

## The Alaska Association on Developmental Disabilities

P.O.Box 241742  
Anchorage, Alaska 99524-1742

*To facilitate a united provider voice for best practices, advocacy, partnerships and networking.*

April 19, 2019

### **SENATE FINANCE COMMITTEE AMENDMENT – MEDICAID SERVICES SDS SEPARATE APPROPRIATION**

Home and Community Based Services and Personal Care Services providers recognize the challenges faced by the State of Alaska in managing growing Medicaid costs. These providers desire to be part of the solution without taking disproportionate rate reductions in comparison to other Medicaid funded sectors. Therefore, the previous request for a separate appropriation is amended as follows:

- 1. Establish a separate Medicaid Appropriation of \$524,968,700 for Medicaid SDS services in the FY2020 Budget, and**
- 2. Include intent language which prevents the Commissioner of DHSS from making further provider rate reductions or transfers from the Medicaid SDS Services appropriation.**

#### **Reasons:**

- Apply a \$50 million (8.7%) reduction the FY19 Medicaid SDS Budget Allocation of \$574,968,700 to establish the FY20 appropriation. This satisfies the OMB requirement of \$50M to fund the separate appropriation, and substitutes the DHSS proposed 5% provider rate reduction
- Medicaid Payment Analysis, FY18 Medicaid Actual Cost to FY18 Budget Allocations shows:

Behavioral Health	Actual \$235M	Budget \$140M	Over Budget \$95M
Health Care	Actual \$1,399M	Budget \$971M	Over Budget \$320M
Senior & Disability	Actual \$457M	Budget \$550M	Under Budget \$92M

Cutbacks in services to vulnerable Alaskans have been funding Medicaid Expansion
- Lack of Parity among Medicaid Provider Rates: Per DHSS Office of Rate Review, only Community Behavioral Health, Ambulatory Surgical Centers, Home and Community Based/Personal Care Services, and Infant Learning Targeted Case Management Services have not received rate rebasing in the past five fiscal years
- Senate Finance DHSS Budget Subcommittee recommended \$82.6M reductions are applied to actual growth areas of Behavioral Health and Health Care Services

AMENDMENT TO SSSB20

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: SSSB 20 FY 2020 Operating Budget

1 Page 19, following line 3:

2 Insert new material to read:

3 **Senior and Disabilities Medicaid Services** 524,968,700 222,403,090 302,565,610

4 Senior and Disabilities 524,968,700

5 Medicaid Services

6

7 Page 19, line 3:

8 Delete "1,466,323,600"

9 Insert "941,354,900"

10 Delete "330,745,400"

11 Insert "108,342,310"

12 Delete "1,135,578,200"

13 Insert "833,012,590"

14

15 Page 19, line 4:

16 Delete "1,466,323,600"

17 Insert "941,354,900"

18

EXPLANATION: This amendment **REDUCES** funding for Senior and Disabilities Medicaid Services by \$50 million / 8.74% from the FY19 \$574, 968,700 allocation amount and places it in a **separate appropriation for increased transparency**. Reason: This effectively transfers over 50% of the current Medicaid SDS service allocation that DHSS has been using (\$92.3 million in FY18) to subsidize Medicaid expansion growth. A separate appropriation stabilizes long term supports for vulnerable Alaskan seniors and those who experience disabilities. **This amendment is supported by:**

**The Governor's Council on Disabilities and Special Education, Hope Community Resources Inc., Fairbanks Resource Agency, Alaska Association on Developmental Disabilities, and The Key Campaign.**

AMENDMENT TO LANGUAGE SSSB20 FY2020 OPERATING BUDGET

2019 Legislature – Operating Budget Wordage Report – Senate Structure 2019-04-16 17:33:23

Amendment to existing intent language:

Page 2

Under “AI: Medicaid Services” insert new paragraph:

Intent

It is the intent of the legislature to hold harmless Skilled Nursing Facilities, and Senior and Disabilities Services providers (Nursing Homes, 1915(c) and Other Waiver Services, and Personal Care Services) who serve vulnerable Alaskans from the 5% Medicaid rate reduction proposed by Department of Health and Social Services.

Senate HSS Budget language is at:

[http://www.akleg.gov/basis/get\\_documents.asp?session=31&docid=35416](http://www.akleg.gov/basis/get_documents.asp?session=31&docid=35416)

This amendment to add this intent language is requested and supported by: **The Governor’s Council on Disabilities and Special Education, Hope Community Resources, Fairbanks Resource Agency, Alaska Association on Developmental Disabilities, and The Key Campaign.**

**Medicaid SDS Services Comparison by State Fiscal Year**

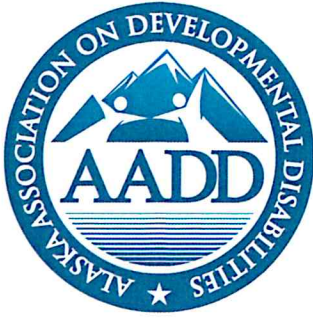
	FY17 Actual	FY17 Budget Allocation CCS HB256	Actual to Budget %	Over/(Under) Budget Allocation
Adult Dental Preventative	\$ 22,069,279	\$ 15,650,200	141%	\$ 6,419,079
Children's Medicaid		\$ 10,060,800		
Behavioral Health	\$ 215,239,973	\$ 126,519,500	170%	\$ 88,720,473
Health Care	\$ 1,358,575,904	\$ 962,184,900	141%	\$ 396,391,004
Senior & Disability	\$ 491,751,240	\$ 542,263,300	91%	\$ (50,512,060)

Medicaid Services	\$ 2,087,636,396	\$ 1,656,678,700
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	FY18 Actual	FY18 Budget Allocation CCS HB57	Actual to Budget %	Over/(Under) Budget Allocation
Adult Dental Preventative	\$ 22,125,936	\$ 15,650,200	141%	\$ 6,475,736
Children's Medicaid				
Behavioral Health	\$ 235,158,831	\$ 140,054,800	168%	\$ 95,104,031
Health Care	\$ 1,291,482,454	\$ 971,343,500	133%	\$ 320,138,954
Senior & Disability	\$ 457,756,981	\$ 550,067,200	83%	\$ (92,310,219)

Medicaid Services	\$ 2,006,524,202	\$ 1,677,115,700
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	FY2017	FY2018
<b>Adult Preventative Dental Medicaid Services</b>		
Total Adult Preventative Dental	\$ 22,069,279	\$ 22,125,936
<b>Adult Preventative Dental Medicaid Services Total</b>	<b>\$ 22,069,279</b>	<b>\$ 22,125,936</b>
<b>Division of Behavioral Health Medicaid Services</b>		
Mental Health Services	\$ 162,857,259	\$ 186,149,742
Psychiatric Hospital Services	\$ 21,561,588	\$ 19,145,940
Residential Care Services	\$ 30,821,125	\$ 29,863,149
<b>Division of Behavioral Health Medicaid Services Total</b>	<b>\$ 215,239,973</b>	<b>\$ 235,158,831</b>
<b>Division of Health Care Services Medicaid Services</b>		
Chiropractic & Speech/Phys./Occup. Therapy	\$ 29,612,087	\$ 31,241,955
Chronic Acute Medical Assistance	\$ 53,561	\$ (4,733)
Dental Services	\$ 84,001,557	\$ 77,882,043
Dme & Audiology	\$ 25,743,137	\$ 23,332,506
Home Health & Hospice	\$ 1,734,829	\$ 1,776,573
Inpatient Hospital Services	\$ 336,193,734	\$ 319,038,836
Lab & X-Ray Services	\$ 4,249,135	\$ 7,451,933
Medicaid State Only	\$ 840,993	\$ 799,269
Medicaid Unknown Service Category	\$ 37,436	\$ -
Medicaid Financing	\$ 54,823,842	\$ 7,712,894
Non-MMIS	\$ 33,664,183	\$ 30,714,708
Other Services	\$ 12,534,592	\$ 16,260,280
Outpatient Hospital Services	\$ 246,933,701	\$ 246,237,490
Pharmacy	\$ 86,954,799	\$ 87,550,833
Physician Services	\$ 337,887,190	\$ 345,105,633
Tobacco Cessation	\$ 97,500	\$ 97,467
Transportation	\$ 92,447,883	\$ 85,624,665
Vision Services	\$ 10,765,743	\$ 10,660,103
<b>Division of Health Care Services Medicaid Services Total</b>	<b>\$ 1,358,575,904</b>	<b>\$ 1,291,482,454</b>
<b>Division of Senior and Disabilities Services Medicaid Services</b>		
Adults with Physical and Developmental Disabilities Waiver	\$ 8,455,998	\$ 8,476,280
Alaskans Living Independently Waiver	\$ 72,203,309	\$ 67,185,724
Children with Complex Medical Conditions Waiver	\$ 10,743,527	\$ 9,291,057
Intellectual and Developmental Disabilities Waiver	\$ 186,701,461	\$ 181,492,017
Nursing Homes	\$ 141,422,830	\$ 129,297,677
Other Waiver Services	\$ 27,718	\$ 18,479
Personal Care Services	\$ 72,196,396	\$ 61,995,747
<b>Division of Senior and Disabilities Services Medicaid Services Total</b>	<b>\$ 491,751,240</b>	<b>\$ 457,756,981</b>
<b>Grand Total</b>	<b>\$ 2,087,636,395</b>	<b>\$ 2,006,524,203</b>



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### **Medicaid Rate Parity for State of Alaska FY2020 Medicaid Budget: Senior & Disability Services**

Provider rates are typically adjusted through Rate-rebasing, and Inflationary adjustments:

- Rate-rebasing affords a regular review of the actual cost of doing business and adjusts rates accordingly.
- Inflation adjustments address cost increases for the lag time between cost reporting and associated rate-rebasing.

Comparison of Medicaid provider rate adjustments for **five fiscal years (FY15 to FY19)** may be summarized as follows:

- **Community Behavioral Health Services Rates** received no rate-rebasing and a 3% increase in FY18 (while awaiting completion of a rate setting methodology), having received no inflationary adjustments in earlier years.
- **Senior and Disability Services Rates** are regulated under Alaska Administrative Code (7 AAC.145)
  - ◆ Nursing Homes received **rate-rebasing in 4 fiscal years** and inflation adjustments between 2.4% and 3.2% in 2 fiscal years
  - ◆ Home and Community Based/Personal Care Services received no rate-rebasing and inflationary adjustments of 2.4% and 2.5% in 2 fiscal years.
  - ◆ Infant Learning Targeted Case Management Services received no rate-rebasing and inflationary adjustments of 2.7% and 2.7% in 2 fiscal years.
- **Health Care Services Rates** are regulated under Alaska Statute (Title 47, Chapter 07).
  - ◆ Physician Services are set using the Resource Based Relative Value Scale

- ◆ Federally Qualified Health Centers received **rate-rebasing in 4 fiscal years** and inflation adjustments of 2.5% and 2.7% in 2 fiscal years
- ◆ Inpatient Hospitals received **rate-rebasing in 4 fiscal years** and inflation adjustments between 2.4% and 3.2% in 2 fiscal years
- ◆ Ambulatory Surgical Centers received **no rate-rebasing** and inflationary adjustments of 2.4% and 2.8% in 2 fiscal years

Service Category		FY14	FY15	FY16	FY17	FY18	FY19
<b>BHS</b>							
<b>Psychiatric Hospital</b>							
6/30 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.4%	1.5%	1.3%	1.2%	1.4%	1.4%
	Inflation % (Non-Capital)****	2.0%	2.4%	2.5%	2.7%	3.2%	2.8%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
12/31 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.4%	1.4%	1.3%	1.1%	1.3%	1.5%
	Inflation % (Non-Capital)****	2.3%	2.5%	2.7%	3.1%	2.5%	3.2%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
<b>Community Behavioral Health</b>							
Inflation Awarded		N/A	N/A	N/A	N/A	N/A	N/A
Inflation %		N/A	N/A	N/A	N/A	N/A	N/A
Rate Rebase		No	No	No	No	No*****	Yes
<b>Residential Psychiatric Treatment Centers</b>							
Inflation Awarded?		N/A	N/A	N/A	N/A	N/A	N/A
Inflation %		N/A	N/A	N/A	N/A	N/A	N/A
Rate Rebase		No	No	No	No	Yes	No
<b>Residential Behavioral Rehabilitative Services</b>							
Inflation Awarded?		N/A	N/A	N/A	N/A	N/A	N/A
Inflation %		N/A	N/A	N/A	N/A	N/A	N/A
Rate Rebase		N/A	N/A	N/A	N/A	N/A	N/A
<b>HCS</b>							
<b>Physician/PT/OT/ST - All services paid under Resource Based Relative Value Scale</b>							
Inflation Awarded?		Yes	Yes	No	No	No	Yes
Inflation %		2.2%	3.1%	1.6%	0.5%	0.4%	0.5%
Rate Rebase**		No	No	No	No	No	No
<b>Federally Qualified Health Centers (FQHCs)</b>							
6/30 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation %	2.4%	2.3%	2.5%	2.5%	2.8%	2.7%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
12/31 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation %	2.3%	2.4%	2.5%	2.7%	2.7%	2.7%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
3/31 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation %	2.6%	2.5%	2.4%	2.7%	2.8%	2.7%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
Medicare Economic Index***	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation %	0.8%	0.8%	1.1%	1.9%	1.9%	1.9%
	Rate Rebase	N/A	N/A	N/A	N/A	N/A	N/A
<b>Inpatient Hospital</b>							
6/30 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.4%	1.5%	1.3%	1.2%	1.4%	1.4%
	Inflation % (Non-Capital)****	2.0%	2.4%	2.5%	2.7%	3.2%	2.8%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
9/30 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.5%	1.5%	1.3%	1.2%	1.4%	1.4%
	Inflation % (Non-Capital)****	2.3%	2.6%	2.6%	2.9%	3.0%	2.7%



	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
12/31 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.4%	1.4%	1.3%	1.1%	1.3%	1.5%
	Inflation % (Non-Capital)****	2.3%	2.5%	2.7%	3.1%	2.5%	3.2%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
<b>End Stage Renal Dialysis</b>							
	Inflation Awarded	N/A	N/A	N/A	N/A	N/A	N/A
	Inflation %	N/A	N/A	N/A	N/A	N/A	N/A
	Rate Rebase	N/A	N/A	N/A	N/A	N/A	Yes
<b>Ambulatory Surgical Centers</b>							
	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation %	2.0%	2.4%	2.5%	2.7%	3.2%	2.8%
	Rate Rebase	N/A	N/A	N/A	N/A	N/A	N/A
<b>SDS</b>							
<b>Nursing Home</b>							
6/30 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.3%	1.6%	1.4%	1.4%	1.9%	1.4%
	Inflation % (Non-Capital)****	2.3%	2.4%	2.6%	2.6%	2.9%	2.8%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
9/30 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.4%	1.6%	1.4%	1.4%	1.9%	1.4%
	Inflation % (Non-Capital)****	2.4%	2.6%	2.4%	2.9%	2.8%	2.9%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
12/31 Providers	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation % (Capital)****	1.5%	1.5%	1.5%	1.5%	1.3%	1.5%
	Inflation % (Non-Capital)****	2.4%	2.4%	2.5%	3.1%	2.7%	3.2%
	Rate Rebase*	Yes	Yes	Yes	Yes	No	Yes
<b>Home &amp; Community Based/Personal Care</b>							
	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation %	2.2%	2.4%	2.3%	2.6%	2.8%	2.5%
	Rate Rebase	No	No	No	No	No	No
<b>Infant Learning Targeted Case Management</b>							
	Inflation Awarded	Yes	Yes	No	No	No	Yes
	Inflation %	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
	Rate Rebase	N/A	N/A	N/A	N/A	N/A	N/A

KEY	
*	These are provider specific rates and some of the providers are rebased, but not all providers are rebased each year.
**	These services are set using Resource Based Relative Value Schedule (RBRVS). These services are not rebased in the typical sense, but the methodology does require the Department to update the federal Relative Value Units (RVU) and Geographic Price Index (GPCI) from the Centers for Medicare and Medicaid Services that are federally set each year.
***	FQHCs who opt to receive a rate under the Prospective Payment System (PPS) and not the Alternative Payment Methodology (cost-based), are not rebased. They receive inflation each year it is granted.
****	The inflation for capital and non-capital is not additive, each inflationary component applies to its respective capital or noncapital portion of the rates.

*****	Community Behavioral Health services received a 3% increase while awaiting completion of a rate setting methodology since their service category did not receive inflation in any of the earlier years.
N/A	These service categories did not have annual inflation as part of their rate setting methodologies.