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State/Territory Name: Alaska

State Plan Amendment (SPA) #: 14-010

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Seattle Regional Office
701 Fifth Avenue, Suite 1600, MS/RX-200
Seattle, Washington 98104

Division of Medicaid & Children's Health Operations

NOV 0 3 2014

William Streur, Commissioner
Department of Health and Social Services
Post Office Box 110601
Juneau, Alaska 99811-0601

RE: Alaska State Plan Amendment (SPA) Transmittal Number 14-010

Dear Mr. Streur:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Alaska State Plan Amendment (SPA) Transmittal Number 14-010.

Alaska submitted this SPA to update the payment fee schedules for advanced nurse practitioners, ambulatory surgical clinic services, behavior rehabilitation services, chiropractic services, dental services, direct entry midwife services, EPSDT screening services, nurse-midwife services, physical and occupational therapy services, and physician services.

This SPA is approved effective July 1, 2014, as requested by the State.

During the review of Alaska SPA 14-010, CMS performed an analysis of corresponding coverage sections not originally submitted with this SPA. This analysis revealed issues that will require additional information and/or possible revision through a corrective action plan (CAP). Under separate cover, CMS will release a letter detailing those issues, and provide guidance on timeframes for correction.

If you have any questions concerning this SPA, please contact me, or have your staff contact Treva Wornath at (907) 271-1920 or via email at treva.wornath@cms.hhs.gov.

Sincerely,

[redacted]

Carol J.C. Peverly
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc:
Deborah Etheridge, Medicaid Policy Analyst for Health Care Services
Gennifer Moreau-Johnson, State Plan Coordinator

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Seattle Regional Office
701 Fifth Avenue, Suite 1600, MS/RX-200
Seattle, Washington 98104

Division of Medicaid & Children's Health Operations

William J. Streur, Commissioner
Department of Health and Social Services
Post Office Box 110601
Juneau, Alaska 99811-0601

RE: Alaska State Plan Amendment (SPA) Transmittal Number 14-010

Dear Mr. Streur:

This letter is being sent as a companion to the Centers for Medicare & Medicaid (CMS) approval of Alaska State Plan Amendment (SPA) Transmittal Number 14-010, which modifies pharmacy coverage and reimbursement for covered outpatient and physician administered drugs. This amendment was submitted on September 30, 2014, with an effective date of July 1, 2014.

Regulations at 42 Code of Federal Regulations (CFR) 430.10 require that the State plan be a comprehensive written statement describing the nature and scope of the State's Medicaid program and that it contain all information necessary for CMS to determine whether the plan can be approved to serve as the basis for Federal Financial Participation (FFP) in the State program. The CMS' analysis determined that additional changes related to coverage of the benefits specified below are needed in the Alaska Medicaid State plan.

Attached Sheet to Attachment 3.1-A, Page 1, EPSDT

1. Please update the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) section of the State plan, Attached Sheet to Attachment 3.1-A, Page 1, to include a comprehensive description of all assessments and services that may be performed during an EPSDT screening.

2. The State submitted SPA 13-006 in June, 2013, to address CMS' questions in the companion letters for SPAs 11-007, 12-006, 12-009, 13-002 and 13-010 regarding the EPSDT section of the State plan. The State withdrew that SPA in October, 2013. The State responded to the companion letter for 13-010 in August, 2014, and indicated that the State has issued revised regulations regarding the EPSDT program in Alaska. The public comment period for the revised regulations ended on September 19, 2014, and

those comments are under review by the State. The State's response to companion letter 13-010 assures CMS that once the State has completed the public comments' review, a SPA will be submitted in order to fully comport with federal guidelines for EPSDT. Until a new SPA is submitted, CMS must repeat our previous questions regarding the EPSDT section of the State plan:

a) Please update the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) section of the State plan, Attached Sheet to Attachment 3.1-A, Page 1, to include the following assurance:

"Any Medicaid eligible child under 21 years of age, pursuant to Section 1905(r) (5) of the Social Security Act has access to necessary health care, diagnostic services, treatment and other measures described in section 1905(a) to correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services, whether or not such services are covered under the State plan."

b) In the above referenced EPSDT section, please include the appropriate service category (e.g., section 1905(a) (6)-Other Licensed Practitioners (OLP)), service description, provider qualifications, and prior authorization requirements, if any. Please note whether the service is offered only under EPSDT. If services available for children under EPSDT are described elsewhere in the plan, there is no need to specify those services in the EPSDT section.

Attached Sheet to Attachment 3.1-A, Page 2, Physician Services

In the State's response to the companion letter for 13-010, the State indicated that it would not respond to CMS' request regarding Physician Services until approval of SPA 14-006. That SPA was approved October 22, 2014, and CMS reminds the state to make the following correction to the State plan language regarding Physician Services:

3. Please delete the reference to "physician collaborators" under Physician Services in Attachment 3.1-A, Page 2, so that the language will be consistent with Physician Services described in Attachment 4.19-A, Page 6.

Attached Sheet to Attachment 3.1-A, Page 3, Clinic Services

4. The state submitted SPA 13-005 in June, 2013, to address CMS' questions in the companion letters for SPA 12-006, 13-002 and 13-010, regarding the Clinic Services section of the State plan. The State withdrew that SPA October, 2013, because the State required additional time to reconsider the intent of the SPA. In the State's response to the companion letter for 13-010, the State indicated that it would not respond to CMS' questions regarding clinic services until approval of SPA 14-006. That SPA was approved October 22, 2014, and CMS reminds the state to provide a timeline and a formal response to the ongoing questions regarding the clinic services section:

a) In the Clinic Services section, Attached Sheet to Attachment 3.1-A, Page 3, please revise this section to clearly state that ambulatory surgical clinic services and renal

dialysis physician clinics are covered under the clinic benefit. Please make sure the language indicates that renal dialysis physician clinics include comprehensive outpatient dialysis and related services, including labs, drugs (erythrocyte-stimulating agents, parenteral iron replacement products, etc.). Please include provider qualifications, prior authorization requirements, and limitations, if any.

b) Please remove the following language from the plan page "Ambulatory surgical clinic services and renal disease physician clinics are provided as separate services."

5. In the Clinic Services section, please revise the plan to include a comprehensive definition and description of Mental Health Clinic Services. Please include provider qualifications, prior authorization requirements, and limitations, if any.

Attached Sheet to Attachment 3.1-A, Page 3, Item 10, Dental Services

CMS issued a companion letter for SPA14-006 that included the following questions regarding Dental Services.

Regarding item 10, reads: "*dental services for recipients age 21 or older are limited to emergency treatment for the relief of pain and acute infection and the following prior authorized additional services up to an annual limit of $1150 per Medicaid recipient.*" Please respond to the following questions related to the state's annual dental limitation:

6. Please provide an explanation if additional dental services can be provided beyond the monetary limit based on a determination of medical necessity, or is emergency treatment the only option? Will there be an exception or prior authorization process for beneficiaries that require services beyond the limitation? Please explain these two processes.

7. If the limit cannot be exceeded based on a determination of medical necessity:

   a) How will those affected by the limitation obtain the medical services they need beyond the stated limits?
   b) Will recipients be billed and expected to pay for any care that may not be covered? Or, instead will the provider or practitioner be expected to absorb the costs of the provided services?
   c) If the beneficiary's covered services are being reduced, will the beneficiary be notified of their appeals rights per 42 CFR 431.206?

8. How is the state tracking the monetary limitation for recipients?

9. Will both providers and beneficiaries be informed in advance so they know they have reached the $1,150 limit? Please summarize the notification process and provide an example of the notice(s) issued.

10. What is the clinical purpose of this benefit and will that purpose be achieved under this limit? Do the authorized additional dental services provided up to an annual limit of $1,150 meet that purpose?

11. Based on this purpose indicated and using claims data within the last 12 months, what percentage of Medicaid beneficiaries are fully served (i.e., receive all the services they require) under the $1,150 limit? Please provide this information for the following eligibility groups:

    a) Aged, Blind and Disabled
        i) Non-Dually Eligible Adults (for analyses of primary services for which Medicare would be primary payer)
        ii) Dually Eligible
    b) Pregnant Women
    c) Parents/Caretakers /Other Non-Disabled Adults

12. If you're unable to provide the data analysis requested above, or such an analysis is not appropriate to the reduction, please indicate support for this proposed scope of services through clinical literature or evidence-based practice guidelines, or describe your consultation with your provider community that resulted in assurance that this proposed scope of services has clinical merit to achieve its intended clinical purpose.

Attached Sheet to Attachment 3.1-A, Page 7, Behavior Rehabilitation Services (BRS)

13. The State submitted SPA 13-013 to address CMS' questions in the companion letters for SPAs 11-007 and 12-009, regarding behavior rehabilitation services. The State withdrew SPA 13-013, and requested CMS assistance in developing a draft SPA that will comply with federal guidelines for the provision of behavior rehabilitation services. Behavior rehabilitation services will continue to require the State to take corrective action in the State's plan.

Attachment 3.1-A, Midwife Birthing Center Services, Nurse Midwife Services, Birthing Centers

The State responded to the companion letter for 13-010 in August, 2014, and indicated that the State is currently drafting revised regulations and payment methodologies for Midwife Birthing Center Services, Nurse Midwife Services, and Birthing Centers. The State will then post the revised regulations for public comment. The State's response assures CMS that once the State has posted the revised regulations for public comments, a SPA will be submitted in order to fully comport with federal guidelines for these services. The State's response to the companion letter for 13-010 did not mention submitting the Coverage Template for Freestanding Birth Centers as requested by CMS. Until a new SPA is submitted, CMS must repeat our previous questions regarding the Midwife Birthing Center Services, Nurse Midwife Services, and Birthing Centers section of the State plan:

14. Please update Attachment 3.1-A to include a comprehensive description of Midwife Birthing Center Services and Nurse-Midwife Services. Please include provider qualifications, prior authorization requirements, and limitations, if any. Please complete

and submit as a State plan amendment for CMS approval the Coverage Template for Freestanding Birth Center Services.

15. Section 2301of the Affordable Care Act requires States that recognize freestanding birth centers, and the services rendered by certain professionals providing services in a freestanding birth center (to the extent the State licenses or otherwise recognizes such providers under the State law) to cover the services provided by these centers and professionals as mandatory Medicaid services eligible for FFP.

The State has 90 days from the date of this letter to respond to the issues described above. Within that period the State may submit a SPA to address the inconsistencies and/or submit a corrective action plan describing in detail how the State will resolve the issues identified above in a timely manner. Failure to respond will result in the initiation of a formal compliance process. During the 90 days, CMS will provide technical assistance, as needed or required.

If you have questions concerning this letter, please contact me, or have your staff contact Treva Wornath at (907) 271-1920 or via email at treva.wornath@cms.hhs.gov.

Sincerely,

[redacted]

Carol J.C. Peverly
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc:
Gennifer Moreau-Johnson, gennifer.moreau-johnson@alaska.gov
Deb Etheridge, deb.etheridge@alaska.gov
Margaret Brodie, margaret.brodie@alaska.gov

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 14 - 010
2. STATE: Alaska
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: July 1, 2014

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.201, 42, CFR 447.302

7. FEDERAL BUDGET IMPACT:
a. FFY 2014 $ 0
b. FFY 2015 $ 725,000.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B page 1, page 1.1, page 4, page 5b, page 6.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

10. SUBJECT OF AMENDMENT:
Fee Schedule Updates

11. GOVERNOR'S REVIEW *(Check One)*:
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED: Does not wish to comment

12. SIGNATURE OF STATE AGENCY OFFICIAL: [redacted]
13. TYPED NAME: William J. Streur
14. TITLE: Commissioner, DHSS
15. DATE SUBMITTED: 30 Sep 2014

16. RETURN TO:
Department of Health and Social Services
3601 C Street suite 902
Anchorage, Alaska 99503-5924

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 9/30/14
18. DATE APPROVED: 11/03/14

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2014
20. SIGNATURE OF REGIONAL OFFICIAL: [redacted]
21. TYPED NAME: Carol J.C. Peverly
22. TITLE: Associate Regional Administrator
Division of Medicaid & Children's Health

23. REMARKS:

FORM HCFA-179 (07-92)

Instructions on Back

Methods and Standards for

Establishing Payment Rates: Other Types of Care

Advanced Nurse Practitioners

Payment is made at the lesser of billed charges, 85 percent of the Resource Based Relative Value Scale methodology used for physicians, the provider's lowest charge, or the state maximum allowable for procedures that do not have an established RVU. Laboratory services are reimbursed at the lesser of billed charges or the Medicare fee schedule. State developed fee schedule rates are the same for both public and private providers. Except as otherwise noted in the plan, state developed fees schedule rates are the same for both governmental and private providers. The fee schedule and its effective date are published at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

The fee schedule was last updated, to be effective for services on or after 7/1/2014.

Ambulatory Surgical Clinic Services

Payment is made to ambulatory (outpatient) surgical clinics on a prospectively determined rate. Payment covers all operative functions attendant to medically necessary surgery performed at the clinic by a private physician or dentist, including admitting and laboratory tests, patient history and examination, operating room staffing and attendants, recovery room care, and discharge. It includes all supplies related to the surgical care of the beneficiary while in the clinic. The payment excludes the physician, radiologist, and anesthesiologist fee. State developed fee schedule rates are the same for both public and private providers and the fee schedule is published at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

The fee schedule was last updated, to be effective for services on or after 7/1/2014.

Behavior Rehabilitation Services

Payment for Behavior Rehabilitation Services is a fee-for-service basis, with one day being the unit of service. Rates are based upon a periodic rate study using a prospective staffing based rate model that uses data gathered by the State Department of Labor reporting the prevailing wages in the State of Alaska. Specific position classifications were selected to reflect the comparable staffing requirements needed to provide quality rehabilitative services to the identified population. A factor is used to compensate for employee benefits and facility operating costs and supplies. Board and room are not included in the Behavioral Rehabilitative Service rate paid to the provider. These rates are periodically adjusted based on appropriate cost-of-living adjustments and other market indicators and program standards. Rates and rate methodology are found in Residential Behavioral Health Service handbook 2013 at http://dhss.alaska.gov/dbh/Documents/TreatmentRecovery/RBRS%20Documents/BRS%20Handbook%2010-28-13.pdf

Chiropractic Services

Payment for manual manipulation to correct subluxation of the spine and x-rays is made at the lesser of billed charges, the Resource Based Relative Value Scale methodology used for physicians, or the provider's lowest charge. State developed fee schedule rates are the same for both public and private providers. The fee schedule and its effective dates are published at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

The fee schedule was last updated, to be effective for services on or after 7/1/2104.

Methods and Standards for

Establishing Payment Rates: Other Types of Care

Dental Services

Payment is made at the lesser of billed charges, the Resource Based Relative Value Scale methodology used for physicians, or the provider's lowest charge. State developed fee schedule rates are the same for both public and private providers. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule and is effective dates are published at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

The fee schedule was last updated, to be effective for services on or after 7/1/2014.

Direct Entry Midwife Services

Payment is made at the lesser of billed charges, 85 percent of the Resource Based Relative Value Scale methodology used for physicians, or the provider's lowest charge, State developed fee schedule rates are the same for both public and private providers. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule and its effective dates are published at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

The fee schedule was last updated to be effective for services on or after 7/1/2014.

EPSDT Screening Services

Payment is made at the lesser of billed charges, the Resource Based Relative Value Scale methodology for physicians or the provider's lowest charge. State developed fee schedule rates are the same for both public and private providers, Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule and its effective dates are published at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

The fee schedule was last updated to be effective for services on or after 7/1/2014.

Midwife Birthing Center Services

Rates for midwife services provided in a birthing center are based on the lesser of billed charges, 85% of the Medicare Resource Based Relative Value Scale methodology used for physicians, or the provider's lowest charge, plus an amount equal to 50% of the statewide average rate for a normal vaginal hospital birth for the previous state fiscal year. See fee schedule rates for Advance Nurse Practitioners (p.1 of this attachment) and Direct Entry Midwives (page 1.1 of this attachment) for fee schedule rates.

Methods and Standards for Establishing

Payment Rates: Other Types of Care

Mental Health Clinic Services

Mental health clinic services provided by a community mental health clinic, state operated mental health clinic, or mental health physician clinic (which is a group of psychiatrists or other mental health professionals working under the supervision of a psychiatrist) are reimbursed at the lesser of the amount billed the general public or the state maximum allowable. Community mental health clinics bill the Division of Behavioral Health under a separate reimbursement schedule for performing pre-admission screening and annual resident reviews (PASARR) of mentally ill persons seeking admission to or residing in long-term care facilities. The State assures that the requirements of 42 CFR 447.321 regarding upper limits of payment will be met. Except as otherwise noted in the plan, state developed fee schedules rates are the same for both governmental and private providers of mental health clinic services. The agency's fee schedule was updated 12/26/2008 and is published in the Departments' Community Behavioral Health Clinic billing manual dated 6/29/12 available at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

Mental Health Rehabilitation Services

Mental health rehabilitation services are reimbursed at the lesser of the amount billed the general public or the state maximum allowable. Except as otherwise noted in the plan state developed fee schedule rates are the same for both governmental and private providers of mental health rehabilitation services. The agency's fee schedule was updated 12/26/08 and is published in the Department's Community Behavioral Health Clinic billing manual dated 6/29/2012 available at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

Nurse-Midwife Services

Payment is made at the lesser of billed charges, 85% of the Resource Based Relative Value Scale methodology used for physicians, the provider's lowest charge, or the state maximum allowable for procedures that do not have and established RVU. Laboratory services are reimbursed at the lesser of the amount billed the general public or at the Medicare fee schedule. Drugs are covered at 95 percent of the AWP but without a dispensing fee. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of nurse-midwife services. The fee schedule was last updated, to be effective for services on or after 7/1/2014 and is available at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

Method and Standards for

Establishing Payment

Personal Care Services

Services are reimbursed at the lesser of the amount billed the general public or the state maximum allowable.

Except as otherwise noted in the plan, payment for these services is based on state developed fee schedule rates, which are the same for both governmental and private providers of personal care services. The agency's rate for personal care services were updated on 2/01/2012 and are effective for services rendered on or after 07/01/12. The fee schedule and any annual/periodic adjustments to the fee schedule and its effective dates are included in the fee schedule for personal care services published at http://hss.state.ak.us/dsds/costsurvey.htm

Physical and Occupational Therapy Services

Payment is made at the lesser of billed charges, 85 percent of the Resource Based Relative Value Scale methodology used for the physicians, the provider's lowest charge, or the maximum allowable for procedures that do not have an established RVU.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of physical and occupational therapy services. The fee schedule was last updated, to be effective for services on or after 7/1/2014 and is available at http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp

Methods and Standards for Establishing Payment Rates: Other Types of Care

Physician Services:

Payment is made at the lesser of billed charges, the Resource Based Relative Value Scale (RBRVS) methodology, the provider's lowest charge, or the state maximum allowable for procedures that do not have an established Relative Value Unit (RVU). The Resource Based Relative Value Scale methodology is that described in 42 CFR 414 except that increases and reductions to the average payment made for an individual procedure billed at least ten times during the previous fiscal year will be phased in until the year 2000. The relative value units used are the most current version published in the Federal register. Non-routine office supplies are reimbursed at the lesser of billed charges or the state maximum allowable.

Surgical reimbursement is in accordance with the Resource Based Value Scale methodology except that multiple surgeries performed on the same day are reimbursed at 100 percent for each additional surgery; bilateral surgeries are reimbursed at 150 percent of the RBRVS rate; co-surgeons are reimbursed by increasing the RBRVS rate by 25 percent and splitting the payment between the two surgeons; and supplies associated with surgical procedures performed in a physician's office are reimbursed at the lesser of billed charges or the state maximum allowable. Payment is made to surgical assistants at the lesser of billed charges or 25 percent of the Resource Based Relative Value Scale methodology.

Payment to physicians for in-office laboratory services are reimbursed at the lesser of the amount billed the general public or the Medicare fee schedule.

Payment is made to independently enrolled hospital-based physician for certain services at the lesser of the amount billed the general public or 100 percent of the Resource Based Relative Value Scale methodology.

Anesthesia services are reimbursed using the base units and time units and a state determined conversion factor.

State developed fee schedule rates are the same for both public and private providers. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. The fee schedule was last updated, to be effective for services on or after 7/1/2104 and is available at:

http://manuals.medicaidalaska.com/medicaidalaska/providers/FeeSchedule.asp