

**03 / 05 / 15**

**PRESENTATION:  
MEDICAID  
EXPANSION AND  
REFORM**

<TARGET><BILL></BILL><SUBJECT>03-05-15 PRESENTATION  
MEDICAID EXPANSION AND  
REFORM</SUBJECT><COMM>HHSS29</COMM></TARGET>



**VISION**  
ALASKA INDIVIDUALS, FAMILIES AND COMMUNITIES ARE SAFE AND HEALTHY  
**MISSION**  
TO PROMOTE AND PROTECT THE HEALTH AND WELL-BEING OF ALASKANS

House Health & Social Services Committee

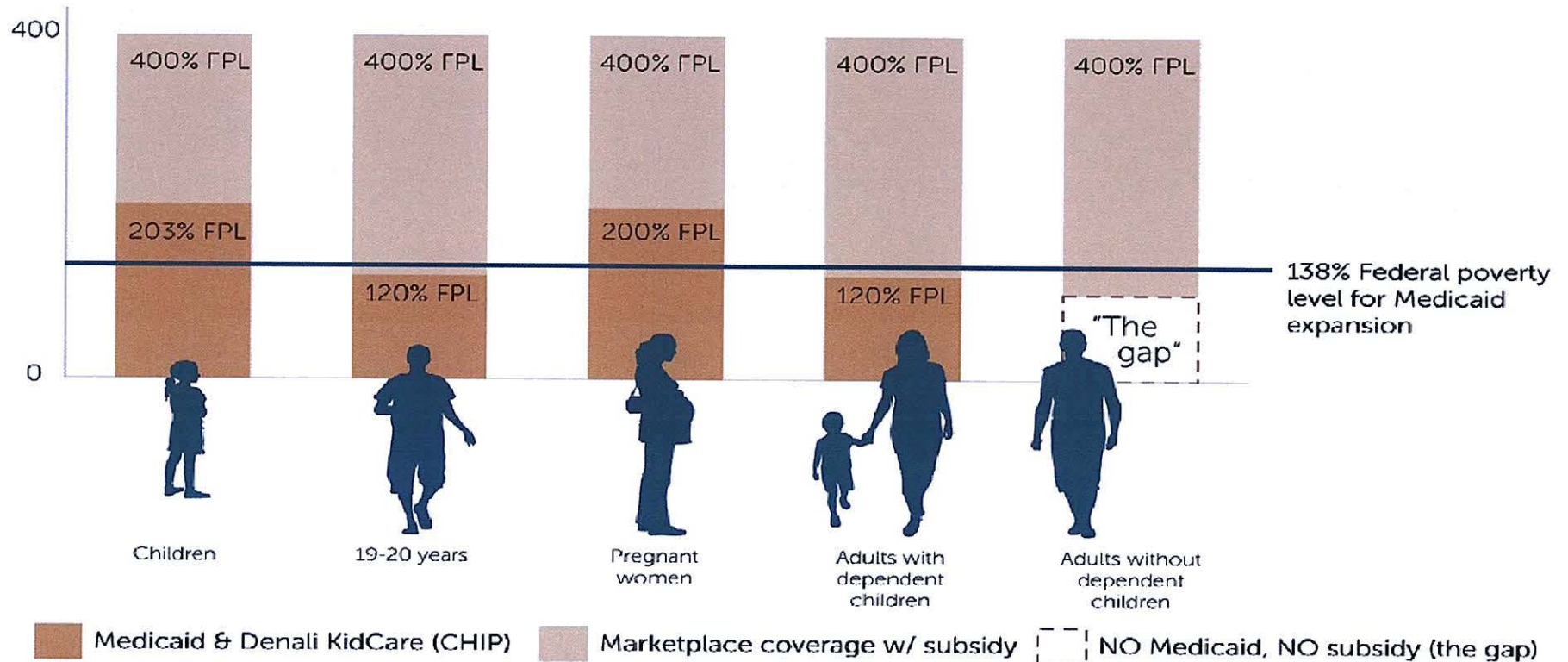
# Healthy Alaska Plan

Valerie Davidson, Commissioner

March 5, 2015

# Healthy Alaskans

## Who is covered now?



# Medicaid Expansion

- Higher Federal Match

	2014	2015	2016	2017	2018	2019	2020 & Beyond
Federal match under expansion	100%	100%	100%	95%	94%	93%	90%

- Reducing Uncompensated Care
  - Reducing the number of uninsured
  - More than \$90 Million in 2013
- Saves the State money



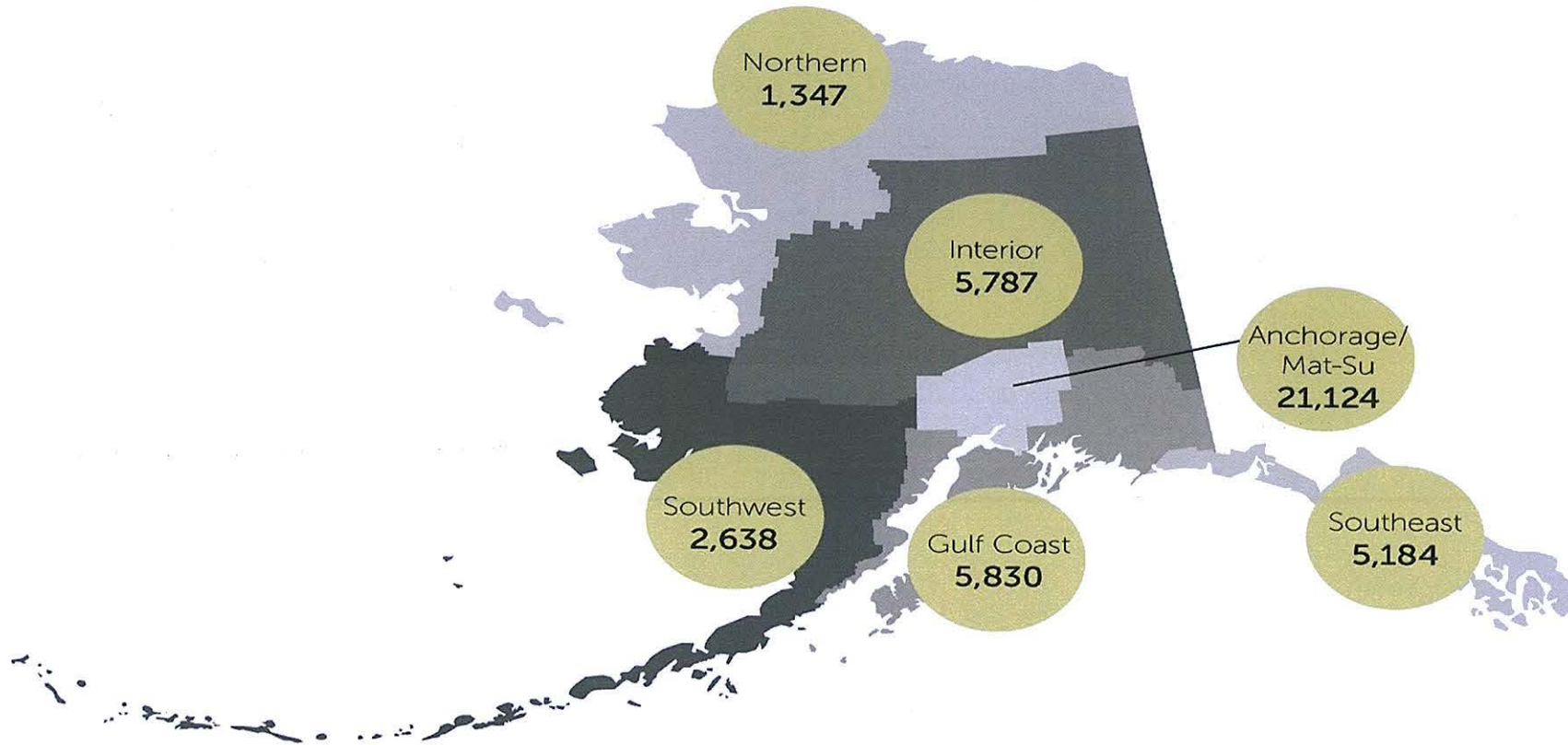
## Healthy Alaskans

# Who would be covered by Expansion?

- Adults without dependent children
- Ages 19 – 64
  - Not otherwise eligible for Medicaid or Medicare
- Earning up to 138% of the Federal Poverty Level (FPL)
  - Single adults earning up to \$20,314 per year
  - Married couples earning up to \$27,490 per year

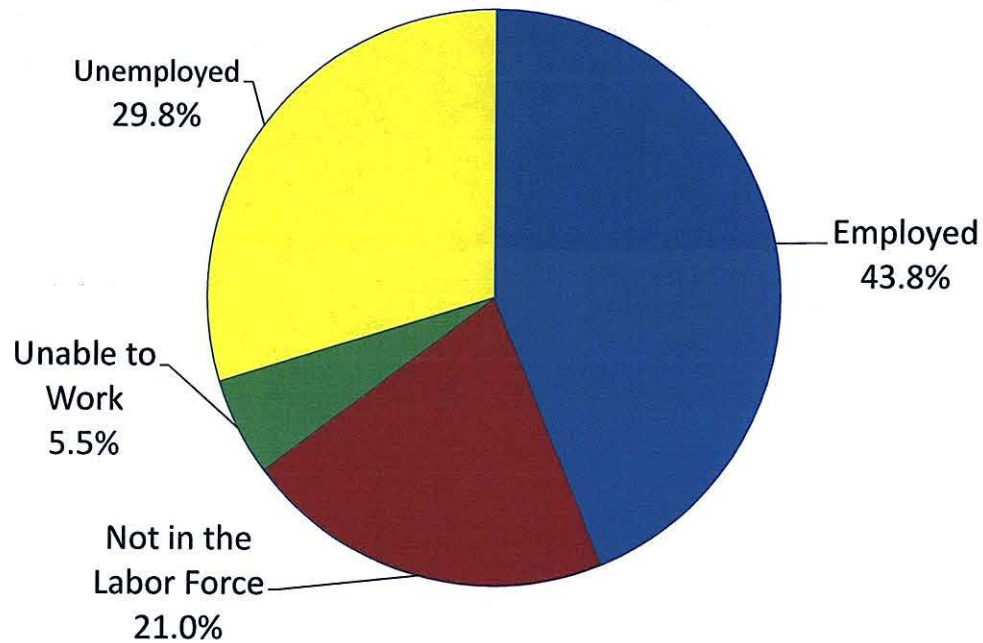


# Healthy Alaskans Where are they?



# Healthy Alaskans The Expansion Population

## Employment Status of Alaska's Medicaid Expansion Population



Health Coverage	Percent of Responses
None	43.3%
Employer	19.6%
Purchased	4.3%
Partial Coverage*	29.3%
Not Sure, Don't Know, Refused	3.4%

Source: Analysis by Evergreen Economics of data from the BRFSS survey  
\*Partial coverage includes healthcare services provided by tribal health facilities and possibly other sources.



Healthy Alaskans

# How many will sign up?

	2016	2017	2018	2019	2020	2021
Newly Eligible Adults	41,910	41,980	42,050	42,120	42,190	42,260
Take-up Rate	47.90%	55.40%	63%	63%	63%	63%
New Enrollees	<b>20,066</b>	<b>23,273</b>	<b>26,492</b>	<b>26,535</b>	<b>26,580</b>	<b>26,623</b>



## Healthy Alaskans Cost Per Enrollee

- Projected Cost of Service Per Newly Eligible Medicaid Enrollee

	2016	2017	2018	2019	2020	2021
<b>Per Enrollee Cost</b>	\$7,248	\$7,495	\$7,752	\$8,018	\$8,293	\$8,433

- Weighted by Expected Gender and Age Distribution of the Expansion Population

<b>Gender</b>	<b>Ages 19-34</b>	<b>Ages 35-44</b>	<b>Ages 45-54</b>	<b>Ages 55-64</b>	<b>All Ages</b>
Male	20.10%	5.20%	13.60%	14.40%	<b>54%</b>
Female	12.60%	5.80%	13.80%	14.50%	<b>46%</b>
<b>Total</b>	<b>32.70%</b>	<b>11.00%</b>	<b>27.40%</b>	<b>28.90%</b>	<b>100%</b>



## Healthy Alaskans

# Reducing Recidivism

### 2015 Recidivism Reduction Plan

[http://www.legis.state.ak.us/basis/get\\_documents.asp?session=29&docid=1372](http://www.legis.state.ak.us/basis/get_documents.asp?session=29&docid=1372)

- Convicted felons who completed a DOC substance program:
  - 12% recidivated compared to the control group in which 20% recidivated within 12 months of being released
- Institute of Social and Economic Research (ISER) report:
  - With no change in policies, the number of Alaska inmates is likely to double by 2030
    - From 5,300 to 10,500
  - With an additional \$4 million a year to expand the education and substance abuse programs, the prison population in 2030 would be 10% smaller than projected
    - About 1,050 fewer inmates
- Continued access to substance abuse programs following release is key



Healthy Alaskans  
Improving Health

Access to health care means improved health outcomes and increased productivity and independence

- The number of uninsured Alaskans would be reduced by half
- More Alaskans would receive preventative and primary care, including behavioral health services and help in managing costly chronic diseases
- Alaska's statewide mortality rate would drop
- Health care access for survivors of domestic violence and sexual assault
- Access to health care is already showing a positive difference for the homeless population in other states
  - Improving capability to gain employment



Healthy Economy  
New Federal Dollars

- Higher Federal Contribution under Expansion

	2014	2015	2016	2017	2018	2019	2020 & Beyond
<b>Federal match under expansion</b>	100%	100%	100%	95%	94%	93%	90%

- \$1.12B in new federal revenue

	2016	2017	2018	2019	2020	2021
<b>Federal Match*</b>	\$145,435.0	\$170,633.0	\$195,514.0	\$200,683.0	\$204,087.0	\$204,928.0

\* Costs in Thousands of Dollars



## Healthy Budgets Saves Money

- Costs to the State

	2016	2017	2018	2019	2020	2021
State Match for Health Care Costs	\$0	\$3,804.0	\$9,854.0	\$12,064.0	\$16,346.0	\$19,587.0
Administrative Costs for Expansion <small>(State General Fund)</small>	\$0*	\$1,392.0	\$1,478.0	\$1,499.0	\$1,600.0	\$1,625.0
<b>State Costs:</b>	<b>\$0</b>	<b>\$5,196.0</b>	<b>\$11,332.0</b>	<b>\$13,563.0</b>	<b>\$17,946.0</b>	<b>\$21,212.0</b>

\* FY16 Administrative Cost is being funded by the Alaska Mental Health Trust Authority

Costs in thousands



## Healthy Budgets Saves Money

- Offsets to the State Budget

	2016	2017	2018	2019	2020	2021
Chronic & Acute Medical Assistance (CAMA)	\$1,000.0	\$1,300.0	\$1,400.0	\$1,500.0	\$1,500.0	\$1,500.0
Corrections	\$4,100.0	\$7,000.0	\$7,000.0	\$7,000.0	\$7,000.0	\$7,000.0
Behavioral Health Grants	\$1,500.0	\$5,000.0	\$9,000.0	\$13,000.0	\$16,000.0	\$16,000.0
<b>State Offsets:</b>	<b>\$6,600.0</b>	<b>\$13,300.0</b>	<b>\$17,400.0</b>	<b>\$21,500.0</b>	<b>\$24,500.0</b>	<b>\$24,500.0</b>

Costs in thousands



## Healthy Budgets Saves Money

		2016	2017	2018	2019	2020	2021
C O S T S	State Match for Health Care Costs	\$0	\$3,804.0	\$9,854.0	\$12,064.0	\$16,346.0	\$19,587.0
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<b>Net Savings to State GF</b>		<b>(\$6,600.0)</b>	<b>(\$8,104.0)</b>	<b>(\$6,068.0)</b>	<b>(\$7,937.0)</b>	<b>(\$6,554.0)</b>	<b>(\$3,288.0)</b>
<b>Federal Match</b>		\$145,435.0	\$170,633.0	\$195,514.0	\$200,683.0	\$204,087.0	\$204,928.0

\* FY16 Administrative Cost is being funded by the Alaska Mental Health Trust Authority



# Reform is Necessary

Reform is necessary

- State of the Budget Address
  - Identify 25% cuts over the next several years
- Minimize the impact to those we serve
- Efficiencies, Improvements and Innovations are critical to bend the cost curve

DHSS Budget = \$2.7B

- Medicaid = \$1.7B

The current Medicaid program is not sustainable



## Catalyst for Reform

# Building on Reforms Underway

- Control overutilization of hospital emergency room services
- Increased fraud and abuse prevention and control efforts
- Activities to reduce waste
- Home and community-based service improvements
- Coordination with Patient-Centered Medical Home initiatives
- Coordination with the Alaska tribal health system
- Investigating waiver options



Catalyst for Reform  
**Additional Reforms**

Recently identified reforms:

- Continued partnership with Tribal Health
- Change eligibility for Personal Care Assistance (PCA) services
- Possible savings in Durable Medical Equipment, Vision, and Hearing
- Increase number in the Super Utilizer contract for management of care
- Dental
- Implement utilization control for Behavioral Health services
- Transportation



## Catalyst for Reform

# Designing Reform

- Funding from the Alaska Mental Health Trust Authority
  - March 18, 2015: Deadline for Proposal Submission
  - <https://aws.state.ak.us/OnlinePublicNotices/Notices/View.aspx?id=175783>
- Technical Assistance for Reform
  - Building an Alaskan Model
    - Current Program
    - Expansion
  - Reform efforts/Best practices in other states
  - Stakeholder process
  - Identifying the approval process
    - Regulation, Statutory, Budgetary, State Plan Amendments, waivers



Catalyst for Reform

# Additional Reform Options

Building blocks to achieving meaningful reform

- Payment Reform
- Strengthened Primary Care
- Care Management
- Workforce Innovation
- Maximizing federal matching fund opportunities
- Improved Telehealth Capability



Catalyst for Reform


# Additional Reform Options

Reform strategies for increasing prevention and shared responsibility

- Cost-sharing options
- Health Savings Accounts (HSAs)
- Services to direct patients to the appropriate level of care
- Incentives for healthy behaviors
- Increased access to preventative services
- Work assistance benefits for the expansion group



Healthy Economy  
Impact to the Economy



nearly 42,000  
uninsured  
**ALASKANS**  
eligible for basic health  
care coverage\*



\$1.1  
**BILLION**  
in new federal  
revenue for Alaska\*



4,000  
new  
**JOBS\*\***



\$1.2  
**BILLION**  
more in wages  
and salaries  
paid to Alaskans\*\*



# Questions?

## Thank You





# Alaska State House of Representatives

Office of Rep. Liz Vazquez

Alaska State Capitol, Room 428, Juneau Alaska 99801

Office: (907) 465-3892 • Fax: (907) 465-6595

## Intraoffice Memorandum

To: Representative Seaton

From: Representative Vazquez

Date: 3/4/15

RE: Medicaid expansion questions for Commissioner Davidson for Thursdays HSS committee meeting

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1. How many individuals are currently enrolled in Medicaid?
2. How does the federal poverty level in Alaska compare to the rest of the Nation? Will the higher federal poverty level (FPL) in Alaska be a cause for concern with regards to expansion? Has this been considered with the forecasts that are being presented in support of expansion?
3. When did the eligibility rules change so that assets or resources are not considered to determine eligibility for Medicaid? Was this a federal Statute or regulation change?
4. How many individuals in Alaska currently are eligible for Medicaid but are not enrolled? Medicaid.gov reports that in 2012 only Alaska had a 77 percent enrollment for existing eligible beneficiaries. Given that eligibility rules have changed to disregard assets, this number of individuals eligible for Medicaid prior to expansion may now be significantly greater. Are these individuals eligible for a 50 percent Federal Medical Assistance Percentages (FMAP), are they Alaska Native beneficiaries eligible for 100 percent due to their dual eligible status, or are they eligible for the expansion FMAP if they enroll?
5. How many individuals will be enrolled in the Medicaid program as a result of expansion?
6. Is there a co-pay or deductible for Medicaid services? If yes, what are the co-pays and deductibles for Alaska Medicaid eligible individuals?
7. Since Asset rules recently changed is it possible more individuals will qualify for Medicaid than data shows and if so, which FMAP do these enrollees qualify for? How many individuals have ever been denied for excess assets that might now qualify for Medicaid regardless of expansion and are they currently enrolled? If not, wouldn't that indicate that the 2012 data showing a 77 percent enrollment of existing eligible individuals may underestimate those currently eligible for Medicaid without expansion who are currently living in Alaska?
8. Do beneficiaries understand if they hold assets that Medicaid programs are required to recover assets through estate recovery efforts upon their death if Medicaid paid for their healthcare costs?

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Alaska State Capitol, Room 428, Juneau Alaska 99801

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## Intraoffice Memorandum

9. Alaska offers mandatory services required under 42 U.S.C 1396-1396p (Title XIX of the Social Security Act) but also provides additional optional services outlined under AS 47.07.030 that are NOT provided in many other states. Please inform us of all of the optional services that are currently available. Will these optional services be a factor that impacts the Medicaid enrollment as expansion moves forward?
10. Is it possible that applicants might reduce their wages or benefits in order to qualify for Medicaid?
11. Is it possible that many might lower wages in order to gain access to optional services many private insurers don't cover?
12. Is it possible that the high cost of deductibles for those privately insured will impact populations employment in an effort to qualify for Medicaid because of low cost-sharing and a lack of deductibles for Medicaid?
13. Since Medicaid pays more than many other insurers, including Medicare and the Veterans Administration, does expansion pose a risk to access for beneficiaries of these programs? Will this create access problems for others?
14. Once individuals without coverage qualify for Medicaid is utilization of healthcare expected to increase?
15. How will the health care needs of new enrollees be met when many already enrolled in Medicaid report access problems (a lack of available providers)?
16. What safety net programs will cease to exist to make way for expansion? How does the State plan to address the needs of those who receive services from these programs that don't qualify for Medicaid? Will they be left without access to any health care services or be forced to pay for services they too may not be able to afford?
17. Given that the plan for Alaska is to pull back on expansion if the FMAP drops below 90 percent, what exit strategy exists to ensure we don't create a fiscal crisis after 2020 as the safety net programs that exist today are going away to make way for expansion and to pursue the maximum federal reimbursements for services for those who qualify?
18. How will expansion improve program performance and lead to reform?
19. If Indian Health Service (IHS) programs are NOT insurance, how can the State restrict any services for IHS beneficiaries without restricting freedom of choice allowed under 42 CFR 431.51? What is the likelihood that the Centers for Medicare and Medicaid Services (CMS) might approve a waiver to allow for such a restriction?

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## Intraoffice Memorandum

20. Alaska currently is facing the fastest growing populations ever. Is it possible health care jobs in Alaska will grow regardless of expansion?
21. How can the forecast of new health care jobs be directly linked to Medicaid expansion? Where will these providers come from, especially in light of the fact that Medicaid currently has a health care shortage for Medicaid populations?
22. What are the projected administrative costs to expand Medicaid for the first five years?

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