLOWABLE COST OF A DRUG IS ONE MATTER WHILE $500 WILL ALMOST CERTAINLY BE A BARRIER TO GOOD MEDICINE.

NOTIFICATION WAS SENT RECENTLY ABOUT A COMPANY IN TENNESSEE BEING AWARDED THE ALASKA MEDICAL PAYMENTS ASSISTANCE (AMPS) CONTRACT. WE ARE TO UNDERSTAND THE TRANSITION WILL OCCUR OVER THE NEXT FEW MONTHS TO BE COMPLETED IN MAY BUT, WE DO NOT UNDERSTAND THE FULL IMPACT OF THE CHANGES THEY INTEND TO MAKE. IT APPEARS THEY INTEND TO PURSUE THE METHOD WHEREBY PHARMACIES GET

Services Commission will review those recommendations when they are available. In the meantime, the Commission urges that you restore GRM outpatient services in the state's budget. The Commission appreciates your continued concern for the basic human needs of Anchorage's residents.

Sincerely,

Linda Langston

Linda Langston, Chair
Municipal Health and Human Services Commission

cc: Anchorage Assembly
Tom Fink, Mayor
Ron Garzini, Municipal Manager
Robert A. (Bert) Hall, Director, Department of Health and Human Services
Myra Munson, Commissioner, Alaska Department of Health and Human Services
Representative Albert Adams, Alaska State Legislature
Representative Mark Boyer, Alaska State Legislature
Representative Steve Frank, Alaska State Legislature
Representative Niilo Koponen, Alaska State Legislature

LL1/dPD20

REIMBURSED ONLY A PORTION OF THEIR COSTS THROUGH A MAXIMUM ALLOWABLE COST BASIS PLUS A PRE-DETERMINED FEE. WE DO NOT KNOW WHAT THIS FEE IS. SEVERAL YEARS AGO THIS MATTER WAS ADDRESSED AND MANY PHARMACIES STATED THEY MIGHT NOT BE ABLE TO DO BUSINESS WITH AMPS IF USUAL AND CUSTOMARY WAS NOT REIMBURSED. THE STATE, AT THAT TIME INSTITUTED THE ONE DOLLAR CO-PAY TO HEDGE AGAINST RISING COSTS. WE SEEM TO HAVE MISSED NOTIFICATION OF THIS NEW ACTION.

PHARMACY IS NOT ASKING FOR A HAND-OUT. WE ONLY ASK TO BE ALLOWED TO DO BUSINESS AND PROVIDE THE BEST CARE AT THE MARKET VALUED PRICE. LET FREE ENTERPRISE DETERMINE OUR PRICES. HELP US BY GETTING OUR PAYMENTS TO US WITHIN 30 DAYS AND TRY TO MAKE THE SYSTEM SIMPLER BY NOT REQUIRING A REFUSAL FROM MEDICARE WHEN EVERYONE KNOWS THEY REFUSE 100% OF SUCH CLAIMS. GIVE US SOME LEVERAGE TO FALL BACK ON WHEN YOUR CONTRACTED INSURANCE CARRIER DECIDES NOT TO PAY 50% OF YOUR CLAIMS BECAUSE THEY ARE "PENDING". (WE HAVE NEVER BEEN GIVEN A CLEAR DEFINITION OF "PENDING" AS IT IS REFERRED TO BY INSURANCE COMPANIES.) FINALLY, GIVE US A LITTLE RECOGNITION FOR THE JOB WE DO IN OUR COMMUNITIES. ALLOW OUR CONTINUATION OF PROVIDING HIGH QUALITY HEALTH SERVICES.

THANK YOU FOR REQUESTING INPUT ON THIS AND OTHER CONCERNS AFFECTING LEGISLATION THIS SESSION. WE APOLOGIZE FOR NOT SPEAKING WITH YOU PERSONALLY.

SINCERELY,

DAVID E. MOORE R.PH. &
JOHN W. COOPER R.PH.
OF SITKA PHARMACY, INC.

TRISH WHITE R.PH. &
DIRK T. WHITE R.PH
OF WHITE'S, INC.

Municipality of Anchorage

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ANCHORAGE, ALASKA 99519-6650
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Tom Fink
MAYOR

MUNICIPAL HEALTH & HUMAN SERVICES COMMISSION

March 9, 1988

Representative Johnny Ellis, Chair
House Health, Education and Social
Services Committee
Alaska State Legislature
POB V
Juneau, Alaska 99811

Dear Representative Ellis,

The Municipal Health and Human Services Commission would like to lend their full support to the passage of SB348. Inadequate maternal and child health is ranked as the leading physical health problem in Anchorage. Passage of SB348 and related fiscal note would go a long way toward the prevention of many maternal and child health problems. In Alaska, 72.4% of financially eligible pregnant women, infants and children do not receive nutrition supplements through WIC. In 1984, 1 in 4 Alaskan babies were born to mothers who did not receive early prenatal care.

As established in Volume 1 of the Anchorage Health and Human Services Plan, the U.S. stands alone in its failure to assure pregnant women access to prenatal care and delivery services when compared to any other industrialized country. In 1984, Alaska was ranked 38th in it's infant mortality rate; only 13 other states were ranked worse. In Alaska, a variety of medical studies have established that the cost of providing intensive medical care to low-birth weight babies averages between $20-100,000 per infant. Much of this would be unnecessary if good prenatal care were consistently available. For every dollar spent on the prevention of low-birth weight infants, $8-12 is saved in the cost of medical and institutional care.

We would like to recommend some evaluation of the proposal for case management services (Section 2(b), line 2). In general, we have some questions about the ratio between cost and actual benefits derived from the provision of such services. Similarly, the problems of financial inaccessibility to health care and all those related to reimbursement, should be carefully weighted against their potential contribution to persistent inflationary trends in the health care sector.

If you have any questions, please feel free to call me (562-2828) or the Commission's staff (343-4674). I hope we have been of some assistance.

Sincerely,

Gari B. Andreini, Chair
Municipal Health and Human Services Commission

cc: House HESS Committee
Myra Munson, Commissioner, Department of Health and Social Services, State of Alaska
Tom Fink, Mayor, Municipality of Anchorage
Ron Garzini, Manager, Municipality of Anchorage
Anchorage Municipal Assembly
Robert A. (Bert) Hall, Director, Department of Health and Human Services, Municipality of Anchorage

SJ5/dPD20

Alaska State Medical Association

2401 East 42nd Avenue, #104
Anchorage, Alaska 99508

March 9, 1988

RE: House Bill 315

To Whom It May Concern:

After studying this proposed legislation to bring prescription drugs into the Medicaid program from the General Relief Medical Program, and after receiving assurances from Commissioner Munson that the change will not result in a smaller formulary of medications being available to our patients, the Alaska State Medical Association supports House Bill 315. We believe that the additional resources brought to the state through cost sharing in the Medicaid program and not available in the General Relief Medical Program will free up state funds for other necessary health services.

If anyone needs further information regarding our position on this issue, please feel free to contact me.

Yours truly,

David E. Johnson, MD
Legislative Committee Chairman

DEJ:ts

health
association
of alaska

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

April 6, 1988

HB 315/SB 255
Prescription Drugs

TO WHOM IT MAY CONCERN:

The Health Association of Alaska, representing acute care hospitals, long term and outpatient facilities supports HB 315 and SB 255, bringing prescription drugs into the Medicaid program.

Currently the prescription drug program is under the General Relief Medical Program.

This legislation will permit federal/state cost sharing under the Medicaid program, realizing a savings for the state. It should not lessen the availability of prescription drugs to individuals in the Medicaid program.

Sincerely,

Harlan R. Knudson
Executive Director

Offered: 4/8/88
Referred: Finance

5-1496B

Original sponsors: Uehling, Halford, Eliason, et al.

IN THE SENATE

BY THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

HOUSE CS FOR SENATE BILL NO. 348 (HESS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to medical assistance for needy persons."

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

* Section 1. AS 47.07.020(b) is amended to read:

(b) In addition to the persons specified in (a) of this section, the following optional groups of persons for whom the state may claim federal financial participation are eligible for medical assistance:

(1) persons eligible for but not receiving assistance under any plan of the state approved under 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with Dependent Children) or 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act, Supplemental Security Income);

(2) persons in a general hospital, skilled nursing facility or intermediate care facility, who, if they left the facility, would be eligible for assistance under one of the federal programs specified in (1) of this subsection;

(3) persons under age 21 who are under supervision of the department, for whom maintenance is being paid in whole or in part from public funds, and who are in foster homes or private child-care institutions;

(4) aged, blind, or disabled persons, who, because they do not meet income and resources requirements, do not receive supplemental security income under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not receive a mandatory state supplement,

but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility to receive an optional state supplementary payment;

(5) persons under age 21 who are in an institution designated as an intermediate care facility for the mentally retarded and who are financially eligible as determined by the standards of the federal aid to families with dependent children program;

(6) persons in a medical or intermediate care facility whose income while in the facility does not exceed 300 percent of the supplemental security income benefit rate under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who would not be eligible for an optional state supplementary payment if they left the hospital or other facility;

(7) persons under age 21 who are receiving active treatment in a psychiatric hospital and who are financially eligible as determined by the standards of 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with Dependent Children);

(8) persons under age 21 and not covered under (a) of this section, who would be eligible for benefits under the federal aid to families with dependent children program, except that they have the care and support of both their natural and adoptive parents;

(9) pregnant women not covered under (a) of this section and who meet the income and resource requirements of the federal aid to families with dependent children program;

(10) pregnant women, and children five years of age or younger, with a household income that does not exceed 100 percent of the federal poverty level.

* Sec. 2. AS 47.07.030(b) is amended to read:

(b) In addition to the mandatory services specified in (a) of

this section, the department may offer only the following optional services: case management and nutrition services for pregnant women; personal care services in a recipient's home; emergency hospital services; long-term care noninstitutional services; medical supplies and equipment; clinic services; inpatient psychiatric facility services for individuals age 65 or older and individuals under age 21; physical therapy; occupational therapy; chiropractic services; treatment of speech, hearing, and language disorders; adult dental services; prosthetic devices and eyeglasses; optometrists' services; intermediate care facility services, including intermediate care facility services for the mentally retarded; skilled nursing facility services for individuals under age 21; prescribed drugs; and reasonable transportation to and from the point of medical care.

* Sec. 3. AS 47.07.035 is amended to read:

Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the department finds that the cost of medical assistance for all persons eligible under this chapter will exceed the amount allocated in the state budget for that assistance for the fiscal year, the department shall eliminate coverage for optional medical services and optionally eligible groups of individuals in the following order:

(1) chiropractic services;

(2) adult dental services;

(3) emergency hospital services;

(4) treatment of speech, hearing, and language disorders;

(5) optometrists' services and eyeglasses;

(6) occupational therapy;

(7) prosthetic devices;

(8) medical supplies and equipment;

(9) clinic services;

(10) physical therapy;

(11) personal care services in a recipient's home;

(12) prescribed drugs;

(13) long-term care noninstitutional services;

(14) [(13)] inpatient psychiatric facility services;

(15) [(14)] intermediate care facility services for the mentally retarded;

(16) [(15)] intermediate care facility services;

(17) pregnant women, and children five years of age or younger, with a household income that does not exceed 100 percent of the federal poverty level;

(18) [(16)] individuals under age 21 who are not eligible fo benefits under the federal aid to families with dependent children program because they are not deprived of one or more of their natural or adoptive parents;

(19) [(17)] skilled nursing facility services for persons under age 21;

(20) [(18)] aged, blind, and disabled individuals who, because they do not meet the income requirements, do not receive supplemental security income under Title XVI of the Social Security Act, but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility, to receive an optional state supplementary payment;

(21) [(19)] individuals in a hospital, skilled nursing facility, or intermediate care facility whose income while in the facility does not exceed 300 percent of the supplemental security income benefit rate under Title XVI of the Social Security Act, but who, because of income, are not eligible for the optional state supplementary payment;

(22) [(20)] individuals under age 21 under supervision of the department, for whom maintenance is being paid in whole or in part from public money and who are in foster homes or private child-care institutions.

* Sec. 4. AS 47.07 is amended by adding a new section to read:

Sec. 47.07.200. PAYMENT FOR PRESCRIBED DRUGS. Payment for prescribed drugs shall be made in accordance with 42 CFR Part 447, Subpart D.

* Sec. 5. AS 47.07.900 is amended by adding a new paragraph to read:

(11) "prescribed drugs" has the meaning given in 42 CFR 440.120.

Introduced: 1/15/88
Referred: Health, Education and Social Services and Finance

5-1496A

BY UEHLING, HALFORD, ELIASON, KELLY, STURGULEWSKI, JOSEPHSON, RODEY AND SZYMANSKI

IN THE SENATE

SENATE BILL NO. 348

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

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(2) persons in a general hospital, skilled nursing facility or intermediate care facility, who, if they left the facility, would be eligible for assistance under one of the federal programs specified in (1) of this subsection;

(3) persons under age 21 who are under supervision of the department, for whom maintenance is being paid in whole or in part from public funds, and who are in foster homes or private child-care institutions;

(4) aged, blind, or disabled persons, who, because they do not meet income and resources requirements, do not receive supplemental security income under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not receive a mandatory state supplement,

but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility to receive an optional state supplementary payment;

(5) persons under age 21 who are in an institution designated as an intermediate care facility for the mentally retarded and who are financially eligible as determined by the standards of the federal aid to families with dependent children program;

(6) persons in a medical or intermediate care facility whose income while in the facility does not exceed 300 percent of the supplemental security income benefit rate under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who would not be eligible for an optional state supplementary payment if they left the hospital or other facility;

(7) persons under age 21 who are receiving active treatment in a psychiatric hospital and who are financially eligible as determined by the standards of 42 U.S.C. 601 - 615 (Title IV-A, Social Security Act, Aid to Families with Dependent Children);

(8) persons under age 21 and not covered under (a) of this section, who would be eligible for benefits under the federal aid to families with dependent children program, except that they have the care and support of both their natural and adoptive parents;

(9) pregnant women not covered under (a) of this section and who meet the income and resource requirements of the federal aid to families with dependent children program;

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(13) inpatient psychiatric facility services;

(14) intermediate care facility services for the mentally retarded;

(15) intermediate care facility services;

(16) pregnant women, and children five years of age or younger, with a household income that does not exceed 100 percent of the federal poverty level;

(17) individuals under age 21 who are not eligible for benefits under the federal aid to families with dependent children program because they are not deprived of one or more of their natural or adoptive parents;

(18) [(17)] skilled nursing facility services for persons under age 21;

(19) [(18)] aged, blind, and disabled individuals who, because they do not meet the income requirements, do not receive supplemental security income under Title XVI of the Social Security Act, but who are eligible, or would be eligible if they were not in a skilled nursing facility or intermediate care facility, to receive an optional state supplementary payment;

(20) [(19)] individuals in a hospital, skilled nursing facility, or intermediate care facility whose income while in the facility does not exceed 300 percent of the supplemental security income benefit rate under Title XVI of the Social Security Act, but who, because of income, are not eligible for the optional state supplementary payment;

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