

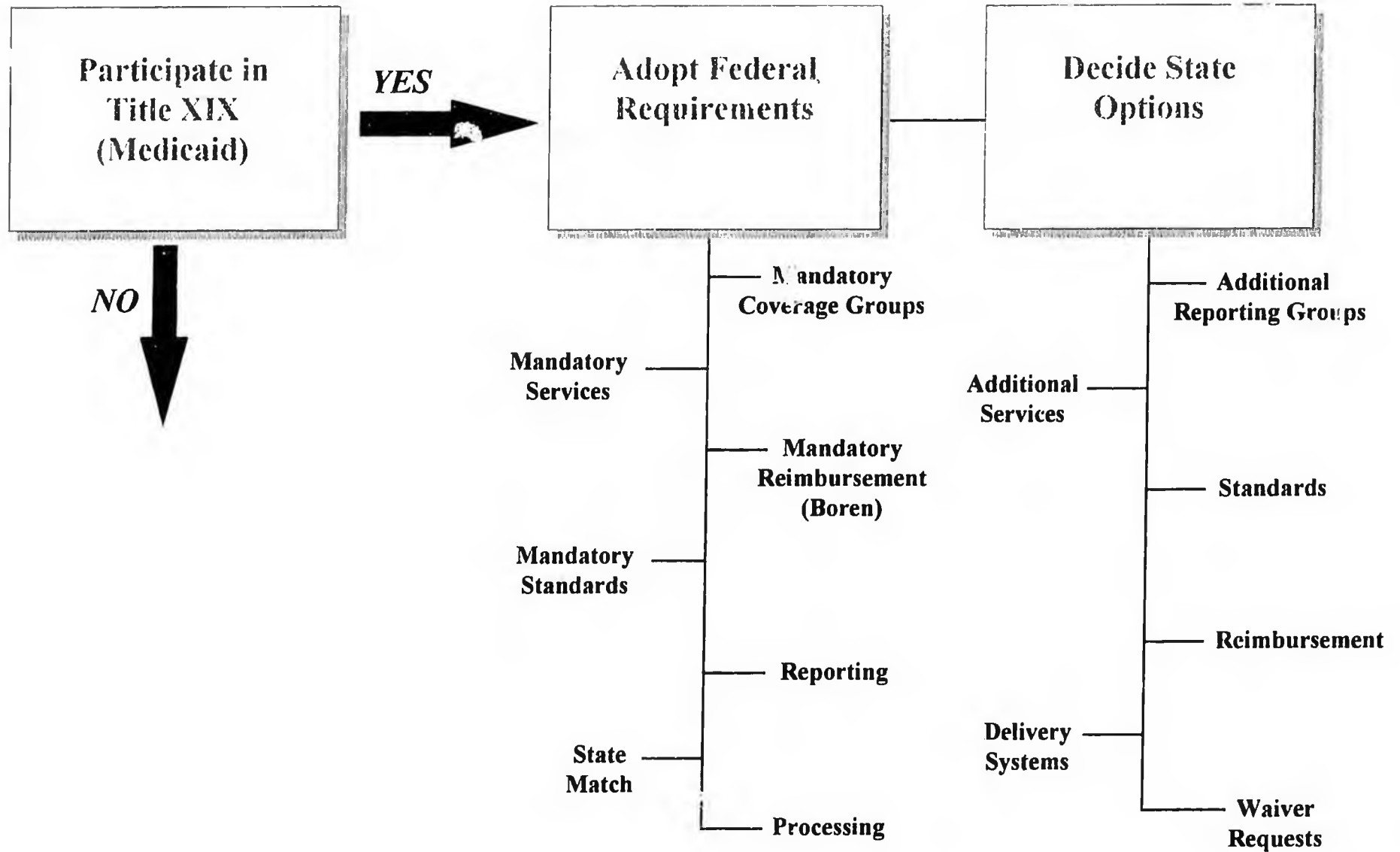
HB

2022

HFIN

FILE

Medicaid Program



WHAT IS MEDICAID?

- A *government health insurance program* for low income people operated by states within federal rules.
- An *entitlement program*, in that any person meeting the eligibility criteria must receive coverage for certain mandatory services, as well as any other services which a state chooses to offer.
- Funded by a formula comparing the per capita income of a state to all states. Alaska currently has the lowest federal match rate of 50%.

WHO IS ELIGIBLE?

Mandatory groups:

- People who meet requirements of the 1996 Aid to Families with Dependent Children (AFDC) program, or Supplemental Security Income (SSI) program;
- People ineligible for cash assistance due to earnings or child support collections;
- Pregnant women and children up to age 14 at higher income levels;
- Children receiving foster care or adoption assistance payments;
- Several defined groups of SSI-related persons who have lost cash assistance;
- Payment of Medicare premiums, deductibles, and coinsurance for certain elderly and disabled groups; and
- Emergency treatment of illegal aliens.

Optional groups:

- People eligible for Adult Public Assistance (APA);
- Children under 21, including those in custody and state adoption assistance agreements;
- Pregnant women and infants with incomes up to 185% of the federal poverty level;
- Disabled children under 18, at home, at any income, if needing institutional care;
- People in nursing homes or receiving waiver services at higher income levels;
- TB infected persons for TB treatment, and terminally ill persons receiving hospice care;
- Medically Needy - persons who meet all program requirements except income can "spend down" income on medical care to become Medicaid eligible; and
- Purchase of post-employment health insurance premiums for certain persons.

WHAT SERVICES ARE PAID FOR?

MANDATORY

inpatient and outpatient hospital
physician services
advanced nurse practitioner services
nurse midwife services
home health services
federally qualified health center services
nursing home services
x-ray and laboratory services
Early, Periodic, Screening, Diagnosis and
Treatment (EPSDT) for children.
family planning services
rural health clinic services
guarantee transportation availability

OPTIONAL

mammography
medical supplies and equipment
prescription drugs
personal care
physical therapy
prosthetics and orthotics
hospice
inpatient psychiatric care
intermediate care facility for the mentally retarded
services.
podiatry
dental care
ambulatory surgical services
vision services
chiropractic
audiology and hearing aides
occupational therapy
nutrition services
Christian Science sanatorium
dentures
preventive services
preventive services
end stage renal disease services
rehabilitative services
case management

WHAT ARE THE PAYMENT RULES?

- Federal "Boren Amendment" requires that rates paid to hospitals and nursing homes are adequate to meet the costs incurred by efficiently and economically operated facilities.
- Federally Qualified Health Centers must be reimbursed at 100 percent of cost.
- Rates for pediatric and obstetric care must be sufficient to enlist enough providers so that care and services are available to the same extent as they are available to the general public.

WHAT SERVICES ARE INCLUDED IN BENEFIT PACKAGE

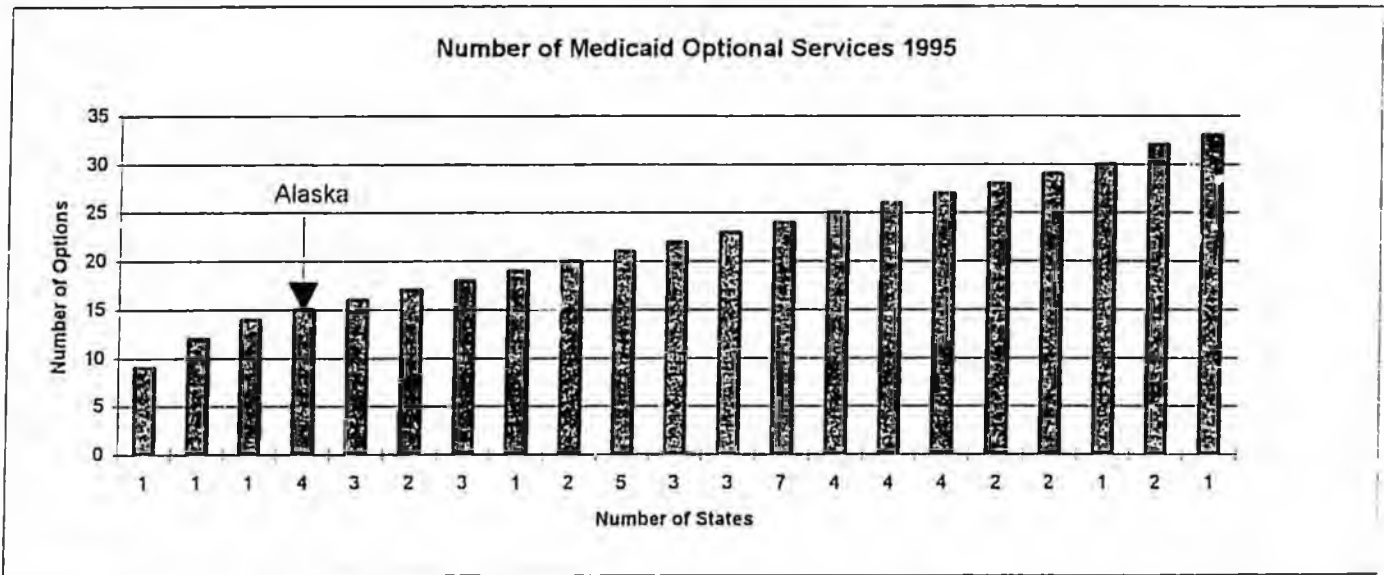
Service's must be offered:

- inpatient & outpatient hospital
- nurse midwife services
- nursing home services
- family planning services
- federally qualified health center services
- EPSDT for Children
- physician services
- home health services
- x-ray & laboratory services

- rural health clinic services
- medical transportation
- Children also receive:
 - dental care
 - audiology & hearing aids
 - podiatry
 - private duty nursing
 - vision services
 - chiropractic
 - speech therapy
 - occupational therapy

Services may be offered:

- podiatrists' services
- optometrist's services
- chiropractors' services
- psychologists' services
- medical social workers' services
- nurse anesthetists' services
- private duty nursing
- *clinic services
- dental services
- *physical therapy
- occupational therapy
- speech, hearing & language disorders
- *prescribed drugs
- dentures
- *prosthetic devices
- eyeglasses
- *diagnostic services
- *screening services
- preventive services
- *rehabilitative services
- *ICF/MR services
- *age 65 or older in IMDs inpatient hospital
- age 65 or older in NF services
- *inpatient psychiatric services <21
- Christian Science nurses
- Christian Science sanitariums
- *NF services for under age 21
- emergency hospital services
- *personal care services
- *transportation services
- *case management services
- *hospice care services
- TB related services



In 1995, Alaska was one of 4 states providing 15(*) of the 34 federal optional services available; 43 states offered more optional services than Alaska. Alaska provides Medicaid coverage to only the "categorically needy".

Appendix 1: Family Income Limits for Medicaid Eligibility by State as a Percent of the Federal Poverty Level
(for Women, Infants and Children as of August 1996)

STATE	Pregnant Women & Infants	Children Under Age Six	Children Six and Older	STATE	Pregnant Women and Infants	Children Under Age Six	Children Six and Older
Alabama	133%	133%	100%	Montana	133%	133%	100%
Alaska	133%	133%	100%	Nebraska	150%	133%	100%
Arizona	140%	133%	100%	Nevada	133%	133%	100%
Arkansas	133%	133%	100%	New Hampshire	185%	185%	185%
California	200%	133%	100%	New Jersey	185%	133%	100%
Colorado	133%	133%	100%	New Mexico	185%	185%	185%
Connecticut	185%	185%	185%	New York	185%	133%	100%
Delaware	185%	133%	100%	North Carolina	185%	133%	100%
Florida	185%	133%	100%	North Dakota	133%	133%	100%
Georgia	185%	133%	100%	Ohio	133%	133%	100%
Hawaii ^a	300%	300%	300%	Oklahoma	150%	133%	100%
Idaho	133%	133%	100%	Oregon	133%	133%	100%
Illinois	133%	133%	100%	Pennsylvania	185%	133%	100%
Indiana	150%	133%	100%	Rhode Island ^d	250%	250%	[250%] [100%] ^d
Iowa	185%	133%	100%	South Carolina	185%	133%	100%
Kansas	150%	133%	100%	South Dakota	133%	133%	100%
Kentucky	185%	133%	100%	Tennessee ^e	185% ^e	133% ^e	100% ^e
Louisiana	133%	133%	100%	Texas	185%	133%	100%
Maine	185%	133%	125%	Utah	133%	133%	100%
Maryland ^b	185%	185%	185%	Vermont	[200%] [225%] ^f	225%	225%
Massachusetts	185%	133%	100%	Virginia	133%	133%	100%
Michigan	185%	150%	150%	Washington	[185%] [200%] ^g	200%	200%
Minnesota	275%	133%	100%	West Virginia	150%	133%	100%
Mississippi	185%	133%	100%	Wisconsin	185%	185%	100%
Missouri	185%	133%	100%	Wyoming	133%	133%	100%

Source: National Governors Association MCH Update, September, 1996

States with higher income limits for Medicaid eligibility than Alaska:

Pregnant women & Infants: 34
 Children age 1 to 6th birthday: 10
 Children age 6 to 21st birthday: 10

RESEARCH AND PROGRAM DEVELOPMENT**TIME INVOLVED****Research:****2 WEEKS TO 6 MONTHS**

State and federal legislation
 Similar programs in other states
 Medicare, if applicable
 Impact on other state programs, if applicable
 Meet with industry representatives
 Meet with consumer groups
 Review with MCAC
 Solicit input/info from DMA staff

If a Change in Covered Services:**4 TO 6 MONTHS**

Develop definition of benefits and any limitations
 Assess impact on other programs
 Determine which providers are qualified to render the service
 Determine Licensure, certification, special training requirements
 Assess budget impact

If a Change in Eligibility Recipients:**6 MONTHS**

Develop projections of number of eligibles and extent of utilization
 Assess budget impact
 Coordinate with DPA eligibility system
 Eligibility manual change

Payment Methodology:**1 TO 6 MONTHS**

Determine fee schedule, per diem, per capita,
 Establish amounts (actuarial?)
 Assess budget impact

REGULATORY**Submit State Plan Changes:****3 MONTHS**

Draft SP amendment
 Include in Quarter submission
 Respond to Questions from HCFA

State Regulation:**1 TO 4 WEEKS**

Draft Regulations

Public Notices:**8 WEEKS**

Bid for mailing and printing
 mailing and printing
 Submit advertisements
 Hold public meetings
 document agency response to comments

Adoption**4 TO 9 MONTHS**

Commissioner adopt regulations
 Submit to the Department of Law
 Legal Review
 Certification of Lt. Governor
 Effective date

Provider/Recipient Notification:	2 TO 4 MONTHS
Draft provider manual changes	
Draft recipient notice letter	
Draft provider letter	
Draft RA messages	
Advise provider association	
Revise provider agreement	
Prepare provider enrollment packet	
Information Systems:	1 TO 6 MONTHS
Establish new provider types, services, E codes	
Modify audit and edits	
Acceptance testing	
Amend fiscal agent contract	
Billing:	1 MONTH
Determine how providers will bill (HCFA 1500, UB92)	
Determine attachments required for claim	
Set prior authorization requirements	
Coordination:	4 MONTHS
Coordinate changes with program units	
Fiscal agent	
Claims	
TPL	
SURS	
Provider enrollment	
C&L	
Hearings & appeals	
MRAC	
Other state agencies	
Other outside agencies	
Contracting:	6 MONTHS
draft RFP	
Circulate RFP to Jnu and Anch staff	
Incorporate comments	
Follow Admin RFP process	
Training:	2 MONTHS
Develop training packet for staff	
providers	
recipient service descriptions	
Quality assurance:	2 MONTHS
Case management method	
Audit targeting plan	

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House Cost Management Plan to Achieve FY98 Budget

Cost Management Item	Total Savings Estimate	Regulations Required Y/N	Systems Developmnt	Other Developmnt	Federal Waiver Required	Expedited Regulation Implement Date	Implement Date	Notes
MH Prior Auth & Regs to Scope	4,800.0							
Prior Authorization		N	Y	Y	N		Jul-97	
Services		Y	Y	Y	N	Oct-97	Jan-98	
Rates		Y	Y	Y	N	Oct-97	Jan-98	
On-Site Reviews		N	N	N	N		May-97	
Full Year RBRVS	1,028.8	N	N	N	N			Monitoring
Full Year Facility Rates	4,800.0	N	N	N	N			Monitoring
NH Preadmission Counseling	1,500.0	Y	N	Y	N	Oct-97	Jan-98	
Managed Care Initiatives	1,500.0							
Telephone Triage		N	N	Y	N		Jul-97	
Patient Care		N	N	Y	N		Jul-97	
Primary Care Case Management		Y	Y	Y	Y	Oct-97	Jan-98	
Onsite Medical Reviews	1,000.0	N	N	Y	N		Oct-97	
Cost Shift to IHS	1,500.0	N	Y	Y	N		Jul-97	
Transportation Brokerage - YK	200.0	N	Y	Y	Y		Oct-97	
300 Alcohol/Drug Abuse Disability	3,999.0	N	N	N	N			Monitoring
125 Legal Aliens Off Caseload	500.0	N	N	N	N			Monitoring
Under Funded Options Restoration	300.0	Y	N	Y	N			
Waivers Lapse OAC	500.0	Y	N	Y	N	Oct-97	Jan-98	
Diff Gov vrs House Growth Rate	1,665.4							Monitoring
Total	23,293.2							

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) midwife services;
- (2) clinical social workers' services;
- (3) psychologists' services;
- (4) chiropractic services;
- (5) advanced nurse practitioner services;
- (6) adult dental services;
- (7) emergency hospital services;
- (8) treatment of speech, hearing, and language disorders;
- (9) optometrists' services and eyeglasses;
- (10) occupational therapy;
- (11) mammography screening;
- (12) prosthetic devices;
- (13) medical supplies and equipment;
- (14) targeted case management services;
- (15) rehabilitative services for substance abusers and emotionally disturbed or chronically mentally ill adults;
- (16) clinic services;
- (17) physical therapy;
- (18) personal care services in a recipient's home;
- (19) prescribed drugs;
- (20) hospice care;
- (21) long-term care noninstitutional services;
- (22) inpatient psychiatric facility services;
- (23) intermediate care facility services for the mentally retarded;
- (24) intermediate care facility services;
- (25) See delayed amendment note individuals described in AS 47.07.020(b)(11);
- (26) 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;
- (27) skilled nursing facility services for persons under age 21;
- (28) 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;
- (29) 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;

(30) 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;

(31) individuals under age 21 who the department has determined cannot be placed for adoption without medical assistance because of a special need for medical or rehabilitative care and who the department has determined are hard-to-place children eligible for subsidy under AS 25.23.190 - 25.23.220.

§ 47.07.035 WELFARE, SOCIAL SERVICES & INSTITUTIONS § 47.07.035

35 SLA 1973; am § 2 ch 105 SLA 1974; am § 1 ch 12 SLA 1976; am § 2 ch 221 SLA 1976; am § 1 ch 82 SLA 1978; am § 25 ch 40 SLA 1981; am § 2 ch 132 SLA 1982; am § 1 ch 20 SLA 1986; am § 4 ch 105 SLA 1986; am § 2 ch 119 SLA 1988; am § 3 ch 45 SLA 1989; am § 3 ch 69 SLA 1991; am § 1 ch 70 SLA 1991; am § 1 ch 38 SLA 1992; am § 1 ch 110 SLA 1992; am § 2 ch 51 SLA 1993; am § 1 ch 75 SLA 1993; am § 2 ch 76 SLA 1993; am § 19 ch 102 SLA 1994; am § 108 ch 21 SLA 1995)

Effect of amendments. — The first 1991 amendment, effective September 19, 1991, inserted "low-dose mammography screening, as defined in AS 21.42.375(e)" near the middle of subsection (b).

The second 1991 amendment, effective September 19, 1991, inserted "psychologists' services; clinical social workers' services" near the middle of subsection (b).

The first 1992 amendment, effective July 1, 1992, in subsection (b), inserted "rehabilitative services for substance abusers and emotionally disturbed or chronically mentally ill adults; targeted case management services for substance abusers, chronically mentally ill adults, and severely emotionally disturbed persons under the age of 21;"

The second 1992 amendment, effective September 20, 1992, inserted "advanced nurse practitioner services;" in subsection (b).

The first 1993 amendment, effective July 1, 1993, inserted "midwife services" near the middle of subsection (b).

The second 1993 amendment, effective January 1, 1994, inserted "hospice care" near the end of subsection (b).

The third 1993 amendment, effective June 26, 1993, added subsection (c).

The 1994 amendment, effective September 7, 1994, added subsection (d).

The 1995 amendment, effective August 8, 1995, in subsection (c), substituted "make available" for "submit" in the second sentence and added the last sentence.

Collateral references. — Transsexual surgery as covered operation under state medical assistance program, 2 ALR4th 775

Limitation on right of chiropractors and osteopathic physicians to participate in public medical welfare programs, 3 ALR4th 1056.

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:

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- (23) intermediate care facility services for the mentally retarded;
- (24) intermediate care facility services;
- (25) individuals described in AS 47.07.020(b)(11);
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- (27) skilled nursing facility services for persons under age 21;
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- (30) 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;
- (31) individuals under age 21 who the department has determined cannot be placed for adoption without medical assistance because of a special need for medical or rehabilitative care and who the department has determined are hard-to-place children eligible for subsidy under AS 25.23.190 — 25.23.220. (§ 3 ch 132 SLA 1982; am § 2 ch 20 SLA 1986; am § 5 ch 105 SLA 1986; am § 3 ch 119 SLA 1988; am § 4 ch 45 SLA 1989; am § 32 ch 168 SLA 1990; am § 4 ch 69 SLA 1991; am § 2 ch 70 SLA 1991; am § 2 ch 38 SLA 1992; am § 2 ch 110 SLA 1992; am § 3 ch 51 SLA 1993; am § 2 ch 75 SLA 1993; am § 3 ch 76 SLA 1993)

	Allocations	Appropriation Items	General Funds	Other Funds
6	Public Assistance	187,918,800	93,285,600	94,633,200
7	Alaska Temporary Assistance	113,563,900		
8	Program			
9	Adult Public Assistance	44,515,000		
10	General Relief Assistance	541,900		
11	Old Age Assistance-Alaska	2,298,100		
12	Longevity Bonus (ALB) Hold			
13	Harmless			
14	Permanent Fund Dividend Hold	21,492,500		
15	Harmless			
16	Energy Assistance Program	5,507,400		
17	Medical Assistance	337,227,300	96,814,900	240,412,400
18	Medicaid Non-Facility	130,203,200		

19 This appropriation is subject to Section 29 of this act.

20 It is the intent of the Legislature that the Medical Assistance Division provide to adults the

21 services numbered five through 31, as prioritized in AS 47.07.035, which includes eyeglasses,

22 hearing aids and dental care. The Legislature assumes the rate of growth in the Medicaid formula

23 will not exceed 7.0% in the fiscal year 1998. Additionally the Legislature assumes that the

24 Division will manage costs through regulations limiting scope, duration and amount of services, as

25 well as through implementation of managed care initiatives. Specifically, it is the intent of the

26 Legislature that the Division will: implement mental health prior authorization; implement changes

27 to scope of mental health services; realize full-year savings from resource-based relative value

28 scale rate-setting; realize full-year savings from new facility reimbursement rates; implement

29 preadmission screening for nursing homes; implement three managed care initiatives; conduct on-site

30 medical reviews; initiate additional cooperation with IHS/Medicaid program; and, work with community

31 mental health providers to maintain service at fiscal year 1997 levels. The Division will produce,

32 in cooperation with the Division of Mental Health and Developmental Disabilities, a complete

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House Cost Management Plan to Achieve FY98 Budget

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Total	23,293.2							

HOUSE BILL NO. 202

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HANLEY

Introduced: 3/18/97

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the medical assistance program; and providing for an
2 effective date."

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

4 * **Section 1. MEDICAID SERVICES FUNDING.** For fiscal year 1998, the operation of
5 AS 47.07.035 is suspended. If, at any time during fiscal year 1998, the commissioner of
6 health and social services finds that the cost of medical assistance for all persons eligible
7 under AS 47.07 is likely to exceed the amount allocated in the state budget for that assistance
8 for fiscal year 1998, the commissioner shall immediately take steps consistent with federal
9 Medicaid requirements to reduce costs for the remainder of the fiscal year in order to keep
10 total costs for the program under AS 47.07 within the amount allocated in the state budget for
11 that assistance.

12 * **Sec. 2.** This Act takes effect July 1, 1997.