

HB

353

Alaska State Legislature

REPRESENTATIVE
PETER KELLY

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House District 31

House Of Representatives

Sponsor Statement HB 353

Medical regulations by reference

This bill will allow the department of Health and Social Services to efficiently adopt the latest version of specific national standards and numeric billing codes. The adoption is fast, if the code is previously adopted by regulation and specifically described in this bill.

This bill saves time and paper. It allows individuals within the medical industry to use the latest version of a numeric code. It seeks to reduce the time lag between versions of complex medical codes and standard references.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF MEDICAL ASSISTANCE

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January 22, 1998

The Honorable Pete Kelly
House of Representatives
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Kelly:

You have asked me to briefly explain the substance of the adoption by reference Legislation that you intend to introduce on behalf of the Department of Health and Social Services.

This bill, if enacted, would allow the department to adopt within its regulations standards set out in state law or regulation, or the specific national standards itemized in subsection (a)(2), without adopting a new regulation every time that these standards are changed. The procedure for notifying the public of adoption of a changed standard would be a notice published in the Alaska Administrative Journal.

The Department of Law, under current law and legal interpretation of the reference standard made through court decisions, require agencies to adopt by reference any material with a specific citation and date. Any time these materials are changed, the state agency must adopt a new regulation adopting the citation change; as the regulation adoption process is so lengthy, it is impossible for a state agency to remain current with standards adopted by reference.

The Medicaid Program is particularly hard hit by the adoption by reference requirement, as we operate like an insurance company and there is an expectation by health care providers that they can do business with us in the same manner as Blue Cross, Aetna or any other insurance company. The health care industry has adopted numerous standardized codes related to billing for services to assure that all providers and payers are "speaking" the same language. All of these standards are updated annually to keep pace with medical practice standards. If the Medicaid Program cannot consistently use current standards, providers will simply cease doing business with us and it will create an access problem for the 90,000 people who depend on Medicaid for health care coverage.

The standards listed in this bill are mostly related to Medicaid; I am attaching a list of the standards with a brief explanation of their use for your reference. None of these standards should be controversial.

The Honorable Pete Kelly
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Thank you for your assistance with this important Legislation, and please contact me at any time if you need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Nancy".

Nancy Wehner,
Medical Assistance Administrator

International Classification of Diseases, Clinical Modifications - ICD - this book establishes a numerical code for each clinical diagnosis/disease. These codes are required on all medical claim forms.

Common Procedure Coding System - This system of numerical codes is maintained by the Health Care Financing Administration, and are uniformly used by all insurers. The coding system includes CPT codes and HCFA created codes for special procedures not included in other coding systems.

Specifications for National Uniform Billing Data Elements - Commonly known as revenue codes, this numerical coding system describes the services rendered in hospitals. These codes are required on all medical claim forms for hospital services.

Federal Poverty Guidelines - These guidelines are published annually, adjusted by the consumer price index, and are used to determine program eligibility. Many DHSS programs refer to the federal poverty level in their grants, as grantees are required to have a sliding fee schedule based on income.

Indian Health Service Encounter Rates - these rates are negotiated annually by the Health Care Financing Administration, Office of Management and Budget, and the Indian Health Service to be used as reimbursement for IHS and tribal health facilities by the Medicaid Program.

Current Procedural Terminology for Physicians - CPT - these numerical codes describe each treatment rendered by physicians and other providers. The CPT codes are required on all insurance claim forms and are updated January 1st of every year.

Diagnostic and Statistical Manual of Mental Disorders - DSM - Similar to the ICD, this manual contains a system of numerical codes that describes mental disorders for use on claim forms.

Length of Stay in Hospitals by Diagnosis and Operation for the Western Region of the US - LOS - These two manuals describe the average length of inpatient hospital admission in the western US. Some percentage of this standard is ordinarily used by an insurer as the limit on length of stay they will reimburse, although LOS can usually be extended if there are complications.

Relative Value Guide - This book creates standards for the administration and billing of anesthesia procedures.

Consumer Price Index - CPI - Used by the federal government and the state to annually update a number of standards for needs based programs.

Health Plan Employer Data and Information Set - HEDIS - These standards are commonly used to evaluate how well providers and plans meet managed care standards of practice.

Practice Standards - practice standards adopted by many national organizations are routinely used in managed care as the purchaser's expectations for patient outcomes that are evaluated with HEDIS.

Compendium of Animal Rabies Control - This publication serves as the basis for animal rabies control programs throughout the United States and facilitates standardization of procedures among jurisdictions. Immunization procedure recommendations are contained in Part 1; all animal rabies vaccines licensed by the United States Department of Agriculture (USDA) and marketed in the US are listed in Part 2; Part 3 details the principles of rabies control.

Control of Communicable Diseases Manual - This manual furnishes public health administrators with a source of reliable information for preparing regulations and legal requirements for the control and management of communicable diseases and for developing programs for the health education of the public.

Standards Manual and Interpretive Guidelines for Behavioral Health, Employment and Community Support Services and for Medical Rehabilitation - The Divisions of Mental Health and Developmental Disabilities and Alcoholism and Drug Abuse uses these standards for accreditation of psychiatric or substance abuse rehabilitation programs that are grantees of the state.

Accreditation Manual for Mental Health, Chemical Dependency, and Other Health Care Facilities - This manual is used by the Divisions of Mental Health and Developmental Disabilities and Alcoholism and Drug Abuse for accreditation of general psychiatric or substance abuse treatment programs that are grantees of the department.

Standards for Accreditation of Managed Care Organizations, Standards for Accreditation of Managed Behavioral Health Organizations, and Standards for Certification of Credentials Verification Organizations - These accreditation standards will be used by the department for the certification of managed care organizations under contract.

Consumer Assessment of Health Plans - This consumer assessment of managed care is a tool created by the federal government for use with government health care programs required to complete such annual assessments.

Resources for the Optimal Care of the Injured Patient - This national evaluation tool establishes comprehensive guidelines for the care of the injured patient, including standards for different levels of trauma centers. The State of Alaska uses compliance with the standards in the document as one of the qualifications for certification as a trauma center (7 AAC 26.010 - 7 AAC 26.999).

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 353

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: Adoption by reference BRU: Administrative Services
 Component: Commissioner's Office
 Sponsor: Kelly COMPONENT SERIAL NO. 317
 Requestor: HESS See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGES IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 47.05, general authority for the Department of Health and Social Services, to allow the adoption by reference of federal and state laws and regulations and those specific items listed in the bill in their most current form. The current adoption by reference standard employed by the Department of Law requires a regulation change every time the reference material is changed. Most of the items listed in this bill are used for purposes of billing the Medicaid Program for services rendered, and are annually updated. Delays in the regulation process prevent the department's regulations from remaining current with standards as they are changed, so adoption of this legislation will reduce the administrative work related to regulations for more efficient operations.

1128198
 Prepared by: Nancy Weller *NW BJ* Phone: 465-3355
 Division: Medical Assistance Date: 01/27/98
 Approved by Commissioner: Karen Perdue, Commissioner Date: 1/28/98
 Agency: Department of Health & Social Services

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