Trust
Alaska Mental Health Trust Authority

3745 Community Park Loop, Suite 200
Anchorage, AK 99508
Tel 907.269.7960
www.mhtrust.org

April 10, 2019

Commissioner Adam Crum
Alaska Department of Health and Social Services
Sent via email

RE: Proposed revisions to Alaska's Medicaid program, Phase I

Dear Commissioner Crum,

The Alaska Mental Health Trust Authority is a long-standing partner of the Department of Health and Social Services (DHSS). Together we have made big changes in Alaska that have improved the lives of Trust beneficiaries and all Alaskans. For 25 years our partnership has thrived because we are able to speak frankly to each other to make sure that the policies that guide health and social service delivery in Alaska are as productive and as efficient as possible.

It is in that spirit that we present our concerns with the proposed changes to Alaska's Medicaid program that have been described as Phase 1 and discussed for the last three weeks. We know that you bring these ideas forward with the intent to reduce the cost of the Medicaid program as part of the administration's overall intent to reduce state government expenses with the fewest service reductions possible. We appreciate your objective, but we cannot support that effort if it leads to a lesser quality or quantity of services for Trust beneficiaries. Some of our specific concerns are spelled out in this letter.

Medicaid, without a doubt, is one of the services administered by the state that most significantly impacts Trust beneficiaries. A priority for the Trust, we have committed $10 million of Trust funds into Medicaid reform efforts to improve access to essential behavioral health care for Alaskans, including tens of thousands of Trust beneficiaries. When implemented, Trust-funded reforms will: (1) increase efficiencies, (2) improve effectiveness, and (3) better serve Alaskans thru a sustainable continuum of integrated care for beneficiaries.

We are concerned that DHSS's proposed radical funding cuts to Alaska Medicaid program will significantly impact an already fragile community-based system of care, and shift service costs from lower levels of care to more expensive, higher levels of care. This shift will negatively impact Trust beneficiaries' access to services, as well as their overall health and the health of Alaska communities.

Reduction in Medicaid services will also have an impact on public safety in Alaska. By eroding access to services, especially substance misuse prevention and treatment, the community behavioral health system will reduce its ability to meet the current need. Preventing and treating substance abuse, and reducing beneficiary involvement in the criminal justice system, are shared priorities.

We also want to express our concern that these significant changes are being launched without stakeholder and healthcare provider input. Since most of the proposed Medicaid program changes do not require legislative approval we are communicating our concerns directly to you.

Phase I Medicaid Reductions

Five percent provider reimbursement rate reduction
Even with the exemptions noted by the department, this reduction could significantly impact beneficiary access to health and behavioral health services. In many cases, the current Medicaid rates fall below the cost of care. The proposed reduction will place additional financial burden on consistently underfunded community health care providers and potentially reduce access to care should/when community health care providers either limit services or close. This reduction strategy does not address underlying cost drivers, like the overall annual cost increases in health care. In addition, reducing the provider rate will discourage, not promote, providers desire to be innovative in how they implement services in Alaska. We anticipate this will significantly impact beneficiary access to health and behavioral health services.

Further, Trust beneficiaries who are seniors or who experience developmental disabilities will be adversely impacted by this reduction. While some providers have been exempted from the rate reduction, providers who offer home and community based services such as assisted living, case management, transportation, and peer support will be significantly impacted. These services save money by providing essential services in low impact settings, and maximize autonomy and independence.

The Department should be focused on expanding behavioral health care and stabilizing home and community based services and supports, and not risking reductions in necessary care for Trust beneficiaries. These rate changes should not be put into place until you are satisfied that current Medicaid clients will not be adversely impacted by either reduced access to care or reduced quality of care. The department is responsible, in partnership with the Trust, to ensure there is a comprehensive system of care.

Withhold Inflation
This action will place additional financial burden on consistently underfunded community health care providers, for many of which reimbursement rates already aren't matching price inflation, and potentially reduce access to care should/when community health care providers either limit services or close their doors. This proposal does not address underlying cost drivers, like the overall annual cost increases in health care.

Hospital diagnosis-related Group (DRGs)
Like reimbursement rate reductions, moving to this payment methodology should not be done until the department has analyzed how such a change will impact Medicaid clients and can ensure that it will not negatively impact access to care or quality of care for Trust beneficiaries.

Acuity Based Nursing Facility Rate
Trust beneficiaries who experience Alzheimer's Disease, related dementia or other challenges could be adversely impacted by the proposed rate cut and rate methodology change. Like our concerns with the 5% provider rate reduction, this change should not be implemented until the department is certain that the quality of care and access to care will not be negatively impacted. While the Trust remains an advocate for lower cost community based services for our beneficiaries, there are individuals that require the care of a skilled nursing facility and their access to that care, especially end of life care, should not be diminished.

Eliminate Adult Preventative Dental Services
In 2005, the state recognized dental care as critical to controlling overall health care costs and promoting improved health of beneficiaries and Alaskans, and included Adult Preventative Dental in the Medicaid program.

Low income adults have an increased prevalence of dental disease. Alaska's Medicaid dental services have provided a limited dental benefit, typically $1,150 per fiscal year, to address dental priorities for Medicaid recipients. Prior to these services, adults enrolled in Medicaid were typically faced with accessing Medicaid dental services when they had pain or acute infection. By eliminating this service, more Trust beneficiaries will seek emergency dental care in expensive emergency room settings, in lieu of receiving less costly preventative care. Further, these emergent services will often lead to extracting teeth if the pulp of the tooth was involved. Once a tooth is extracted options to restore function are often unaffordable to low-income adults.

Behavioral Health Grants

Grant funding is an essential component in ensuring a robust continuum of care for our beneficiaries. Unlike Medicaid reimbursements, grants allow our behavioral health and community service providers the flexibility and opportunity to plan for how to best deliver services. Grants also support necessary behavioral health related services that are not Medicaid reimbursable, such as community outreach and engagement to beneficiaries with serious mental illness and other disabilities that interfere with engagement in services.

While we are aware that some of the grant-funded work may transition to Medicaid as a result of the 1115 waiver, we cannot yet know what, and at what level, services or expenses will actually be billable in FY20. We are also concerned the timing of the proposed grant reductions, which are to take effect July 1, is not realistic given that the non-substance use disorder related waiver services have yet to be approved by CMS. The transition to the 1115 waiver may involve delays that will inhibit community behavioral health providers and others from being able to bill for services that are not currently reimbursable.

Lastly, we are concerned about the fragility of behavioral health services for Trust beneficiaries. If these grant reductions are implemented, the system will become further at risk with proposed rate reductions and future imposed cuts or caps to Medicaid in general.

Impacts to Administrative Services Organization

The Trust is also concerned about the department's commitment to proceed with contracting with an Administrative Service Organization (ASO). The reason an ASO was selected as a key path forward in Medicaid reform efforts was to support implementation of the 1115 behavioral health waiver, and ensure behavioral health Medicaid reforms first focused on the behavioral health system of care specifically, separate from healthcare to "shore-up" the stability of organizations providing behavioral health care to Trust beneficiaries as they transition to a more managed system of care with different accountabilities. The ASO is a strategy to bring additional competence and capacity to the state recognizing the department lacks the capacity to effectively implement the reforms proposed in the waiver and in SB74. Impacts to this ongoing and important effort, funded in large part by the Trust, are of significant concern.

Phase II Medicaid Reductions

Understanding that the department intends to roll out an additional phase of Medicaid program budget reduction, the Trust is concerned that additional reductions that will adversely impact our beneficiaries.

The governor's proposed budget anticipated $225M in GF reductions for the program, and Phase I of the department's reductions account for less than half of that. As you have, we have heard that the uncertainty associated with this significant, impending reduction has led some providers to

put expansion or construction activities on hold. This is concerning as it could result in not only lost opportunity to expand necessary services for our beneficiaries, but ultimately a reduction in the quality and quantity of care in Alaska.

Next Steps

With the partial exception of behavioral health grant funding, actions to implement Phase I of proposed changes to the state's Medicaid Plan lies entirely within the department's control. We encourage you to engage with Alaska's behavioral health providers and other stakeholders in the healthcare community to fully understand the impacts of these changes, and encourage further analysis of how these changes will affect the overall cost of providing care in Alaska.

As you advance implementation of Phase I, the Trust will continue to follow the process and communicate concerns or suggestions for improvement, and will always advocate for maintaining or improving beneficiary access to quality care.

Although this letter has focused on the concerns we have with potential Medicaid changes, we continue to believe that Medicaid is the best tool available to us to improve health care for Alaskans, including Trust beneficiaries. We commit that we will not object to changes from previous practices or plans unless the risk of negative impacts to Trust beneficiaries requires it. Additionally, we commit that, even when we disagree, we will do so professionally and collegially. Alaskans are counting on both of our teams to work together to get the best possible outcome. We will do our part to make that happen – we know you will too.

Respectfully,

Michael K. Abbott
Chief Executive Officer

Cc:
Senate Finance Committee Members
Senate Health and Social Services Committee Members
House Finance Committee Members
House Health and Social Services Committee Members