

REQUEST FOR PROPOSALS



RETURN THIS PROPOSAL TO:

DIVISION OF LEGISLATIVE AUDIT ("Division")

Issuing Office Mailing Address: P.O. Box 113300, Juneau, AK 99811-3300

Issuing Office Hand Delivery Address: 6th Floor State Office Building, 333 Willoughby Avenue, Juneau, Alaska 99801

RFP NO. 15-33-10

STATE OF ALASKA MEDICAID REFORM AND EXPANSION CONSULTATION SERVICES

DEVELOPMENT AND IMPLEMENTATION OF MEDICAID COST CONTAINMENT AND REFORM INITIATIVES

AND

EVALUATION OF MEDICAID EXPANSION PROPOSALS UNDER THE PATIENT PROTECTION AND AFFORDABLE CARE ACT

SEALED PROPOSALS SHALL BE RECEIVED AT THE ABOVE ADDRESS UNTIL 2:30 P.M. ALASKA TIME ON JULY 6, 2015

Offerors Are Not Required To Return This Form.

Under AS 36.30.020, the Alaska Legislative Council adopted procurement procedures that were based on competitive principles consistent with AS 36.30 and adapted to the special needs of the Legislative Branch. Therefore, the Legislative Branch follows its own procurement procedures and is not subject to the procurement procedures of the Executive Branch. Copies of the Legislative Branch Procurement Procedures are available upon request.

IMPORTANT NOTICE: You must register with the procurement specialist listed in this document to receive subsequent amendments, whether you received this request for proposals from the State of Alaska's "Online Public Notice" web site or another source. Failure to contact the procurement specialist may result in the rejection of your proposal.

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SECTION ONE

Introduction and Instructions

1.01 Purpose of the RFP

The Alaska Legislative Budget and Audit Committee, hereinafter referred to as the “Committee”, is soliciting proposals for an independent professional consultant in the area of Medicaid reform and expansion to analyze and evaluate benefits and risks associated with reform proposals and expansion proposals, their financial consequences, their interrelationship with Medicare services and providers, and to assist the Alaska State Legislature in understanding and acting upon these proposals.

1.02 Return Mailing Address and Deadline for Receipt of Proposals

Offerors must submit their proposal to the procurement specialist in a sealed package. The cost proposal included with the package must be sealed separately from the rest of the proposal and must be clearly identified. The sealed proposal package(s) must be addressed as follows:

Division of Legislative Audit
Attention: Ross Alexander
Request for Proposal (RFP) Number 15-33-10
Medicaid Reform and Expansion Consultation Services
P.O. Box 113300
Juneau, AK, 99811-3300

Hand delivery address:

6th Floor State Office Building
333 Willoughby Avenue
Juneau, AK, 99801

Proposals must be received no later than 2:30 P.M Alaska Time on July 6, 2015. Faxed or emailed proposals are acceptable. Oral proposals are not acceptable.

If submitting a faxed proposal, it is the offeror’s responsibility to contact the issuing agency at (907) 465-3830 to make arrangements prior to faxing the proposal and to confirm that the proposal has been received.

If submitting a proposal via email, the technical proposal and cost proposal must be saved as separate PDF documents and emailed to legaudit@akleg.gov as separate, clearly labeled attachments, such as “Vendor A – Technical Proposal.pdf” and “Vendor A – Cost Proposal.pdf” (Vendor A is the name of the offeror). The email must contain the RFP number in the subject line.

The maximum size of a single email (including all text and attachments) that can be received by the issuing office is 20mb (megabytes). If the email containing the proposal exceeds this size, the proposal must be sent in multiple emails that are each less than 20 megabytes and each email must comply with the requirements described above. It is the offeror’s responsibility to contact

the issuing agency at (907) 465-3830 to confirm that the proposal has been received. The issuing office is not responsible for unreadable, corrupt, or missing attachments.

It is the responsibility of the offeror to ensure that its proposal and any amendments are received by the issuing office prior to the scheduled deadline for receipt of proposals. An offeror's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

1.03 Photocopies

Photocopied proposals are allowed.

1.04 Contract Term and Work Schedule

The contract term and work schedule set out in this section represents the Committee's best estimate of the schedule that will be followed. If a component of this schedule, such as the deadline for receipt of proposals, is delayed, the rest of the schedule may be shifted by the same number of days, at the discretion of the Committee.

The length of the contract will be from the date the contract is signed by the Committee Chair until project completion, approximately December 31, 2016.

The approximate contract schedule is as follows:

6/12/15	Issue RFP
7/6/15	Deadline for Receipt of Proposals
8/4/15	Notice of Intent to Award a Contract issued
8/17/15	Contract signed by Committee
8/17/15	Contract start date
12/31/16	Contract end date

1.05 Location of Work

The Committee will not provide workspace for the contractor. The contractor must provide its own workspace.

1.06 Human Trafficking

By signature on their proposal, the offeror certifies that the offeror is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

In addition, if the offeror conducts business in but is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report, a certified copy of the offeror's policy against human trafficking must be submitted to the Division prior to contract award.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following web site: <http://www.state.gov/j/tip>.

If an offeror fails to comply with this paragraph, the Committee may reject, without liability, the offeror's proposal as non-responsive, cancel the intent to award to the offeror, or cancel the resulting contract to the offeror.

1.07 Americans with Disabilities Act

The Alaska State Legislature complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services, and/or special modifications to submit a proposal should contact the procurement specialist no later than ten days prior to the deadline for receipt of proposals to make any necessary arrangements. If a request for special arrangements is received less than ten days prior to the deadline for receipt of proposals, the Committee will attempt to accommodate the request.

1.08 Required Review

Offerors should carefully review this solicitation, without delay, for defects and questionable or objectionable material. Comments concerning defects and objectionable material must be made in writing and received by the procurement specialist prior to the deadline for receipt of proposals. This will help prevent the opening of a defective solicitation and exposure of an offeror's proposal upon which award could not be made. Protests by an offeror based on any omission or error, or on the content of the solicitation, may be disallowed if the offeror has not brought these faults to the attention of the procurement specialist, in writing, prior to the deadline for receipt of proposals.

Offerors or their agents may not contact any member of the evaluation committee or their staff or any member of the legislature or their staff regarding this RFP. All questions concerning this RFP must be directed to the procurement specialist listed on the first page of this RFP.

1.09 Questions Received Prior to Deadline for Receipt of Proposals

Two types of questions generally arise. One may be answered by directing the questioner to a specific section of the RFP. These questions may be answered over the telephone. The second type is a question that would require the procurement specialist to clarify or interpret part of the RFP or its intent. Response to the second type of question will not be given except in writing via amendment to the RFP. Offerors must put these questions in writing. These questions must be received by the procurement specialist prior to the deadline for receipt of proposals.

1.10 Amendments

If an amendment to this RFP is issued, it will be posted to the State of Alaska's Online Public Notice website and will be provided to all who have registered with the procurement specialist after receiving the RFP from the State of Alaska's Online Public Notice web site, or some other source.

1.11 Number of Proposals; Alternate Proposals

Offerors may only submit one proposal for evaluation. Proposals that offer something different than what is asked for will be rejected.

1.12 Right of Rejection

Offerors must comply with all of the terms of this RFP, Alaska Legislative Procurement Procedures, and all applicable local, state, and federal laws, codes, and regulations. The

procurement specialist may reject any proposal that does not comply with all of the material and substantial terms, conditions, and performance requirements of this RFP.

Offerors may not qualify the proposal or restrict the rights of the Committee. If an offeror does so, the procurement specialist may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

A proposal may be rejected if the proposal contains a material alteration or erasure that is not initialed by the signer of the proposal.

The procurement specialist may waive minor informalities that:

- a) do not affect responsiveness;
- b) are merely a matter of form or format;
- c) do not change the relative standing or otherwise prejudice other offers;
- d) do not change the meaning or scope of the RFP;
- e) are trivial, negligible, or immaterial in nature;
- f) do not reflect a material change in the work, services, or products requested; or
- g) do not constitute a substantial reservation against a requirement or provision.

Furthermore, a proposal may be rejected in whole or in part when in the best interest of the Committee, as provided in sec. 130 of the Procurement Procedures of the Alaska State Legislature.

1.13 State Not Responsible for Preparation Costs

This RFP does not obligate the Committee to award a contract or to pay any costs incurred in the preparation of a proposal if the Committee does not award a contract. This RFP may be canceled as provided in sec. 120 of the Procurement Procedures of the Alaska State Legislature. Among the reasons that justify cancellation is that all of the responsive proposals exceed the funds available for the contract.

1.14 Disclosure of Proposal Contents

All proposals and other material submitted become the property of the Committee and may be returned only at the Committee's option. AS 40.25.110 requires public records to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, proposals will become public information.

Trade secrets and other proprietary data contained in proposals may be held confidential if the offeror requests, in writing, that the procurement specialist do so, and if the procurement specialist agrees, in writing, to do so. The offeror's request must be included with the proposal, must clearly identify the information they wish to be held confidential, and include a statement that sets out the reasons for confidentiality. Unless the procurement specialist agrees in writing to

hold the requested information confidential, that information will also become public after the Notice of Intent to Award is issued.

1.15 Subcontractors

Subcontractors may be used to perform work under the contract. If an offeror intends to use subcontractors, the offeror must identify in the proposal the names of the subcontractors and the portions of the work the subcontractors will perform.

If a proposal with subcontractors is selected, the offeror must provide the following information concerning each prospective subcontractor within five working days from the date of the Committee's request:

- a) complete name of the subcontractor;
- b) complete address of the subcontractor;
- c) type of work the subcontractor will be performing;
- d) percentage of work the subcontractor will be providing;
- e) evidence that the subcontractor holds a valid Alaska business license; and
- f) a written statement, signed by each proposed subcontractor that clearly verifies that the subcontractor has agreed to render the services required by the contract.

An offeror's failure to provide this information, within the time set, may cause the Committee to consider the offeror's proposal non-responsive and reject it. The substitution of one subcontractor for another may be made only at the discretion and with the prior written approval of the project director.

All subcontractors that perform work under the contract resulting from this RFP are subject to the requirements of paragraph 3.06 (Insurance Requirements) of this RFP.

1.16 Joint Ventures

Joint ventures are acceptable. If submitting a proposal as a joint venture, the offeror must submit a copy of the joint venture agreement which identifies the principals involved and their rights and responsibilities regarding performance and payment.

1.17 Offeror's Certification

By signature on the proposal, offerors certify that:

- a) the offeror will comply with the laws of the State of Alaska;
- b) the offeror will comply with the applicable portion of the Federal Civil Rights Act of 1964;
- c) the offeror will comply with the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;

- d) the offeror will comply with the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;
- e) the offeror will comply with all terms and conditions set out in this RFP;
- f) the proposal submitted was independently arrived at, without collusion;
- g) the offer shall be good and firm for a period of at least 90 days from the date of deadline for receipt of proposals to the RFP; and
- h) programs, services, and activities provided to the general public under the resulting contract conform to the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any offeror fails to comply with (a) through (h) of this paragraph, the Committee reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default under the contract.

1.18 Conflict of Interest

Each proposal shall include a statement indicating whether or not the firm or any individuals working on the contract has a possible conflict of interest (e.g., currently employed by the State of Alaska or formerly employed by the State of Alaska within the past two years) and, if so, the nature of that conflict. The Committee reserves the right to consider a proposal non-responsive and reject it or cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the offeror. The Committee's determination regarding any questions of conflict of interest shall be final.

1.19 Project Director

The administration of the contract issued as a result of this RFP is the responsibility of the individual assigned by the Committee to be the project director. The project director shall be named in the contract issued as a result of this RFP.

1.20 Assignment/Transfer

Assignment or transfer of the contract entered into as a result of this RFP is subject to sec. 160 of the Procurement Procedures of the Alaska State Legislature.

1.21 Binding on Successors

Subject to paragraphs 1.20 (Assignment/Transfer) and 1.24 (Severability) of this RFP, the contract issued as a result of this RFP and all the covenants, provisions and conditions contained in the contract shall insure to the benefit of and be binding upon the successors and assigns of the contractor and the Committee.

1.22 Disputes

A contract resulting from this RFP is governed by the laws of the State of Alaska. If the contractor has a claim arising in connection with the contract that it cannot resolve with the Committee by mutual agreement, sec. 350 of the Procurement Procedures of the Alaska State Legislature governs contract controversies.

1.23 Venue and Applicable Law

In the event that the parties to the resulting contract find it necessary to litigate the terms of the contract, venue shall be State of Alaska, First Judicial District at Juneau, and the contract shall be interpreted according to the laws of Alaska.

1.24 Severability

If any provision of the contract is declared by a court to be illegal or in conflict with any law, the Committee and the contractor shall negotiate the continuation of the contract without the provision.

1.25 Procurement Procedures

This RFP is subject to the Procurement Procedures of the Alaska State Legislature.

1.26 Records; Audit

The requirements in this sec. 1.26 are in addition to any other records required by this RFP. The contractor shall accurately maintain detailed time records that state the date of the work, break down the time in quarters of an hour, describe in detail the work done during the quarter of an hour, and identify what individual did the work. The contractor shall also keep any other records that are required by the contract issued as a result of this RFP or the project director. The records required by this paragraph are subject to inspection by the Committee or the project director at all reasonable times.

1.27 Ownership and Reuse of Documents

All data, documents, reports, material, and other items generated as a consequence of work done under the contract resulting from this RFP are the property of the Committee. To the extent the offeror has any interest in the copyright for these items under the copyright laws of the United States, the offeror transfers any and all interest the offeror has in the copyright for these items to the Committee, and the Committee will be the owner of the copyright for these items. Upon completion of the work or termination of the contract resulting from this RFP, all items shall be delivered to the project director, and the offeror shall certify that it has not maintained any copies of items. Offeror acknowledges that all the items are the property of the Committee.

1.28 Materials and Processes Covered by Patents, Trademarks, or Copyrights

If the offeror employs any design, device, material, or process covered by a patent, trademark, or copyright not held by the offeror, the offeror shall provide for the use by suitable legal agreement with the owner. The offeror and the surety shall indemnify, hold harmless, and defend the Legislature of the State of Alaska, the Committee and their officers, agents, and employees, and any affected third party from any and all claims for infringement by reason of the use of patented design, device, material or process, or any trademark or copyright, and for any costs, expenses, and damages due to infringement at any time during the work or after the completion of the work.

1.29 Coverage Under the Ethics Law

The offeror may be subject to the provisions of AS 24.60 (Legislative Ethics) as a legislative employee unless excluded from the definition of "legislative employee" under AS 24.60.990(a)(11). Select Committee on Legislative Ethics Advisory Opinion 99-01 concludes that "any contractors who are paid through the state payroll system, contractors (or those designated within a contracting firm or company) with the Ethics Committee and those services

or professional services contractors with legislative contracts over \$5,000, who will incur more than incidental use of state resources or who either contract for legislative policy related services or who are designated to represent the Legislature in a policy-related capacity, fall within the legislative employee definition and are therefore subject to the legislative ethics code.”

SECTION TWO

Standard Proposal Information

2.01 Authorized Signature

All proposals must be signed by an individual authorized to bind the offeror to the provisions of the RFP. Proposals must remain open and valid for at least 90-days from the date set as the deadline for receipt of proposals.

2.02 U.S. Funds

Prices quoted shall be in U.S. funds.

2.03 Taxes

All proposals shall be submitted exclusive of federal, state, and local taxes.

2.04 Amendments to Proposals

Amendments to or withdrawals of proposals will only be allowed if requests are received prior to the deadline that is set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the Committee’s request.

2.05 Supplemental Terms and Conditions

Proposals must comply with Section 1.12 Right of Rejection. However, if the Committee fails to identify or detect in a proposal a term or condition that conflicts with those contained in this RFP or that diminishes the Committee’s rights under any contract resulting from the RFP, the term(s) or condition(s) will be considered null and void. After award of contract:

- a) if conflict arises between a term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail;
- b) if there is a conflict between the RFP and the contract document, the contract document will govern; and
- c) if the Committee’s rights would be diminished as a result of application of a term or condition included in the proposal, the term or condition will be considered null and void.

2.06 Clarification of Offers

In order to determine if a proposal is reasonably susceptible for award, communications by the procurement specialist or the proposal evaluation committee (PEC) are permitted with an offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Clarifications may not result in a material or substantive change to the RFP or the proposal. The evaluation by the procurement specialist or the PEC may be adjusted as a result of clarification under this section.

2.07 Discussions with Offerors

The Committee may conduct discussions with offerors for the purpose of clarification. The purpose of these discussions will be to ensure full understanding of the requirements of the RFP and proposal. Discussions will be limited to specific sections of the RFP or proposal identified by the procurement specialist. Discussions will only be held with offerors who have submitted a proposal deemed reasonably susceptible for award by the procurement specialist. Discussions, if held, will be after initial evaluation of proposals by the procurement specialist or the PEC. If modifications are made as a result of these discussions they will be put in writing. Following discussions, the procurement specialist may set a time for best and final proposal submissions from those offerors with whom discussion were held. Proposals may be reevaluated after receipt of best and final proposal submissions.

2.08 Prior Experience

In order for offerors to be considered responsive, offerors must demonstrate experience and expertise in observing, evaluating, and making recommendations about Medicaid, Medicare and reforms concurrent with Medicaid expansion under the Patient Protection and Affordable Care Act.

Offerors must demonstrate and document a broad competency in interpretation and development of statutes, regulations, fiscal analyses, provider taxes and Medicaid program evaluation, and improving service delivery and cost-effectiveness of Medicaid programs.

Qualified offerors must have an understanding of Alaska's unique circumstances and demographics, including comprehension of tribal health care and Native health services as it relates to Medicaid.

The successful offeror will demonstrate significant experience and expertise with other states' Medicaid programs, and their experiences with reform and expansion initiatives.

An offeror's failure to meet these minimum prior experience and expertise requirements may cause the proposal to be considered non-responsive, resulting in rejection of the proposal.

2.09 Evaluation of Proposals

The procurement specialist, or an evaluation committee made up of at least three state employees or public officials, will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in Section Seven (Evaluation Criteria) of this RFP.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

2.10 Vendor Tax ID

A valid Vendor Tax ID must be submitted to the Committee with the proposal or within five days of the Committee's request.

2.11 Alaska Business License and Other Required Licenses

Prior to the award of a contract, an offeror must hold a valid Alaska business license. However, in order to receive the Alaska Bidder Preference and other related preferences an offeror must hold a valid Alaska business license prior to the deadline for receipt of proposals. Offerors should contact the Department of Commerce, Community and Economic Development, Division of Corporations, Business, and Professional Licensing, P.O. Box 110806, Juneau, Alaska 99811-0806, for information on these licenses. Acceptable evidence that the offeror possesses a valid Alaska business license may consist of any one of the following:

- a) copy of an Alaska business license;
- b) certification on the proposal that the offeror has a valid Alaska business license and has included the license number in the proposal;
- c) a canceled check for the Alaska business license fee;
- d) a copy of the Alaska business license application with a receipt stamp from the state's occupational licensing office; or
- e) a sworn and notarized affidavit that the offeror has applied and paid for the Alaska business license.

Prior to the deadline for receipt of proposals, all offerors must hold any other necessary applicable professional licenses required by Alaska Statute.

2.12 Alaska Bidder Preference

If an offeror qualifies for the Alaska Bidder Preference, the offeror will receive a preference of five percent. The preference will be given to an offeror who:

- 1) holds a current Alaska business license prior to the deadline for receipt of proposals;
- 2) submits a proposal for the contract under the name appearing on the offeror's current Alaska business license;
- 3) has maintained a place a business within the state staffed by the offeror, or an employee of the offeror, for a period of six months immediately preceding the date of the proposal;
- 4) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company (LLC) organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.06 or AS 32.11 and all partners are residents of the state; and
- 5) if a joint venture, is composed entirely of ventures that qualify under (1) – (4) of this subsection.

In order to receive the Alaska Bidder Preference, the proposal must include a statement certifying that the offeror is eligible to receive the Alaska Bidder Preference.

If the offeror is a LLC or partnership as identified in (4) of this subsection, the affidavit must also identify each member or partner and include a statement certifying that all members or partners are residents of the state.

If the offeror is a joint venture which includes a LLC or partnership as identified in (4) of this subsection, the affidavit must also identify each member or partner of each LLC or partnership that is included in the joint venture and include a statement certifying that all of those members or partners are residents of the state.

2.13 Formula Used to Convert Cost to Points

The distribution of points based on cost will be determined by the Committee. The lowest cost proposal will receive the maximum number of points allocated to cost. The points allocated to cost on the other proposals will be determined through the method set out below. In the generic example below, cost is weighted as 40% of the overall total score. See Section Seven (Evaluation Criteria) to determine the value, or weight of cost for this RFP.

EXAMPLE

Formula Used to Convert Cost to Points

[STEP 1]

List all proposal prices, adjusted where appropriate by the application of all applicable preferences.

Offeror #1	- Non-Alaskan Offeror	\$40,000
Offeror #2	- Alaskan Offeror	\$42,750
Offeror #3	- Alaskan Offeror	\$47,500

[STEP 2]

Convert cost to points using this formula.

$$\frac{[(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points for Cost})]}{(\text{Cost of Each Higher Priced Proposal})} = \text{POINTS}$$

The RFP allotted 40% (40 points) of the total of 100 points for cost.

Offeror #1 receives 40 points.

The reason they receive that amount is because the lowest cost proposal, in this case \$40,000, receives the maximum number of points allocated to cost, 40 points.

Offeror #2 receives 37.4 points.

$$\begin{array}{r} \$40,000 \\ \text{Lowest} \\ \text{Cost} \end{array} \times \begin{array}{r} 40 \\ \text{Max} \\ \text{Points} \end{array} = 1,600,000 \div \begin{array}{r} \$42,750 \\ \text{Offeror \#2} \\ \text{Adjusted By} \\ \text{The Application Of} \\ \text{All Applicable} \\ \text{Preferences} \end{array} = \begin{array}{r} 37.4 \\ \text{Points} \end{array}$$

Offeror #3 receives 33.7 points.

$$\begin{array}{rccccccccc} \$40,000 & \times & 40 & = & 1,600,000 & \div & \$47,500 & = & 33.7 \\ \text{Lowest} & & \text{Max} & & & & \text{Offeror \#3} & & \text{Points} \\ \text{Cost} & & \text{Points} & & & & \text{Adjusted By} & & \\ & & & & & & \text{The Application Of} & & \\ & & & & & & \text{All Applicable} & & \\ & & & & & & \text{Preferences} & & \end{array}$$

2.14 Contract Negotiation

After final evaluation, the procurement specialist may negotiate with the offeror of the highest-ranked proposal. The option of whether or not to initiate contract negotiations rests solely with the Committee. Negotiations, if held, shall be within the scope of the request for proposals and limited to those items which would not have an effect on the ranking of proposals.

2.15 Failure to Negotiate

If the selected offeror

- fails to provide the information required to begin negotiations in a timely manner; or
- fails to negotiate in good faith; or
- indicates they cannot perform a contract within the budgeted funds available for the project; or
- if the offeror and the Committee, after a good faith effort, simply cannot come to terms,

the Committee may terminate negotiations with the offeror initially selected and commence negotiations with the next highest ranked offeror.

2.16 Notice of Intent to Award – Offeror Notification of Selection

Upon selection of an apparent successful offeror, the procurement specialist will issue a written Notice of Intent to Award and send copies to all offerors. The Notice of Intent will set out the names of all offerors and identify the proposal selected for award.

2.17 Protest

If an offeror wishes to protest a solicitation, the award of a contract, or the proposed award of a contract, the protest must be filed as required by sec. 230 and 240 of the Procurement Procedures of the Alaska State Legislature.

SECTION THREE

Standard Contract Information

3.01 Format of Contract

The contract entered into as a result of this RFP will be in the contract format desired by the Committee.

3.02 Contract Approval

The contract to be entered into as a result of this RFP is subject to approval by the Legislative Budget and Audit Committee, or the committee’s designee. The Committee will not be

responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the signing of the contract.

3.03 Proposal as a Part of the Contract

Part or all of this RFP and the successful proposal may be incorporated into the contract.

3.04 Additional Terms and Conditions

The Committee reserves the right to include additional terms and conditions in the contract.

3.05 Applicable Law

The contractor must comply with all applicable federal and state labor, wage/hour, safety, and any other laws which have a bearing on the contract, and must have all licenses and permits required by the Committee, and any municipality that is applicable, for performance of the contract that is covered by this RFP.

3.06 Insurance Requirements

Without limiting indemnification responsibilities under section 3.14 (Indemnification) and section 1.28 (Materials and Processes Covered by Patents, Trademarks, or Copyrights), the contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the contractor's policy contains higher limits, the Committee shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the procurement specialist prior to beginning work and must provide for notice of cancellation, nonrenewal, or material change of conditions in accordance with policy provisions. Failure of the contractor to furnish the Committee with satisfactory evidence of insurance, or to notify the Committee of the lapse of, or material change in, the policy, is a material breach of the contract resulting from this RFP and shall be grounds for termination of the contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.

Workers Compensation Insurance: The contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and as required by any other applicable statute. The policy must waive subrogation against the state.

Commercial General Liability Insurance: covering all business premises and operations used by the contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

Commercial Automobile Liability Insurance: covering all vehicles used by the contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

Professional Liability Insurance: covering all errors, omissions or negligent acts in the performance of professional services under this agreement. Limits required per the following schedule:

Contract Amount	Minimum Required Limits
Under \$100,000	\$300,000 per Occurrence/Annual Aggregate
\$100,000-\$499,999	\$500,000 per Occurrence/Annual Aggregate
\$500,000-\$999,999	\$1,000,000 per Occurrence/Annual Aggregate
\$1,000,000 or over	Refer to Division

All insurance shall be considered to be primary and non-contributory to any other insurance carried by the Committee through self-insurance or otherwise.

In addition to providing the above coverages, the contractor shall require that all indemnities obtained from any subcontractors be extended to include the Committee as an additional named indemnitee. The contractor shall further require that the Committee be named as an additional insured on all liability insurance policies maintained by all subcontractors under their contracts with the contractor, and that an appropriate waiver of subrogation in favor of the Committee be obtained with respect to all other insurance policies.

The contractor shall provide evidence of continuous coverage by submitting, without reminder, annual renewal certificates for the required insurance to the Committee.

3.07 Contract Funding

Funds are contingent upon the approval of the Legislative Budget and Audit Committee to award a contract. Upon committee approval, funds will be available in an appropriation to pay for the Committee's monetary obligations under the contract through June 30, 2016. In addition to any other right of the Committee under the contract to terminate the contract, if, in the judgment of the Committee, sufficient funds are not appropriated, the contract will be terminated by the Committee without liability of the Committee for the termination, or amended. To terminate under this section, the project director shall provide written notice of the termination to the contractor and the contract will be terminated under paragraph 3.12 (Termination of Contract) of this RFP.

3.08 Contract Payment

No payment will be made until the billing is approved by the project director. If a payment is not made within 90 days after the Committee has received a billing approved by the project director, the Committee shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent per month from, and including, the 91st day through the date payment is made. A payment is considered made on the date it is mailed or personally delivered to the contractor.

The Committee is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

3.09 Informal Debriefing

When the contract is completed, an informal debriefing may be performed at the discretion of the project director. If performed, the scope of the debriefing will be limited to the work performed by the contractor.

3.10 Contract Personnel

Any change of the project team members or subcontractors named in the proposal must be approved, in advance and in writing, by the project director. Personnel changes that are not approved by the project director may be grounds for the Committee to terminate the contract.

3.11 Inspection & Modification – Reimbursement for Unacceptable Deliverables

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the project director. The Committee may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. The project director may instruct the contractor to make corrections or modifications, if needed, in order to accomplish the contract's intent. The contractor will not unreasonably fail to make such changes.

In addition to any other right of the Committee under the contract to terminate the contract, the Committee may terminate the contract for substantial failure of the contractor to perform the contract. In this event, the Committee may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

3.12 Termination of Contract

Upon delivery of written notice to the contractor, the contract may be terminated by the project director with or without cause. To terminate, the project director shall provide notice by email or delivery of a hard copy to the contractor, whichever method is selected in the sole discretion of the project director. If the contract is so terminated and the termination is not based on a breach by the contractor, the Committee shall compensate the contractor for services provided under the terms of the contract up to the date the termination notice is delivered, provided the contractor provides the Committee with a statement in writing containing a description of the services provided prior to contract termination and a copy of all documents, reports, material, and other items required to be delivered to the project director by this RFP.

3.13 Breach of Contract

In case of a breach of the contract, for whatever reason, by the contractor, the Committee may procure the services from other sources and hold the contractor responsible for damages resulting from the breach.

3.14 Indemnification

The contractor shall indemnify, hold harmless, and defend the Legislature of the State of Alaska and the Committee, and their officers, agents, and employees (“contracting agency”) from and against any claim of, or liability for error, omission, or negligent act of the contractor under the contract resulting from this RFP, including, but not limited to, any costs, attorney fees, and other expenses relating to the contractor's performance of its contract obligations. The contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the contractor and the independent negligence of the contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. “Contractor” and “contracting agency”, as used within this section, include the employees, agents, and other contractors who are directly responsible, respectively, to each. The term “independent negligence” is negligence other than in the contracting agency's selection,

administration, monitoring, or controlling of the contractor and in approving or accepting the contractor's work.

3.15 Contract Amendments

In addition to any other amendment the parties may be allowed to make under the contract, the terms of the contract entered into as a result of this RFP may be amended by mutual agreement of the parties.

3.16 Contract Changes – Unanticipated Amendments

During the course of the contract, the Committee may request the contractor to perform additional work. That work will be within the general scope of the initial contract and may not amount to a material amendment of the contract. When additional work is requested and the contractor agrees to perform the additional work, the project director will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments.

The contractor may not commence the additional work until the project director has secured any required approvals necessary for the amendment and the Committee and the contractor have signed a written contract amendment, approved by the Legislative Budget and Audit Committee, or the committee's designee.

3.17 Nondisclosure and Confidentiality

Contractor agrees that all confidential information shall be used only for purposes of providing the deliverables and performing the services specified herein and shall not disseminate or allow dissemination of confidential information except as provided for in this section. The contractor shall hold as confidential and will use reasonable care (including both facility physical security and electronic security) to prevent unauthorized access by storage, disclosure, publication, dissemination to, and/or use by third parties of, the confidential information. "Reasonable care" means compliance by the contractor with all applicable federal and state law, including the Social Security Act and HIPAA. The contractor must promptly notify the Committee in writing if it becomes aware of any improper storage, disclosure, loss, unauthorized access to, or use of the confidential information.

Confidential information, as used herein, means any data, files, software, information or materials (whether prepared by the state, the Committee, or their agents or advisors) in oral, electronic, tangible or intangible form and however stored, compiled, or memorialized, that is classified confidential as defined by the State of Alaska Information Security Policies adopted by the Department of Administration and provided by the Committee to the contractor or a contractor agent, or otherwise made available to the contractor or a contractor agent in connection with the contract, or acquired, obtained, or learned by the contractor or a contractor agent in the performance of the contract. Examples of confidential information include, but are not limited to, personal information, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data (infrastructure, architecture, operating systems, security tools, IP addresses, etc.).

SECTION FOUR

Background Information

4.01 Background Information

Medicaid makes up \$1.6 billion of Alaska's annual budget and there are concerns that the current program is not sustainable. The recent emphasis on the need for Medicaid reform and expansion is accentuated at this time due to the state's current fiscal climate.

There is interest in the implementation of Medicaid expansion eligibility to low income Alaskans authorized under the Patient Protection and Affordable Care Act of 2010, in conjunction with the implementation of program reforms. Proposed legislation is currently under consideration by the Alaska State Legislature for both Medicaid program reform and expansion initiatives.

The Alaska Legislature requires an independent professional resource that can provide the requested services and assist with separating fact from fiction and aid in the development of the understanding necessary to make informed public policy decisions regarding the Medicaid reform and expansion proposals that are under consideration by the Legislature.

SECTION FIVE

Scope of Work

5.01 Scope of Work

A. The contractor will offer technical assistance in the analysis and evaluation of Medicaid proposals and assist the legislature in understanding and acting upon these proposals. For each Medicaid proposal identified by the project director for the contractor's review, the contractor will provide a comprehensive analysis that

1. identifies and discusses the efficacy, efficiency and timelines of all proposed reform and expansion elements;
2. identifies potential benefits and risks involved;
3. evaluates and analyzes both immediate and long-range fiscal consequences;
4. evaluates the likelihood of realizing projected enrollments and utilizations;
5. assesses the provider network capacity, including Medicare "provider crowd-out" potentials;
6. evaluates tribal health care and Native health services utilization and collaboration opportunities, limitations, and consequences;
7. evaluates and recommends strategies for health plan management of, first, any expansion populations, and second, the general Medicaid population;
8. if applicable, assesses the maximization of Medicaid funding for prison populations; and
9. provides in the review a summary of the above elements in a SWOT (strengths, weaknesses, opportunities and threats) analysis format.

B. The contractor will provide information and analyses with regard to other states' experiences with Medicaid reform and expansion initiatives, including assessing the

outcomes to date of the six states that have been awarded State Innovation Model (SIM) grants to reform Medicaid and identifying the reforms that would work well in urban Alaska or rural Alaska.

- C. The contractor will evaluate Best Practices models for other states and identify components of successful reform and expansion initiatives, and the portability of those measures to Alaska.
- D. The contractor will provide recommendations for a tailored limited benefit package for any expansion population, with an option for existing population opt-in.
- E. The contractor will develop recommendations for measuring quality, financial, and health outcome performance, and for reporting to the legislature and the public, including the time periods for reporting.
- F. The contractor will respond on a timely basis to committee and legislator questions.
- G. The contractor will provide committee testimony, as requested by the project director.
- H. As requested by the project director, the contractor will respond to other related requests for information and services.

5.02 Deliverables

The deliverables for this contract include, but may not be limited to:

- Fifteen days after the contract is entered into, the contractor shall submit to the project director a comprehensive update of the timeline that was submitted with the offer under sec. 6.02. The updated timeline must include, but is not limited to, identifying the order and estimated completion date of the requested scope of work.
- The contractor shall submit to the project director detailed monthly status reports of the requested scope of work. The monthly status reports shall include a brief narrative of the status of the project, status of the items under review, issues or concerns, and proposed solutions to concerns.
- The contractor shall submit written analyses of the Medicaid reform and expansion legislation and other proposals being presented to the Alaska State Legislature. Attached to this RFP (Attachments A - D) are versions of the Medicaid bills that have been discussed, thus far, by the 29th Alaska State Legislature. Additional information pertaining to these bills, including committee minutes and audio, can be found at <http://www.akleg.gov/basis/Home/BillsandLaws>. Additional legislation, or new versions of the attached bills, may be introduced and subject to evaluation by the contractor.
- As requested by the project director, the contractor shall prepare and offer presentations to Legislative Committees and provide for timely responses to questions and follow up analysis. Committee hearings are expected to occur throughout the course of the engagement with emphasis during special legislative sessions occurring during the fall of 2015, the 2016 legislative session (January – April), and potential special sessions following the 2016 regular legislative session.

- All deliverables shall be submitted in electronic format, unless otherwise stated. All documents provided to the Committee as deliverables will be made available to the legislature and the public.

The Committee and the contractor will finalize the list of deliverables before the contract is entered into.

SECTION SIX

Proposal Format and Content

6.01 Proposal Format and Content

The Committee discourages overly lengthy and costly proposals. In order for the Committee to evaluate proposals fairly and completely, offerors must follow the format set out in this RFP and provide all information requested.

The proposal must be split into two parts: 1) a technical proposal and 2) a cost proposal.

6.02 Technical Proposal Format

All proposals shall include the following items in the order as shown below. Please be as concise and clear as possible. Each section should be titled with the corresponding section, with all relevant information included.

Each page should be numbered consecutively.

In order to facilitate review of all proposals on an equitable basis, proposals are expected to be a maximum of 50 pages (single line spaced, 12 point font, and 8.5" x 11" page size) for the body of the proposal. Proposals that exceed the expected page limit may be considered non-responsive. The page limit does not apply to supplemental materials presented as appendices, such as resumes.

Cover Letter

Provide a cover letter on the offeror's letterhead signed by a person with the authority, including fiscal authority, in the organization to bind the offeror, certifying the accuracy of all information in the proposal, that the proposal will remain valid for at least 90 days from the deadline for receipt of proposals, that the offeror meets all minimum requirements of the RFP, and that the offeror will comply with all provisions in this RFP. The cover letter should have the offeror's complete legal name, type of entity, address, telephone number, fax number, Alaska business license number or other forms of evidence of the license, and tax identification number, and should state whether, and how, the offeror qualifies as an Alaska Bidder. The cover letter must also include the name, mailing address, and telephone number of the person the Committee should contact regarding the proposal.

Understanding, Management Approach and Project Methodology

Offerors must provide comprehensive narrative statements of how they understand and intend to perform and manage the delivery of services under a resultant contract. At a minimum, the proposal shall include:

- ***Understanding of the Project*** – Include narrative statements that illustrate the offeror’s understanding of the purpose, scope, requirements, deliverables, and schedule of the project.
- ***Project Management*** – Identify who will be the individuals assigned to the project. Offerors must identify how much of the total project time (percentage) each key individual will contribute. Offerors must provide an organizational chart specific to the personnel assigned to accomplish the work called for in this RFP, illustrate the lines of authority, and designate the individual(s) responsible and accountable for the completion of each component and deliverable of the RFP.
- ***Project Approach/Methodology*** – Include a complete description of the proposed approach and methodology for gathering data, performing the analysis, and preparing the deliverables.
- ***Project Schedule*** – Include a project schedule indicating the order and timeline in which the scope of work included in Section 5.01 (Scope of Work) will be completed.
- ***Risk Assessment*** – Include an assessment identifying risks that may impact the project and the level of threat (low, medium, high) they pose to the project’s success. For each identified risk, describe how the risk will be mitigated to facilitate project success.

Experience and Qualifications

The Committee is soliciting a contractor with experience and expertise in Medicaid reform and expansion implementation strategies. At a minimum, offerors shall include the following information:

- ***Organizational Background*** – Offerors must explain why their firm and project team is particularly suited to meet the requirements of the RFP. Identify the firm’s primary business, years of operation, number of employees, and years of providing services similar to those required under the RFP. For any proposed subcontractors, the offeror shall identify the subcontractor’s primary business, years of operation, number of employees, and years of providing services similar to those required under the RFP.
- ***Relevant Experience*** – Offerors must describe previous engagements that the firm/project team members have performed that demonstrate the offeror’s capability to perform the services required by the RFP. Contact information including name and telephone number must be listed for each engagement identified. Experience will include expertise with other states’ Medicaid programs, and experiences with reform and expansion initiatives.
- ***Personnel*** – Offerors must also provide, for each person listed on the project team or personnel roster, a current resume reflecting expertise and previous experience for similar work to be performed by the RFP.
- ***References*** – Offerors must provide two written references for similar work performed.

6.03 Cost Proposal

The offeror must provide a cost proposal that indicates the cost to perform the services required by this RFP. The cost proposal shall be based on hourly or daily rates for on-call consultation services, and include terms of payment and other pertinent information appropriate and necessary to the project. An estimate of hours (or days if proposed cost is based on a daily rate) necessary to complete the tasks designated in Section Five of this RFP must be included in the offeror's cost proposal.

If personnel are required to travel outside of their home office, reimbursement for direct and reasonable travel expenses necessary to perform tasks associated with this project (transportation, lodging, and meals) that are supported by receipts and that are approved by the project director will be reimbursed at cost without markup.

6.04 Evaluation Criteria

All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out in Section Seven.

SECTION SEVEN

Evaluation Criteria

It is the Committee's intent to conduct a comprehensive, fair, and impartial evaluation of all proposals. All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out below. The total number of points used to score the responses is 100. A sample evaluation form is also included which lists the questions that will be used by the Proposal Evaluation Committee to evaluate the proposals.

7.01 Understanding, Management Approach and Project Methodology – 30 Percent

- 1) How well has the offeror demonstrated a thorough understanding of the purpose and scope of the project?
- 2) To what degree has the offeror demonstrated an understanding of the deliverables the Committee expects it to provide?
- 3) Has the offeror demonstrated an understanding of the Committee's time schedule? Can the offeror meet the Committee's time schedule?
- 4) Are the offeror's responses succinct and complete?
- 5) How well does the management approach support all of the project requirements?
- 6) Does it appear that the offeror has allocated sufficient staff and resources to the project to meet the schedule set out in the RFP?
- 7) Will the offeror's proposed methodology allow the offeror to accomplish the requested scope required under sec 5.01 of this RFP?

- 8) How well has the offeror addressed pertinent issues and potential problems related to the project? How well has the offeror offered solutions to mitigate project risks?
- 9) How well has the offeror detailed their approach to provide the deliverables required under sec. 5.02 of this RFP?

7.02 Offeror Experience and Qualifications – 40 Percent

- 1) How well has the offeror demonstrated and documented experience and expertise in observing, evaluating, and making recommendations about Medicaid, Medicare and reforms concurrent with Medicaid expansion under the Patient Protection and Affordable Care Act?
- 2) How well has the offeror demonstrated and documented a competency in Medicaid program evaluation, fiscal analyses, and interpretation and development of statutes, regulations, and provider taxes?
- 3) How well has the offeror demonstrated the ability to conduct an evaluation of the Alaska State Medicaid reform and expansion proposals and the ability to present accurate factual analyses and findings to the Legislature and facilitate understanding of the programmatic elements?
- 4) How well has the offeror demonstrated significant experience and expertise with other states' Medicaid programs, including reform and expansion initiatives in those states?
- 5) How well has the offeror demonstrated an understanding of Alaska's unique circumstances and demographics, including comprehension of tribal health care and Native health services as they relate to Medicaid?

7.03 Contract Cost – 30 Percent

Converting Cost to Points: The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined through the formula listed below. All offerors that qualify as an Alaska Bidder will receive a five (5) percent bidder's preference. This preference will be given before converting the cost to points. The Division's procurement specialist will be calculating this section of the evaluation criteria.

Formula for Converting Cost to Points

$$\frac{([\text{PRICE OF LOWEST COST PROPOSAL}] \times [\text{MAXIMUM POINT FOR COST}])}{(\text{COST OF EACH HIGHER PRICED PROPOSAL})}$$

COMMITTEE MAY CHANGE THIS FORM

SECTION EIGHT

Sample Evaluation Form _____

All proposals will be reviewed for responsiveness and then evaluated using the criteria set out below. The total number of points used to score this proposal is 100.

Person or Firm Name: _____

Name of Proposal Evaluation Committee Member: _____

Date of Review: _____

RFP Number: _____

B. Understanding, Management Approach and Project Methodology – 30 Percent
(Maximum Point Value for this Section – 30 Points [100 Points x 30% = 30 Points])
Scale Rating 1:30 where 1=lowest and 30=highest

- 1) How well has the offeror demonstrated a thorough understanding of the purpose and scope of the project?

- 2) To what degree has the offeror demonstrated an understanding of the deliverables the Committee expects it to provide?

- 3) Has the offeror demonstrated an understanding of the Committee's time schedule?
Can the offeror meet the Committee's time schedule?

- 4) Are the offeror's responses succinct and complete?

- 5) How well does the management approach support all of the project requirements?

- 6) Does it appear that the offeror has allocated sufficient staff and resources to the project to meet the schedule set out in the RFP?

- 7) Will the offeror's proposed methodology allow the offeror to accomplish the requested scope required under sec 5.01 of this RFP?

- 8) How well has the offeror addressed pertinent issues and potential problems related to the project? How well has the offeror offered solutions to mitigate project risks?

- 9) How well has the offeror detailed their approach to provide the deliverables required under sec. 5.02 of this RFP?

Evaluator's Point Total for Section A

C. Offeror Experience and Qualifications – 40 Percent

(Maximum Point Value for this Section – 40 Points [100 Points x 40% = 40 Points])

Scale Rating 1:40 where 1=lowest and 40=highest

- 1) How well has the offeror demonstrated and documented experience and expertise in observing, evaluating, and making recommendations about Medicaid, Medicare and reforms concurrent with Medicaid expansion under the Patient Protection and Affordable Care Act?

- 2) How well has the offeror demonstrated and documented a competency in Medicaid program evaluation, fiscal analyses, and interpretation and development of statutes, regulations, and provider taxes?

- 3) How well has the offeror demonstrated the ability to conduct an evaluation of the Alaska State Medicaid reform and expansion proposals and the ability to present accurate factual analyses and findings to the Legislature and facilitate understanding of the programmatic elements?

- 4) How well has the offeror demonstrated significant experience and expertise with other states' Medicaid programs, including reform and expansion initiatives in those states?

- 5) How well has the offeror demonstrated an understanding of Alaska's unique circumstances and demographics, including comprehension of tribal health care and Native health services as they relate to Medicaid?

Evaluator's Point Total for Section B

C. Contract Cost – 30 Percent

(Maximum Point Value for this Section –30 Points [100 Points x 30% = 30 Points])

The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined through the formula listed below. All offerors that qualify as an Alaska Bidder will receive a five (5) percent bidder's preference. This preference will be given before converting the cost to points. The Division's procurement specialist will be calculating this section of the evaluation form.

Formula for Converting Cost to Points (The amount of each cost proposal is reached after applying any applicable bidder's preferences.)

([PRICE OF LOWEST COST PROPOSAL] X [MAXIMUM POINT FOR COST]) DIVIDED BY (COST OF EACH HIGHER PRICED PROPOSAL)

- a. Price of Lowest Cost Proposal _____

- b. Maximum Points for Cost 30 Points

- c. Total of a times b _____

- d. Cost of Higher Price Proposal _____

- e. Divide c by d = _____ Points

Evaluator's Point Total for Section C _____

**EVALUATOR'S COMBINED TOTAL
FOR SECTION AVERAGES A THROUGH C** _____

ATTACHMENT A

HB148: Medical Assistance Coverage; Reform

Versions: HB148 and CSHB 148(HSS)

HOUSE BILL NO. 148

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/18/15

Referred: Health and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to medical assistance reform measures; relating to eligibility for**
2 **medical assistance coverage; relating to medical assistance cost containment measures**
3 **by the Department of Health and Social Services; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **MEDICAL ASSISTANCE REFORM: LEGISLATIVE FINDINGS AND INTENT.**

8 The legislature finds that the current Medicaid program is not sustainable. Although annual
9 growth has fallen from 6.45 percent to 4.8 percent, further reductions are needed. In order to
10 maintain a viable Medicaid program, it is the intent of the legislature that

11 (1) the governor, through the Department of Health and Social Services, take
12 all necessary action to capture federal revenues and offset state general funds and evaluate the
13 most cost-effective method for revising expansion coverage, including more efficient benefit
14 plans, cost sharing, utilization control, and other innovative health care financing strategies;

- 1 (2) the Department of Health and Social Services be instructed to
- 2 (A) evaluate and implement meaningful Medicaid reform measures,
- 3 including working with tribal and community partners to develop innovative practices
- 4 leading to a sustainable Medicaid program available for future generations;
- 5 (B) evaluate all options available to it, including
- 6 (i) obtaining waivers to the Medicaid program to address
- 7 choice, statewide compatibility, or other core Medicaid requirements; and
- 8 (ii) regulatory action to improve provider and recipient
- 9 compliance with program rules;
- 10 (3) the Department of Health and Social Services, after consulting with
- 11 stakeholders, submit to the legislature not later than January 25, 2016, a proposal to authorize
- 12 a provider tax up to the maximum extent allowed by federal law to offset some of the cost of
- 13 the Medicaid program.

14 * **Sec. 2.** AS 43.23.075 is amended to add a new subsection to read:

15 (d) The provisions of this section do not apply to persons who are eligible for

16 Medicaid under 42 U.S.C 1396a(a)(10)(A)(i)(VIII) (Title XIX, Social Security Act).

17 * **Sec. 3.** AS 47.05.200(a) is amended to read:

18 (a) The department shall annually contract for independent audits of a

19 statewide sample of all medical assistance providers in order to identify overpayments

20 and violations of criminal statutes. The audits conducted under this section may not be

21 conducted by the department or employees of the department. The number of audits

22 under this section may not be less than 50 each year [, AS A TOTAL FOR THE

23 MEDICAL ASSISTANCE PROGRAMS UNDER AS 47.07 AND AS 47.08, SHALL

24 BE 0.75 PERCENT OF ALL ENROLLED PROVIDERS UNDER THE

25 PROGRAMS, ADJUSTED ANNUALLY ON JULY 1, AS DETERMINED BY THE

26 DEPARTMENT, EXCEPT THAT THE NUMBER OF AUDITS UNDER THIS

27 SECTION MAY NOT BE LESS THAN 75]. The audits under this section must

28 include both on-site audits and desk audits and must be of a variety of provider types.

29 The department may not award a contract under this subsection to an organization that

30 does not retain persons with a significant level of expertise and recent professional

31 practice in the general areas of standard accounting principles and financial auditing

1 and in the specific areas of medical records review, investigative research, and Alaska
2 health care criminal law. The contractor, in consultation with the commissioner, shall
3 select the providers to be audited and decide the ratio of desk audits and on-site audits
4 to the total number selected. **In identifying providers who are subject to an audit**
5 **under this chapter, the department shall attempt to minimize concurrent state or**
6 **federal audits.**

7 * **Sec. 4.** AS 47.05.200(b) is amended to read:

8 (b) Within 90 days after receiving each audit report from an audit conducted
9 under this section, the department shall begin administrative procedures to recoup
10 overpayments identified in the audits and shall allocate the reasonable and necessary
11 financial and human resources to ensure prompt recovery of overpayments unless the
12 attorney general has advised the commissioner in writing that a criminal investigation
13 of an audited provider has been or is about to be undertaken, in which case, the
14 commissioner shall hold the administrative procedure in abeyance until a final
15 charging decision by the attorney general has been made. The commissioner shall
16 provide copies of all audit reports to the attorney general so that the reports can be
17 screened for the purpose of bringing criminal charges. **The department may assess**
18 **interest penalties on any identified overpayment. Interest under this section shall**
19 **be calculated using the statutory rates for post-judgment interest accruing from**
20 **the date of the issuance of the final audit.**

21 * **Sec. 5.** AS 47.05 is amended by adding a new section to read:

22 **Sec. 47.05.250. Fines.** (a) The department may adopt regulations to impose a
23 civil fine against a provider who violates AS 47.05, AS 47.07, or regulations adopted
24 under those chapters.

25 (b) A fine imposed under this section may not be less than \$100 or more than
26 \$25,000 for each occurrence.

27 (c) The provisions of this section are in addition to any other remedies
28 available under AS 47.05, AS 47.07, or regulations adopted under those chapters.

29 * **Sec. 6.** AS 47.07.020(b) is amended to read:

30 (b) In addition to the persons specified in (a) of this section, the following
31 optional groups of persons for whom the state may claim federal financial

1 participation are eligible for medical assistance:

2 (1) persons eligible for but not receiving assistance under any plan of
3 the state approved under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act,
4 Supplemental Security Income) or a federal program designated as the successor to the
5 aid to families with dependent children program;

6 (2) persons in a general hospital, skilled nursing facility, or
7 intermediate care facility, who, if they left the facility, would be eligible for assistance
8 under one of the federal programs specified in (1) of this subsection;

9 (3) persons under 21 years of age who are under supervision of the
10 department, for whom maintenance is being paid in whole or in part from public
11 funds, and who are in foster homes or private child-care institutions;

12 (4) aged, blind, or disabled persons, who, because they do not meet
13 income and resources requirements, do not receive supplemental security income
14 under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not
15 receive a mandatory state supplement, but who are eligible, or would be eligible if
16 they were not in a skilled nursing facility or intermediate care facility to receive an
17 optional state supplementary payment;

18 (5) persons under 21 years of age who are in an institution designated
19 as an intermediate care facility for persons with intellectual and developmental
20 disabilities and who are financially eligible as determined by the standards of the
21 federal program designated as the successor to the aid to families with dependent
22 children program;

23 (6) persons in a medical or intermediate care facility whose income
24 while in the facility does not exceed 300 percent of the supplemental security income
25 benefit rate under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who
26 would not be eligible for an optional state supplementary payment if they left the
27 hospital or other facility;

28 (7) persons under 21 years of age who are receiving active treatment in
29 a psychiatric hospital and who are financially eligible as determined by the standards
30 of the federal program designated as the successor to the aid to families with
31 dependent children program;

1 (8) persons under 21 years of age and not covered under (a) of this
2 section, who would be eligible for benefits under the federal program designated as
3 the successor to the aid to families with dependent children program, except that they
4 **do not meet the deprivation criteria under 42 U.S.C. 1396u-1(b)(1)(A)(ii)** [HAVE
5 THE CARE AND SUPPORT OF BOTH THEIR NATURAL AND ADOPTIVE
6 PARENTS];

7 (9) pregnant women not covered under (a) of this section and who
8 meet the income and resource requirements of the federal program designated as the
9 successor to the aid to families with dependent children program;

10 (10) persons under 21 years of age not covered under (a) of this section
11 who the department has determined cannot be placed for adoption without medical
12 assistance because of a special need for medical or rehabilitative care and who the
13 department has determined are hard-to-place children eligible for subsidy under
14 AS 25.23.190 - 25.23.210;

15 (11) persons who can be considered under 42 U.S.C. 1396a(e)(3) (Title
16 XIX, Social Security Act, Medical Assistance) to be individuals with respect to whom
17 a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c (Title
18 XVI, Social Security Act) because they meet all of the following criteria:

19 (A) they are 18 years of age or younger and qualify as disabled
20 individuals under 42 U.S.C. 1382c(a) (Title XVI, Social Security Act);

21 (B) the department has determined that

22 (i) they require a level of care provided in a hospital,
23 nursing facility, or intermediate care facility for persons with
24 intellectual and developmental disabilities;

25 (ii) it is appropriate to provide their care outside of an
26 institution; and

27 (iii) the estimated amount that would be spent for
28 medical assistance for their individual care outside an institution is not
29 greater than the estimated amount that would otherwise be expended
30 individually for medical assistance within an appropriate institution;

31 (C) if they were in a medical institution, they would be eligible

1 for medical assistance under other provisions of this chapter; and

2 (D) home and community-based services under a waiver
3 approved by the federal government are either not available to them under this
4 chapter or would be inappropriate for them;

5 (12) disabled persons, as described in 42 U.S.C.
6 1396a(a)(10)(A)(ii)(XIII), who are in families whose income, as determined under
7 applicable federal regulations or guidelines, is less than 250 percent of the official
8 poverty line applicable to a family of that size according to the United States
9 Department of Health and Human Services, and who, but for earnings in excess of the
10 limit established under 42 U.S.C. 1396d(q)(2)(B), would be considered to be
11 individuals with respect to whom a supplemental security income is being paid under
12 42 U.S.C. 1381 - 1383c; a person eligible for assistance under this paragraph who is
13 not eligible under another provision of this section shall pay a premium or other cost-
14 sharing charges according to a sliding fee scale that is based on income as established
15 by the department in regulations;

16 (13) persons under 19 years of age who are not covered under (a) of
17 this section and whose household income does not exceed **203** [175] percent of the
18 federal poverty line as defined by the United States Department of Health and Human
19 Services and revised under 42 U.S.C. 9902(2);

20 (14) pregnant women who are not covered under (a) of this section and
21 whose household income does not exceed **200** [175] percent of the federal poverty line
22 as defined by the United States Department of Health and Human Services and revised
23 under 42 U.S.C. 9902(2);

24 (15) persons who have been diagnosed with breast or cervical cancer
25 and who are eligible for coverage under 42 U.S.C. 1396a(a)(10)(A)(ii)(XVIII);

26 **(16) persons who are under 65 years of age, who are not pregnant,**
27 **whose household income does not exceed 138 percent of the federal poverty line,**
28 **including the five percent income disregard, as defined by the United States**
29 **Department of Health and Human Services and revised under 42 U.S.C. 9902(2),**
30 **and who are eligible under 42 U.S.C. 1396a(a)(10)(A)(i)(VIII), if the federal**
31 **medical assistance percentage paid to the state for the coverage is not less than 90**

1 **percent.**

2 * **Sec. 7.** AS 47.07.020(g) is amended to read:

3 (g) **For those persons whose Medicaid eligibility is not calculated using**
4 **the modified adjusted gross income standard set out in 42 U.S.C. 1396a(e)(14),**
5 **those persons'** [A PERSON'S] eligibility for medical assistance under this chapter
6 may not be denied or delayed on the basis of a transfer of assets for less than fair
7 market value if the person establishes to the satisfaction of the department that the
8 denial or delay would work an undue hardship on the person as determined on the
9 basis of criteria in applicable federal regulations.

10 * **Sec. 8.** AS 47.07.020(m) is amended to read:

11 (m) **For those persons whose Medicaid eligibility is not calculated using**
12 **the modified adjusted gross income standard set out in 42 U.S.C. 1396a(e)(14),**
13 **and, except** [EXCEPT] as provided in (g) of this section, the department shall impose
14 a penalty period of ineligibility for the transfer of an asset for less than fair market
15 value by an applicant or an applicant's spouse consistent with 42 U.S.C. 1396p(c)(1).

16 * **Sec. 9.** AS 47.07.036(b) is amended to read:

17 (b) The department, in implementing this section, shall take all reasonable
18 steps to implement cost containment measures that do not eliminate program
19 eligibility or the scope of services required or authorized under AS 47.07.020 and
20 47.07.030 before implementing cost containment measures under (c) of this section
21 that directly affect program eligibility or coverage of services. The cost containment
22 measures taken under this subsection may include new utilization review procedures,
23 changes in provider payment rates, **and** precertification requirements for coverage [OF
24 SERVICES, AND AGREEMENTS WITH FEDERAL OFFICIALS UNDER WHICH
25 THE FEDERAL GOVERNMENT WILL ASSUME RESPONSIBILITY FOR
26 COVERAGE OF SOME INDIVIDUALS OR SOME SERVICES FOR SOME
27 INDIVIDUALS THROUGH SUCH FEDERAL PROGRAMS AS THE INDIAN
28 HEALTH SERVICE OR MEDICARE].

29 * **Sec. 10.** AS 47.07.036 is amended by adding new subsections to read:

30 (d) Notwithstanding (a) - (c) of this section, the department shall

31 (1) apply for a section 1115 waiver under 42 U.S.C. 1315(a) to use

1 innovative service delivery system models to improve care, increase efficiency, reduce
2 costs, and expand services provided to Indian Health Service beneficiaries through the
3 Indian Health Service and tribal health facilities;

4 (2) apply for a section 1915(i) option under 42 U.S.C. 1396n to
5 improve services and care through home and community-based services to obtain a 50
6 percent federal match;

7 (3) apply for a section 1915(k) option under 42 U.S.C. 1396n to
8 provide home and community-based services and support to increase the federal match
9 for these programs from 50 percent to 56 percent;

10 (4) evaluate and seek permission from the United States Department of
11 Health and Human Services Centers for Medicare and Medicaid Services to participate
12 in various demonstration projects, including payment reform, care management
13 programs, workforce development and innovation, and innovative services delivery
14 models; and

15 (5) enhance telemedicine capability and reimbursement to incentivize
16 its use for Medicaid recipients.

17 (e) In this section, "telemedicine" means the practice of health care delivery,
18 evaluation, diagnosis, consultation, or treatment, using the transfer of medical data
19 through audio, visual, or data communications that are performed over two or more
20 locations between providers who are physically separated from the recipient or from
21 each other.

22 * **Sec. 11.** AS 47.07.900(4) is amended to read:

23 (4) "clinic services" means services provided by state-approved
24 outpatient community mental health clinics [THAT RECEIVE GRANTS UNDER
25 AS 47.30.520 - 47.30.620], state-operated community mental health clinics, outpatient
26 surgical care centers, and physician clinics;

27 * **Sec. 12.** AS 47.07.900(17) is amended to read:

28 (17) "rehabilitative services" means services for substance abusers and
29 emotionally disturbed or chronically mentally ill adults provided by

30 (A) a drug or alcohol treatment center [THAT IS FUNDED
31 WITH A GRANT UNDER AS 47.30.475]; or

1 (B) an outpatient community mental health clinic [THAT HAS
2 A CONTRACT TO PROVIDE COMMUNITY MENTAL HEALTH
3 SERVICES UNDER AS 47.30.520 - 47.30.620];

4 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 MEDICAID STATE PLAN INSTRUCTIONS. The Department of Health and Social
7 Services shall immediately amend and submit for approval to the appropriate federal agency
8 the state plan for provisions of medical assistance consistent with this Act.

9 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 EMERGENCY REGULATIONS AUTHORIZED. (a) In order to ensure that sec. 1 of
12 this Act, and AS 47.07.036, as amended by sec. 10 of this Act, are timely implemented to
13 achieve a sustainable Medicaid program with cost-saving measures, including waivers,
14 necessary for more persons to qualify for Medicaid services and thus ensure the public peace,
15 health, safety, or general welfare, the Department of Health And Social Services may adopt
16 emergency regulations under AS 44.62 (Administrative Procedure Act) to implement secs. 1
17 and 10 of this Act.

18 * **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 REVISOR'S INSTRUCTION. The Revisor of Statutes is requested to change the catch
21 line of AS 47.07.036 from "Cost containment measures authorized" to "Medicaid cost
22 containment and reform measures authorized."

23 * **Sec. 16.** Sections 13 and 14 of this Act take effect immediately under AS 01.10.070(c).

24 * **Sec. 17.** Except as provided by sec. 16 of this Act, this Act takes effect July 1, 2015.

CS FOR HOUSE BILL NO. 148(HSS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH AND SOCIAL SERVICES COMMITTEE

Offered: 4/1/15

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to medical assistance reform measures; relating to eligibility for**
2 **medical assistance coverage; relating to medical assistance cost containment measures**
3 **by the Department of Health and Social Services; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **MEDICAL ASSISTANCE REFORM: LEGISLATIVE FINDINGS AND INTENT.**

8 The legislature finds that the current Medicaid program is not sustainable. Although annual
9 growth has fallen from 6.45 percent to 4.8 percent, further reductions are needed. In order to
10 maintain a viable Medicaid program, it is the intent of the legislature that

11 (1) the governor, through the Department of Health and Social Services, take
12 all necessary action to capture federal revenue and offset state general funds and evaluate the
13 most cost-effective method for revising expansion coverage, including more efficient benefit
14 plans, cost sharing, utilization control, and other innovative health care financing strategies;

1 (2) the Department of Health and Social Services be instructed to

2 (A) evaluate and implement meaningful Medicaid reform measures,
3 including working with tribal and community partners to develop innovative practices
4 leading to a sustainable Medicaid program available for future generations;

5 (B) evaluate all options available to it, including

6 (i) obtaining waivers to the Medicaid program to address
7 choice, statewide compatibility, or other core Medicaid requirements; and

8 (ii) regulatory action to improve provider and recipient
9 compliance with program rules;

10 (3) the Department of Health and Social Services, after consulting with
11 stakeholders, submit to the legislature not later than January 25, 2016, a proposal to authorize
12 a provider tax up to the maximum extent allowed by federal law to offset some of the cost of
13 the Medicaid program; and the Department of Health and Social Services shall contract with
14 an independent third party to advise the department during the development of the tax
15 proposal under this paragraph;

16 (4) the Department of Health and Social Services establish prevention of
17 disease as a primary model of health care in the state, as requested by the legislature in
18 Legislative Resolve 16 of the Twenty-Seventh Alaska State Legislature.

19 * **Sec. 2.** AS 43.23.075 is amended by adding a new subsection to read:

20 (d) The provisions of this section do not apply to persons who are eligible for
21 Medicaid under 42 U.S.C. 1396a(a)(10)(A)(i)(VIII) (Title XIX, Social Security Act).

22 * **Sec. 3.** AS 47.05.010 is amended to read:

23 **Sec. 47.05.010. Duties of department.** The Department of Health and Social
24 Services shall

25 (1) administer adult public assistance, the Alaska temporary assistance
26 program, and all other assistance programs, and receive and spend money made
27 available to it;

28 (2) adopt regulations necessary for the conduct of its business and for
29 carrying out federal and state laws granting adult public assistance, temporary cash
30 assistance, diversion payments, or self-sufficiency services for needy families under
31 the Alaska temporary assistance program, and other assistance;

1 (3) establish minimum standards for personnel employed by the
2 department and adopt necessary regulations to maintain those standards;

3 (4) require those bonds and undertakings from persons employed by it
4 that, in its judgment, are necessary, and pay the premiums on them;

5 (5) cooperate with the federal government in matters of mutual
6 concern pertaining to adult public assistance, the Alaska temporary assistance
7 program, and other forms of public assistance;

8 (6) make the reports, in the form and containing the information, that
9 the federal government from time to time requires;

10 (7) cooperate with the federal government, its agencies, or
11 instrumentalities in establishing, extending, and strengthening services for the
12 protection and care of homeless, dependent, and neglected children in danger of
13 becoming delinquent, and receive and expend funds available to the department by the
14 federal government, the state, or its political subdivisions for that purpose;

15 (8) cooperate with the federal government in adopting state plans to
16 make the state eligible for federal matching in appropriate categories of assistance, and
17 in all matters of mutual concern, including adoption of the methods of administration
18 that are found by the federal government to be necessary for the efficient operation of
19 welfare programs;

20 (9) adopt regulations, not inconsistent with law, defining need,
21 prescribing the conditions of eligibility for assistance, and establishing standards for
22 determining the amount of assistance that an eligible person is entitled to receive; the
23 amount of the assistance is sufficient when, added to all other income and resources
24 available to an individual, it provides the individual with a reasonable subsistence
25 compatible with health and well-being; an individual who meets the requirements for
26 eligibility for assistance shall be granted the assistance promptly upon application for
27 it;

28 (10) grant to a person claiming or receiving assistance and who is
29 aggrieved because of the department's action or failure to act, reasonable notice and an
30 opportunity for a fair hearing by the office of administrative hearings (AS 44.64.010),
31 and the department shall adopt regulations relative to this;

1 (11) enter into reciprocal agreements with other states relative to
2 public assistance, welfare services, and institutional care that are considered advisable;

3 (12) establish the requirements of residence for public assistance,
4 welfare services, and institutional care that are considered advisable, subject to the
5 limitations of other laws of the state, or law or regulation imposed as conditions for
6 federal financial participation;

7 (13) establish the divisions and local offices that are considered
8 necessary or expedient to carry out a duty or authority assigned to it and appoint and
9 employ the assistants and personnel that are necessary to carry on the work of the
10 divisions and offices, and fix the compensation of the assistants or employees, except
11 that a person engaged in business as a retail vendor of general merchandise, or a
12 member of the immediate family of a person who is so engaged, may not serve as an
13 acting, temporary, or permanent local agent of the department, unless the
14 commissioner of health and social services certifies in writing to the governor, with
15 relation to a particular community, that no other qualified person is available in the
16 community to serve as local welfare agent; for the purposes of this paragraph, a
17 "member of the immediate family" includes a spouse, child, parent, brother, sister,
18 parent-in-law, brother-in-law, or sister-in-law;

19 (14) provide education and health-related services and referrals
20 designed to reduce the number of out-of-wedlock pregnancies and the number of
21 induced pregnancy terminations in the state;

22 (15) investigate reports of abuse, neglect, or misappropriation of
23 property by certified nurse aides in facilities licensed by the department under
24 AS 47.32;

25 (16) establish state policy relating to and administer federal programs
26 subject to state control as provided under 42 U.S.C. 3001 - 3058ee (Older Americans
27 Act of 1965), as amended, and related federal regulations;

28 (17) administer the older Alaskans service grants under AS 47.65.010 -
29 47.65.050 and the adult day care and family respite care grants under AS 47.65.100;

30 **(18) establish guidelines for medical assistance providers to**
31 **develop health care delivery models that encourage adequate nutrition and**

1 **disease prevention.**

2 * **Sec. 4.** AS 47.05.200(a) is amended to read:

3 (a) The department shall annually contract for independent audits of a
4 statewide sample of all medical assistance providers in order to identify overpayments
5 and violations of criminal statutes. The audits conducted under this section may not be
6 conducted by the department or employees of the department. The number of audits
7 under this section **may not be less than 50** each year [, AS A TOTAL FOR THE
8 MEDICAL ASSISTANCE PROGRAMS UNDER AS 47.07 AND AS 47.08, SHALL
9 BE 0.75 PERCENT OF ALL ENROLLED PROVIDERS UNDER THE
10 PROGRAMS, ADJUSTED ANNUALLY ON JULY 1, AS DETERMINED BY THE
11 DEPARTMENT, EXCEPT THAT THE NUMBER OF AUDITS UNDER THIS
12 SECTION MAY NOT BE LESS THAN 75]. The audits under this section must
13 include both on-site audits and desk audits and must be of a variety of provider types.
14 The department may not award a contract under this subsection to an organization that
15 does not retain persons with a significant level of expertise and recent professional
16 practice in the general areas of standard accounting principles and financial auditing
17 and in the specific areas of medical records review, investigative research, and Alaska
18 health care criminal law. The contractor, in consultation with the commissioner, shall
19 select the providers to be audited and decide the ratio of desk audits and on-site audits
20 to the total number selected. **In identifying providers who are subject to an audit**
21 **under this chapter, the department shall attempt to minimize concurrent state or**
22 **federal audits.**

23 * **Sec. 5.** AS 47.05.200(b) is amended to read:

24 (b) Within 90 days after receiving each audit report from an audit conducted
25 under this section, the department shall begin administrative procedures to recoup
26 overpayments identified in the audits and shall allocate the reasonable and necessary
27 financial and human resources to ensure prompt recovery of overpayments unless the
28 attorney general has advised the commissioner in writing that a criminal investigation
29 of an audited provider has been or is about to be undertaken, in which case, the
30 commissioner shall hold the administrative procedure in abeyance until a final
31 charging decision by the attorney general has been made. The commissioner shall

1 provide copies of all audit reports to the attorney general so that the reports can be
2 screened for the purpose of bringing criminal charges. **The department may assess**
3 **interest and penalties on any identified overpayment. Interest under this**
4 **subsection shall be calculated using the statutory rates for postjudgment interest**
5 **accruing from the date of the issuance of the final audit.**

6 * **Sec. 6.** AS 47.05 is amended by adding a new section to read:

7 **Sec. 47.05.250. Fines.** (a) The department may adopt regulations to impose a
8 civil fine against a provider who violates AS 47.05, AS 47.07, or regulations adopted
9 under those chapters.

10 (b) A fine imposed under this section may not be less than \$100 or more than
11 \$25,000 for each occurrence.

12 (c) The provisions of this section are in addition to any other remedies
13 available under AS 47.05, AS 47.07, or regulations adopted under those chapters.

14 * **Sec. 7.** AS 47.07.020(b) is amended to read:

15 (b) In addition to the persons specified in (a) of this section, the following
16 optional groups of persons for whom the state may claim federal financial
17 participation are eligible for medical assistance:

18 (1) persons eligible for but not receiving assistance under any plan of
19 the state approved under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act,
20 Supplemental Security Income) or a federal program designated as the successor to the
21 aid to families with dependent children program;

22 (2) persons in a general hospital, skilled nursing facility, or
23 intermediate care facility, who, if they left the facility, would be eligible for assistance
24 under one of the federal programs specified in (1) of this subsection;

25 (3) persons under 21 years of age who are under supervision of the
26 department, for whom maintenance is being paid in whole or in part from public
27 funds, and who are in foster homes or private child-care institutions;

28 (4) aged, blind, or disabled persons, who, because they do not meet
29 income and resources requirements, do not receive supplemental security income
30 under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not
31 receive a mandatory state supplement, but who are eligible, or would be eligible if

1 they were not in a skilled nursing facility or intermediate care facility to receive an
2 optional state supplementary payment;

3 (5) persons under 21 years of age who are in an institution designated
4 as an intermediate care facility for persons with intellectual and developmental
5 disabilities and who are financially eligible as determined by the standards of the
6 federal program designated as the successor to the aid to families with dependent
7 children program;

8 (6) persons in a medical or intermediate care facility whose income
9 while in the facility does not exceed 300 percent of the supplemental security income
10 benefit rate under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who
11 would not be eligible for an optional state supplementary payment if they left the
12 hospital or other facility;

13 (7) persons under 21 years of age who are receiving active treatment in
14 a psychiatric hospital and who are financially eligible as determined by the standards
15 of the federal program designated as the successor to the aid to families with
16 dependent children program;

17 (8) persons under 21 years of age and not covered under (a) of this
18 section, who would be eligible for benefits under the federal program designated as
19 the successor to the aid to families with dependent children program, except that they
20 **do not meet the deprivation criteria under 42 U.S.C. 1396u-1(b)(1)(A)(ii)** [HAVE
21 THE CARE AND SUPPORT OF BOTH THEIR NATURAL AND ADOPTIVE
22 PARENTS];

23 (9) pregnant women not covered under (a) of this section and who
24 meet the income and resource requirements of the federal program designated as the
25 successor to the aid to families with dependent children program;

26 (10) persons under 21 years of age not covered under (a) of this section
27 who the department has determined cannot be placed for adoption without medical
28 assistance because of a special need for medical or rehabilitative care and who the
29 department has determined are hard-to-place children eligible for subsidy under
30 AS 25.23.190 - 25.23.210;

31 (11) persons who can be considered under 42 U.S.C. 1396a(e)(3) (Title

1 XIX, Social Security Act, Medical Assistance) to be individuals with respect to whom
2 a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c (Title
3 XVI, Social Security Act) because they meet all of the following criteria:

4 (A) they are 18 years of age or younger and qualify as disabled
5 individuals under 42 U.S.C. 1382c(a) (Title XVI, Social Security Act);

6 (B) the department has determined that

7 (i) they require a level of care provided in a hospital,
8 nursing facility, or intermediate care facility for persons with
9 intellectual and developmental disabilities;

10 (ii) it is appropriate to provide their care outside of an
11 institution; and

12 (iii) the estimated amount that would be spent for
13 medical assistance for their individual care outside an institution is not
14 greater than the estimated amount that would otherwise be expended
15 individually for medical assistance within an appropriate institution;

16 (C) if they were in a medical institution, they would be eligible
17 for medical assistance under other provisions of this chapter; and

18 (D) home and community-based services under a waiver
19 approved by the federal government are either not available to them under this
20 chapter or would be inappropriate for them;

21 (12) disabled persons, as described in 42 U.S.C.
22 1396a(a)(10)(A)(ii)(XIII), who are in families whose income, as determined under
23 applicable federal regulations or guidelines, is less than 250 percent of the official
24 poverty line applicable to a family of that size according to the United States
25 Department of Health and Human Services, and who, but for earnings in excess of the
26 limit established under 42 U.S.C. 1396d(q)(2)(B), would be considered to be
27 individuals with respect to whom a supplemental security income is being paid under
28 42 U.S.C. 1381 - 1383c; a person eligible for assistance under this paragraph who is
29 not eligible under another provision of this section shall pay a premium or other cost-
30 sharing charges according to a sliding fee scale that is based on income as established
31 by the department in regulations;

1 (13) persons under 19 years of age who are not covered under (a) of
2 this section and whose household income does not exceed **203** [175] percent of the
3 federal poverty line as defined by the United States Department of Health and Human
4 Services and revised under 42 U.S.C. 9902(2);

5 (14) pregnant women who are not covered under (a) of this section and
6 whose household income does not exceed **200** [175] percent of the federal poverty line
7 as defined by the United States Department of Health and Human Services and revised
8 under 42 U.S.C. 9902(2);

9 (15) persons who have been diagnosed with breast or cervical cancer
10 and who are eligible for coverage under 42 U.S.C. 1396a(a)(10)(A)(ii)(XVIII);

11 **(16) persons who are under 65 years of age, who are not pregnant,**
12 **whose household income does not exceed 138 percent of the federal poverty line,**
13 **including the five percent income disregard, as defined by the United States**
14 **Department of Health and Human Services and revised under 42 U.S.C. 9902(2),**
15 **and who are eligible under 42 U.S.C. 1396a(a)(10)(A)(i)(VIII), if the federal**
16 **medical assistance percentage paid to the state for the coverage is not less than 90**
17 **percent.**

18 * **Sec. 8.** AS 47.07.020(g) is amended to read:

19 (g) **For a person whose Medicaid eligibility is not calculated using the**
20 **modified adjusted gross income standard set out in 42 U.S.C. 1396a(e)(14), the**
21 [A] person's eligibility for medical assistance under this chapter may not be denied or
22 delayed on the basis of a transfer of assets for less than fair market value if the person
23 establishes to the satisfaction of the department that the denial or delay would work an
24 undue hardship on the person as determined on the basis of criteria in applicable
25 federal regulations. **The department may only consider information provided by a**
26 **person claiming undue hardship that the department verifies through a source**
27 **other than the person's own statement.**

28 * **Sec. 9.** AS 47.07.020(m) is amended to read:

29 (m) **For a person whose Medicaid eligibility is not calculated using the**
30 **modified adjusted gross income standard set out in 42 U.S.C. 1396a(e)(14), and,**
31 **except** [EXCEPT] as provided in (g) of this section, the department shall impose a

1 penalty period of ineligibility for the transfer of an asset for less than fair market value
2 by an applicant or an applicant's spouse consistent with 42 U.S.C. 1396p(c)(1).

3 * **Sec. 10.** AS 47.07.030(d) is amended to read:

4 (d) The department **shall** [MAY] establish [AS OPTIONAL SERVICES] a
5 primary care case management system or a managed care organization contract in
6 which certain eligible individuals, **including super-utilizers as identified by the**
7 **department,** are required to enroll and seek approval from a case manager or the
8 managed care organization before receiving certain services. The department shall
9 establish enrollment criteria and determine eligibility for services consistent with
10 federal and state law.

11 * **Sec. 11.** AS 47.07.030 is amended by adding a new subsection to read:

12 (g) In an annual report to the legislature, the department shall include
13 information separately describing state costs for optional and mandatory services
14 provided under this section.

15 * **Sec. 12.** AS 47.07.036(b) is amended to read:

16 (b) The department, in implementing this section, shall take all reasonable
17 steps to implement cost containment measures that do not eliminate program
18 eligibility or the scope of services required or authorized under AS 47.07.020 and
19 47.07.030 before implementing cost containment measures under (c) of this section
20 that directly affect program eligibility or coverage of services. The cost containment
21 measures taken under this subsection may include new utilization review procedures,
22 changes in provider payment rates, **and** precertification requirements for coverage [OF
23 SERVICES, AND AGREEMENTS WITH FEDERAL OFFICIALS UNDER WHICH
24 THE FEDERAL GOVERNMENT WILL ASSUME RESPONSIBILITY FOR
25 COVERAGE OF SOME INDIVIDUALS OR SOME SERVICES FOR SOME
26 INDIVIDUALS THROUGH SUCH FEDERAL PROGRAMS AS THE INDIAN
27 HEALTH SERVICE OR MEDICARE].

28 * **Sec. 13.** AS 47.07.036 is amended by adding new subsections to read:

29 (d) Notwithstanding (a) - (c) of this section, the department shall

30 (1) apply for a section 1115 waiver under 42 U.S.C. 1315(a) to use
31 innovative service delivery system models to improve care, increase efficiency, reduce

1 costs, and expand services provided to Indian Health Service beneficiaries through the
2 Indian Health Service and tribal health facilities;

3 (2) apply for a section 1915(i) option under 42 U.S.C. 1396n to
4 improve services and care through home and community-based services to obtain a 50
5 percent federal match;

6 (3) apply for a section 1915(k) option under 42 U.S.C. 1396n to
7 provide home and community-based services and support to increase the federal match
8 for these programs from 50 percent to 56 percent;

9 (4) evaluate and seek permission from the United States Department of
10 Health and Human Services Centers for Medicare and Medicaid Services to participate
11 in various demonstration projects, including payment reform, care management
12 programs, workforce development and innovation, and innovative services delivery
13 models; and

14 (5) enhance telemedicine capability and reimbursement to incentivize
15 its use for Medicaid recipients.

16 (e) Notwithstanding (a) - (c) of this section and in addition to the projects and
17 services described under (d) of this section, the department shall apply for a section
18 1115 waiver under 42 U.S.C. 1315(a) to establish one or more demonstration projects
19 focused on innovative payment models for one or more groups of medical assistance
20 recipients in one or more specific geographic areas. The demonstration project or
21 projects may include

22 (1) managed care organizations as described under 42 U.S.C. 1396u-2;

23 (2) community care organizations;

24 (3) patient-centered medical homes as described under 42 U.S.C. 256a-
25 1; or

26 (4) other innovative payment models that ensure access to health care
27 without reducing the quality of care.

28 (f) The department shall design and implement at least one demonstration
29 project under (e) of this section that is a coordinated care demonstration project using
30 a global payment fee structure. The demonstration project must include a managed
31 care system that operates within a fixed budget to reduce medical cost inflation,

1 improves the quality of health care for recipients, and results in a healthier population.
2 The department shall design the managed care system to reduce the growth in medical
3 assistance expenditures with a goal of reducing the per capita growth rate for medical
4 assistance expenditures by at least two percentage points. The managed care system
5 must implement alternative payment methodologies and create a network of patient-
6 centered primary care homes, and will be measured based on quality and performance
7 outcomes. The department shall prepare a report regarding the progress of this
8 demonstration project and shall, on or before February 1, 2019, deliver the report to
9 the senate secretary and the chief clerk of the house of representatives and notify the
10 legislature that the report is available.

11 (g) In this section, "telemedicine" means the practice of health care delivery,
12 evaluation, diagnosis, consultation, or treatment, using the transfer of medical data
13 through audio, visual, or data communications that are performed over two or more
14 locations between providers who are physically separated from the recipient or from
15 each other.

16 * **Sec. 14.** AS 47.07.900(4) is amended to read:

17 (4) "clinic services" means services provided by state-approved
18 outpatient community mental health clinics [THAT RECEIVE GRANTS UNDER
19 AS 47.30.520 - 47.30.620], state-operated community mental health clinics, outpatient
20 surgical care centers, and physician clinics;

21 * **Sec. 15.** AS 47.07.900(17) is amended to read:

22 (17) "rehabilitative services" means services for substance abusers and
23 emotionally disturbed or chronically mentally ill adults provided by

24 (A) a drug or alcohol treatment center [THAT IS FUNDED
25 WITH A GRANT UNDER AS 47.30.475]; or

26 (B) an outpatient community mental health clinic [THAT HAS
27 A CONTRACT TO PROVIDE COMMUNITY MENTAL HEALTH
28 SERVICES UNDER AS 47.30.520 - 47.30.620];

29 * **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 DEMONSTRATION PROJECT: REDUCING PRE-TERM BIRTHS. Before

1 January 1, 2018, the Department of Health and Social Services shall investigate the design of
2 a demonstration project for the purpose of reducing pre-term birth rates in the state from the
3 current rate of 10.3 percent. The demonstration project shall provide for the voluntary
4 enrollment of approximately 500 recipients who are eligible for medical assistance under
5 AS 47.07.020(b)(14). The Department of Health and Social Services shall offer pregnancy
6 counselling, nutritional counselling, and, as necessary, vitamin D supplementation to maintain
7 levels of 40 ng/ml vitamin D during pregnancy for participants in the demonstration project.
8 The demonstration project may be modeled after the Protect Our Children NOW! project
9 implemented as a cooperative project of the South Carolina Department of Health and Human
10 Services and private health organizations. The goal of the demonstration project is to achieve
11 a reduction in pre-term births in the state, consistent with the results of the following
12 published studies: Wagner, C. L., et al., "A Randomized Trial of Vitamin D Supplementation
13 in Two Community Health Center Networks in South Carolina," American Journal of
14 Obstetrics and Gynecology 208 (February 2013); Bodnar, L. M., et al., "Maternal 25-
15 Hydroxyvitamin D and Preterm Birth in Twin Gestations," Obstetrics and Gynecology 122
16 (July 2013).

17 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 MEDICAID MANAGED CARE FOR SUPER-UTILIZERS. On or before January 1,
20 2017, the Department of Health and Social Services shall

21 (1) establish a primary care case management system or a managed care
22 organization contract under AS 47.07.030(d), as amended by sec. 10 of this Act, for super-
23 utilizers, as identified by the department; and

24 (2) deliver a report on the system or contract to the senate secretary and the
25 chief clerk of the house of representatives and notify the legislature that the report is
26 available.

27 * **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 MEDICAID REDESIGN; REPORTS TO LEGISLATURE. (a) The Department of
30 Health and Social Services shall present to the legislature on or before the 10th day of the
31 Second Regular Session of the Twenty-Ninth Alaska State Legislature the results of the

1 Medicaid Redesign and Expansion Technical Assistance study, advertised under request for
2 proposal number 2015-0600-2986, issued February 25, 2015. The department shall deliver a
3 report describing the results of the study and a program for reforming the medical assistance
4 program to the senate secretary and chief clerk of the house of representatives and notify the
5 legislature that the report is available.

6 (b) The Department of Health and Social Services shall prepare a report summarizing
7 cost-sharing measures implemented before October 1, 2015, by the Department of Health and
8 Social Services under AS 47.07.042 and describing the effect of those measures on the state
9 budget. On or before March 1, 2016, the Department of Health and Social Services shall
10 deliver a copy of the report to the senate secretary and chief clerk of the house of
11 representatives and notify the legislature that the report is available.

12 (c) On or before February 1, 2019, the Department of Health and Social Services shall
13 complete a report informing the legislature of the results of the applications for waivers and
14 options under AS 47.07.036(d)(1) - (3), enacted by sec. 13 of this Act, and shall deliver the
15 report to the senate secretary and chief clerk of the house of representatives and notify the
16 legislature that the report is available. The report must include

17 (1) information explaining whether the department's applications for a section
18 1115 waiver under 42 U.S.C. 1315(a), a section 1915(i) option under 42 U.S.C. 1396n, and a
19 section 1915(k) option under 42 U.S.C. 1396n were approved by the United States
20 Department of Health and Human Services;

21 (2) a description of cost savings to the state resulting from the programs
22 implemented under the waivers, including

23 (A) the extent to which the programs implemented under the section
24 1115 waiver under 42 U.S.C. 1315(a) achieved the savings estimated by the
25 department;

26 (B) the extent to which the programs implemented under the section
27 1915(i) and (k) options under 42 U.S.C. 1396n achieved the savings estimated by the
28 department.

29 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 **MEDICAID STATE PLAN INSTRUCTIONS.** The Department of Health and Social

1 Services shall immediately amend and submit for approval to the appropriate federal agency
2 the state plan for provisions of medical assistance consistent with this Act.

3 * **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **EMERGENCY REGULATIONS AUTHORIZED.** In order to ensure that sec. 1 of this
6 Act, and AS 47.07.036, as amended by sec. 13 of this Act, are timely implemented to achieve
7 a sustainable Medicaid program with cost-saving measures, including waivers, necessary for
8 more persons to qualify for Medicaid services and thus ensure the public peace, health, safety,
9 or general welfare, the Department of Health And Social Services may adopt emergency
10 regulations under AS 44.62 (Administrative Procedure Act) to implement secs. 1 and 13 of
11 this Act.

12 * **Sec. 21.** Section 20 of this Act is repealed June 30, 2017.

13 * **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 **REVISOR'S INSTRUCTION.** The revisor of statutes is requested to change the catch
16 line of AS 47.07.036 from "Cost containment measures authorized" to "Medical assistance
17 cost-containment and reform measures authorized."

18 * **Sec. 23.** Sections 19 and 20 of this Act take effect immediately under AS 01.10.070(c).

19 * **Sec. 24.** Except as provided in sec. 23 of this Act, this Act takes effect August 1, 2015.

ATTACHMENT B

SB78: Medical Assistance Coverage; Reform

Version: SB 78

SENATE BILL NO. 78

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/18/15

Referred: Health and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to medical assistance reform measures; relating to eligibility for**
2 **medical assistance coverage; relating to medical assistance cost containment measures**
3 **by the Department of Health and Social Services; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **MEDICAL ASSISTANCE REFORM: LEGISLATIVE FINDINGS AND INTENT.**
8 The legislature finds that the current Medicaid program is not sustainable. Although annual
9 growth has fallen from 6.45 percent to 4.8 percent, further reductions are needed. In order to
10 maintain a viable Medicaid program, it is the intent of the legislature that

11 (1) the governor, through the Department of Health and Social Services, take
12 all necessary action to capture federal revenues and offset state general funds and evaluate the
13 most cost-effective method for revising expansion coverage, including more efficient benefit
14 plans, cost sharing, utilization control, and other innovative health care financing strategies;

1 (2) the Department of Health and Social Services be instructed to
 2 (A) evaluate and implement meaningful Medicaid reform measures,
 3 including working with tribal and community partners to develop innovative practices
 4 leading to a sustainable Medicaid program available for future generations;

5 (B) evaluate all options available to it, including
 6 (i) obtaining waivers to the Medicaid program to address
 7 choice, statewide compatibility, or other core Medicaid requirements; and
 8 (ii) regulatory action to improve provider and recipient
 9 compliance with program rules;

10 (3) the Department of Health and Social Services, after consulting with
 11 stakeholders, submit to the legislature not later than January 25, 2016, a proposal to authorize
 12 a provider tax up to the maximum extent allowed by federal law to offset some of the cost of
 13 the Medicaid program.

14 * **Sec. 2.** AS 43.23.075 is amended to add a new subsection to read:

15 (d) The provisions of this section do not apply to persons who are eligible for
 16 Medicaid under 42 U.S.C 1396a(a)(10)(A)(i)(VIII) (Title XIX, Social Security Act).

17 * **Sec. 3.** AS 47.05.200(a) is amended to read:

18 (a) The department shall annually contract for independent audits of a
 19 statewide sample of all medical assistance providers in order to identify overpayments
 20 and violations of criminal statutes. The audits conducted under this section may not be
 21 conducted by the department or employees of the department. The number of audits
 22 under this section may not be less than 50 each year [, AS A TOTAL FOR THE
 23 MEDICAL ASSISTANCE PROGRAMS UNDER AS 47.07 AND AS 47.08, SHALL
 24 BE 0.75 PERCENT OF ALL ENROLLED PROVIDERS UNDER THE
 25 PROGRAMS, ADJUSTED ANNUALLY ON JULY 1, AS DETERMINED BY THE
 26 DEPARTMENT, EXCEPT THAT THE NUMBER OF AUDITS UNDER THIS
 27 SECTION MAY NOT BE LESS THAN 75]. The audits under this section must
 28 include both on-site audits and desk audits and must be of a variety of provider types.
 29 The department may not award a contract under this subsection to an organization that
 30 does not retain persons with a significant level of expertise and recent professional
 31 practice in the general areas of standard accounting principles and financial auditing

1 and in the specific areas of medical records review, investigative research, and Alaska
2 health care criminal law. The contractor, in consultation with the commissioner, shall
3 select the providers to be audited and decide the ratio of desk audits and on-site audits
4 to the total number selected. **In identifying providers who are subject to an audit**
5 **under this chapter, the department shall attempt to minimize concurrent state or**
6 **federal audits.**

7 * **Sec. 4.** AS 47.05.200(b) is amended to read:

8 (b) Within 90 days after receiving each audit report from an audit conducted
9 under this section, the department shall begin administrative procedures to recoup
10 overpayments identified in the audits and shall allocate the reasonable and necessary
11 financial and human resources to ensure prompt recovery of overpayments unless the
12 attorney general has advised the commissioner in writing that a criminal investigation
13 of an audited provider has been or is about to be undertaken, in which case, the
14 commissioner shall hold the administrative procedure in abeyance until a final
15 charging decision by the attorney general has been made. The commissioner shall
16 provide copies of all audit reports to the attorney general so that the reports can be
17 screened for the purpose of bringing criminal charges. **The department may assess**
18 **interest penalties on any identified overpayment. Interest under this section shall**
19 **be calculated using the statutory rates for post-judgment interest accruing from**
20 **the date of the issuance of the final audit.**

21 * **Sec. 5.** AS 47.05 is amended by adding a new section to read:

22 **Sec. 47.05.250. Fines.** (a) The department may adopt regulations to impose a
23 civil fine against a provider who violates AS 47.05, AS 47.07, or regulations adopted
24 under those chapters.

25 (b) A fine imposed under this section may not be less than \$100 or more than
26 \$25,000 for each occurrence.

27 (c) The provisions of this section are in addition to any other remedies
28 available under AS 47.05, AS 47.07, or regulations adopted under those chapters.

29 * **Sec. 6.** AS 47.07.020(b) is amended to read:

30 (b) In addition to the persons specified in (a) of this section, the following
31 optional groups of persons for whom the state may claim federal financial

1 participation are eligible for medical assistance:

2 (1) persons eligible for but not receiving assistance under any plan of
3 the state approved under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act,
4 Supplemental Security Income) or a federal program designated as the successor to the
5 aid to families with dependent children program;

6 (2) persons in a general hospital, skilled nursing facility, or
7 intermediate care facility, who, if they left the facility, would be eligible for assistance
8 under one of the federal programs specified in (1) of this subsection;

9 (3) persons under 21 years of age who are under supervision of the
10 department, for whom maintenance is being paid in whole or in part from public
11 funds, and who are in foster homes or private child-care institutions;

12 (4) aged, blind, or disabled persons, who, because they do not meet
13 income and resources requirements, do not receive supplemental security income
14 under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act), and who do not
15 receive a mandatory state supplement, but who are eligible, or would be eligible if
16 they were not in a skilled nursing facility or intermediate care facility to receive an
17 optional state supplementary payment;

18 (5) persons under 21 years of age who are in an institution designated
19 as an intermediate care facility for persons with intellectual and developmental
20 disabilities and who are financially eligible as determined by the standards of the
21 federal program designated as the successor to the aid to families with dependent
22 children program;

23 (6) persons in a medical or intermediate care facility whose income
24 while in the facility does not exceed 300 percent of the supplemental security income
25 benefit rate under 42 U.S.C. 1381 - 1383c (Title XVI, Social Security Act) but who
26 would not be eligible for an optional state supplementary payment if they left the
27 hospital or other facility;

28 (7) persons under 21 years of age who are receiving active treatment in
29 a psychiatric hospital and who are financially eligible as determined by the standards
30 of the federal program designated as the successor to the aid to families with
31 dependent children program;

1 (8) persons under 21 years of age and not covered under (a) of this
2 section, who would be eligible for benefits under the federal program designated as
3 the successor to the aid to families with dependent children program, except that they
4 **do not meet the deprivation criteria under 42 U.S.C. 1396u-1(b)(1)(A)(ii)** [HAVE
5 THE CARE AND SUPPORT OF BOTH THEIR NATURAL AND ADOPTIVE
6 PARENTS];

7 (9) pregnant women not covered under (a) of this section and who
8 meet the income and resource requirements of the federal program designated as the
9 successor to the aid to families with dependent children program;

10 (10) persons under 21 years of age not covered under (a) of this section
11 who the department has determined cannot be placed for adoption without medical
12 assistance because of a special need for medical or rehabilitative care and who the
13 department has determined are hard-to-place children eligible for subsidy under
14 AS 25.23.190 - 25.23.210;

15 (11) persons who can be considered under 42 U.S.C. 1396a(e)(3) (Title
16 XIX, Social Security Act, Medical Assistance) to be individuals with respect to whom
17 a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c (Title
18 XVI, Social Security Act) because they meet all of the following criteria:

19 (A) they are 18 years of age or younger and qualify as disabled
20 individuals under 42 U.S.C. 1382c(a) (Title XVI, Social Security Act);

21 (B) the department has determined that

22 (i) they require a level of care provided in a hospital,
23 nursing facility, or intermediate care facility for persons with
24 intellectual and developmental disabilities;

25 (ii) it is appropriate to provide their care outside of an
26 institution; and

27 (iii) the estimated amount that would be spent for
28 medical assistance for their individual care outside an institution is not
29 greater than the estimated amount that would otherwise be expended
30 individually for medical assistance within an appropriate institution;

31 (C) if they were in a medical institution, they would be eligible

1 for medical assistance under other provisions of this chapter; and

2 (D) home and community-based services under a waiver
3 approved by the federal government are either not available to them under this
4 chapter or would be inappropriate for them;

5 (12) disabled persons, as described in 42 U.S.C.
6 1396a(a)(10)(A)(ii)(XIII), who are in families whose income, as determined under
7 applicable federal regulations or guidelines, is less than 250 percent of the official
8 poverty line applicable to a family of that size according to the United States
9 Department of Health and Human Services, and who, but for earnings in excess of the
10 limit established under 42 U.S.C. 1396d(q)(2)(B), would be considered to be
11 individuals with respect to whom a supplemental security income is being paid under
12 42 U.S.C. 1381 - 1383c; a person eligible for assistance under this paragraph who is
13 not eligible under another provision of this section shall pay a premium or other cost-
14 sharing charges according to a sliding fee scale that is based on income as established
15 by the department in regulations;

16 (13) persons under 19 years of age who are not covered under (a) of
17 this section and whose household income does not exceed **203** [175] percent of the
18 federal poverty line as defined by the United States Department of Health and Human
19 Services and revised under 42 U.S.C. 9902(2);

20 (14) pregnant women who are not covered under (a) of this section and
21 whose household income does not exceed **200** [175] percent of the federal poverty line
22 as defined by the United States Department of Health and Human Services and revised
23 under 42 U.S.C. 9902(2);

24 (15) persons who have been diagnosed with breast or cervical cancer
25 and who are eligible for coverage under 42 U.S.C. 1396a(a)(10)(A)(ii)(XVIII);

26 **(16) persons who are under 65 years of age, who are not pregnant,**
27 **whose household income does not exceed 138 percent of the federal poverty line,**
28 **including the five percent income disregard, as defined by the United States**
29 **Department of Health and Human Services and revised under 42 U.S.C. 9902(2),**
30 **and who are eligible under 42 U.S.C. 1396a(a)(10)(A)(i)(VIII), if the federal**
31 **medical assistance percentage paid to the state for the coverage is not less than 90**

1 **percent.**

2 * **Sec. 7.** AS 47.07.020(g) is amended to read:

3 (g) **For those persons whose Medicaid eligibility is not calculated using**
4 **the modified adjusted gross income standard set out in 42 U.S.C. 1396a(e)(14),**
5 **those persons'** [A PERSON'S] eligibility for medical assistance under this chapter
6 may not be denied or delayed on the basis of a transfer of assets for less than fair
7 market value if the person establishes to the satisfaction of the department that the
8 denial or delay would work an undue hardship on the person as determined on the
9 basis of criteria in applicable federal regulations.

10 * **Sec. 8.** AS 47.07.020(m) is amended to read:

11 (m) **For those persons whose Medicaid eligibility is not calculated using**
12 **the modified adjusted gross income standard set out in 42 U.S.C. 1396a(e)(14),**
13 **and, except** [EXCEPT] as provided in (g) of this section, the department shall impose
14 a penalty period of ineligibility for the transfer of an asset for less than fair market
15 value by an applicant or an applicant's spouse consistent with 42 U.S.C. 1396p(c)(1).

16 * **Sec. 9.** AS 47.07.036(b) is amended to read:

17 (b) The department, in implementing this section, shall take all reasonable
18 steps to implement cost containment measures that do not eliminate program
19 eligibility or the scope of services required or authorized under AS 47.07.020 and
20 47.07.030 before implementing cost containment measures under (c) of this section
21 that directly affect program eligibility or coverage of services. The cost containment
22 measures taken under this subsection may include new utilization review procedures,
23 changes in provider payment rates, **and** precertification requirements for coverage [OF
24 SERVICES, AND AGREEMENTS WITH FEDERAL OFFICIALS UNDER WHICH
25 THE FEDERAL GOVERNMENT WILL ASSUME RESPONSIBILITY FOR
26 COVERAGE OF SOME INDIVIDUALS OR SOME SERVICES FOR SOME
27 INDIVIDUALS THROUGH SUCH FEDERAL PROGRAMS AS THE INDIAN
28 HEALTH SERVICE OR MEDICARE].

29 * **Sec. 10.** AS 47.07.036 is amended by adding new subsections to read:

30 (d) Notwithstanding (a) - (c) of this section, the department shall

31 (1) apply for a section 1115 waiver under 42 U.S.C. 1315(a) to use

1 innovative service delivery system models to improve care, increase efficiency, reduce
2 costs, and expand services provided to Indian Health Service beneficiaries through the
3 Indian Health Service and tribal health facilities;

4 (2) apply for a section 1915(i) option under 42 U.S.C. 1396n to
5 improve services and care through home and community-based services to obtain a 50
6 percent federal match;

7 (3) apply for a section 1915(k) option under 42 U.S.C. 1396n to
8 provide home and community-based services and support to increase the federal match
9 for these programs from 50 percent to 56 percent;

10 (4) evaluate and seek permission from the United States Department of
11 Health and Human Services Centers for Medicare and Medicaid Services to participate
12 in various demonstration projects, including payment reform, care management
13 programs, workforce development and innovation, and innovative services delivery
14 models; and

15 (5) enhance telemedicine capability and reimbursement to incentivize
16 its use for Medicaid recipients.

17 (e) In this section, "telemedicine" means the practice of health care delivery,
18 evaluation, diagnosis, consultation, or treatment, using the transfer of medical data
19 through audio, visual, or data communications that are performed over two or more
20 locations between providers who are physically separated from the recipient or from
21 each other.

22 * **Sec. 11.** AS 47.07.900(4) is amended to read:

23 (4) "clinic services" means services provided by state-approved
24 outpatient community mental health clinics [THAT RECEIVE GRANTS UNDER
25 AS 47.30.520 - 47.30.620], state-operated community mental health clinics, outpatient
26 surgical care centers, and physician clinics;

27 * **Sec. 12.** AS 47.07.900(17) is amended to read:

28 (17) "rehabilitative services" means services for substance abusers and
29 emotionally disturbed or chronically mentally ill adults provided by

30 (A) a drug or alcohol treatment center [THAT IS FUNDED
31 WITH A GRANT UNDER AS 47.30.475]; or

1 (B) an outpatient community mental health clinic [THAT HAS
2 A CONTRACT TO PROVIDE COMMUNITY MENTAL HEALTH
3 SERVICES UNDER AS 47.30.520 - 47.30.620];

4 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 MEDICAID STATE PLAN INSTRUCTIONS. The Department of Health and Social
7 Services shall immediately amend and submit for approval to the appropriate federal agency
8 the state plan for provisions of medical assistance consistent with this Act.

9 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 EMERGENCY REGULATIONS AUTHORIZED. (a) In order to ensure that sec. 1 of
12 this Act, and AS 47.07.036, as amended by sec. 10 of this Act, are timely implemented to
13 achieve a sustainable Medicaid program with cost-saving measures, including waivers,
14 necessary for more persons to qualify for Medicaid services and thus ensure the public peace,
15 health, safety, or general welfare, the Department of Health And Social Services may adopt
16 emergency regulations under AS 44.62 (Administrative Procedure Act) to implement secs. 1
17 and 10 of this Act.

18 * **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 REVISOR'S INSTRUCTION. The Revisor of Statutes is requested to change the catch
21 line of AS 47.07.036 from "Cost containment measures authorized" to "Medicaid cost
22 containment and reform measures authorized."

23 * **Sec. 16.** Sections 13 and 14 of this Act take effect immediately under AS 01.10.070(c).

24 * **Sec. 17.** Except as provided by sec. 16 of this Act, this Act takes effect July 1, 2015.

ATTACHMENT C

HB190: Medicaid Reform/Fraud/ER Use/Studies

Version: HB190

HOUSE BILL NO. 190

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 4/11/15

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a medical assistance reform program; relating to the duties of the
2 Department of Health and Social Services; establishing medical assistance
3 demonstration projects; relating to civil penalties for medical assistance fraud; relating
4 to studies by the Department of Health and Social Services; relating to cost-containment
5 measures for medical assistance; and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 47.05 is amended by adding new sections to read:

8 **Sec. 47.05.202. False claims for medical assistance; civil penalty.** (a) A
9 person may not

10 (1) knowingly submit, authorize, or cause to be submitted to a medical
11 assistance agency a false or fraudulent claim for payment or approval;

12 (2) knowingly make, use, or cause to be made or used, a false record or
13 statement to get a false or fraudulent claim for payment paid or approved by the

1 medical assistance program under AS 47.07;

2 (3) conspire to defraud the medical assistance program by getting a
3 false or fraudulent claim paid or approved;

4 (4) knowingly make, use, or cause to be made or used, a false record or
5 statement to conceal, avoid, or decrease an obligation to pay or transmit money or
6 property to the medical assistance program under AS 47.07.

7 (b) A violation under this section is punishable by a civil penalty of not less
8 than \$100 and not more than \$25,000 in addition to the costs and fees associated with
9 an enforcement action brought under AS 37.10.090 and 37.10.100.

10 (c) In addition to a civil penalty and costs and fees assessed under (b) of this
11 section, and except as provided under (d) of this section, a court shall award damages
12 in an amount that is three times the amount of actual damages sustained by the state
13 for a violation of (a) of this section.

14 (d) A court may reduce the damages assessed for a violation of (a) of this
15 section to the amount of actual damages sustained by the state and waive the civil
16 penalty allowed under (b) of this section if the court finds, by a preponderance of the
17 evidence, that the person who committed the violation furnished a state official who is
18 investigating the violation with all information known to that person about the
19 violation and fully cooperated with the investigation, and the information and
20 cooperation led state officials to discover additional violations within 30 days after
21 receiving the information.

22 (e) The damages and penalties available under this section are not exclusive,
23 and the remedies provided are in addition to other remedies provided by applicable
24 law.

25 (f) In this section, "knowingly" means that a person, with or without specific
26 intent to defraud,

27 (1) has actual knowledge of the information;

28 (2) acts in deliberate ignorance of the truth or falsity of the
29 information; or

30 (3) acts in reckless disregard of the truth or falsity of the information.

31 **Sec. 47.05.203. Department authority to impose civil penalties.** The

1 department may adopt regulations to assess the civil penalties provided under
2 AS 47.05.202(b) against a medical assistance provider, and, if the penalties are not
3 paid, the department may refer the case to the attorney general for prosecution under
4 AS 47.05.202.

5 * **Sec. 2.** AS 47.05 is amended by adding a new section to read:

6 **Sec. 47.05.260. Medical assistance reform program.** (a) The department
7 shall adopt regulations to design and implement a program for reforming the state
8 medical assistance program under AS 47.07. The reform program must include

9 (1) referrals to community and social support services, including career
10 and education training services available through the Department of Labor and
11 Workforce Development under AS 23.15, the University of Alaska, or other sources;

12 (2) distribution of an explanation of medical assistance benefits to
13 recipients for health care services received under the program;

14 (3) expanding the use of telemedicine for primary care, behavioral
15 health, and urgent care;

16 (4) enhancing fraud prevention, detection, and enforcement;

17 (5) reducing the cost of behavioral health, senior, and disabilities
18 services provided to recipients of medical assistance under the state's home and
19 community-based services waiver under AS 47.07.045;

20 (6) pharmacy initiatives;

21 (7) enhanced care management;

22 (8) redesigning the payment process by implementing fee agreements
23 based on performance measures that include premium payments for centers of
24 excellence according to nationally acceptable criteria and penalties for hospital
25 acquired infections, readmissions, and failures of outcomes;

26 (9) stakeholder involvement in setting annual targets for quality and
27 cost-effectiveness;

28 (10) to the extent consistent with federal law, reducing travel costs by
29 requiring a recipient to obtain medical services in the recipient's home community, to
30 the extent appropriate services are available in the recipient's home community.

31 (b) The department shall identify the areas of the state where improvements in

1 access to telemedicine would be most effective in reducing the costs of medical
2 assistance and improving access to health care services for medical assistance
3 recipients. The department shall make efforts to improve access to telemedicine for
4 recipients in those locations. The department may enter into agreements with Indian
5 Health Service providers, if necessary, to improve access by medical assistance
6 recipients to telemedicine facilities and equipment.

7 (c) On or before October 15 of each year, the Department of Health and Social
8 Services shall prepare a report and submit the report to the senate secretary and the
9 chief clerk of the house of representatives and notify the legislature that the report is
10 available. The report must include

- 11 (1) realized cost savings related to reform efforts under this section;
- 12 (2) realized cost savings related to medical assistance reform efforts
13 undertaken by the department other than the reform efforts described in this Act;
- 14 (3) a statement of whether the Department of Health and Social
15 Services has met annual targets for quality and cost-effectiveness;
- 16 (4) recommendations for legislative or budgetary changes related to
17 medical assistance reforms during the next fiscal year;
- 18 (5) changes in federal laws that the department expects will result in a
19 cost or savings to the state of more than \$1,000,000;
- 20 (6) a description of any medical assistance grants, options, or waivers
21 the department applied for in the previous fiscal year;
- 22 (7) the results of demonstration projects the department has
23 implemented;
- 24 (8) legal and technological barriers to the expanded use of
25 telemedicine, improvements in the use of telemedicine in the state, and
26 recommendations for changes or investments that would allow cost-effective
27 expansion of telemedicine;
- 28 (9) the percentage decrease in costs of travel for medical assistance
29 recipients compared to the previous fiscal year;
- 30 (10) the percentage decrease in the number of medical assistance
31 recipients identified as frequent users of emergency departments compared to the

1 previous fiscal year;

2 (11) the percentage increase or decrease in the number of hospital
3 readmissions within 30 days after a hospital stay for medical assistance recipients
4 compared to the previous fiscal year;

5 (12) the percentage increase or decrease in average state general fund
6 spending for each medical assistance recipient compared to the previous fiscal year;

7 (13) the percentage increase or decrease in uncompensated care costs
8 incurred by medical assistance providers compared to the percentage change in private
9 health insurance premiums for individual and small group health insurance.

10 (d) In this section, "telemedicine" means the practice of health care delivery,
11 evaluation, diagnosis, consultation, or treatment, using the transfer of medical data
12 through audio, visual, or data communications that are performed over two or more
13 locations between providers who are physically separated from the recipient or from
14 each other.

15 * **Sec. 3.** AS 47.07 is amended by adding a new section to read:

16 **Sec. 47.07.038. Reduction of nonurgent use of emergency department**
17 **services by medical assistance recipients; project.** (a) On or before September 1,
18 2015, the department shall design and implement a project to reduce nonurgent use of
19 emergency departments by recipients of medical assistance under this chapter and
20 improve appropriate care in appropriate settings for recipients. The project under this
21 section must include

22 (1) to the extent consistent with federal law, a system for electronic
23 exchange of patient information among emergency departments;

24 (2) a process for defining and identifying frequent users of emergency
25 departments;

26 (3) a procedure for educating patients about the use of emergency
27 departments and appropriate alternative services and facilities for nonurgent care;

28 (4) to the extent consistent with federal law, a process to disseminate
29 lists of frequent users to hospital personnel to ensure that frequent users can be
30 identified through the electronic information exchange system described under (1) of
31 this subsection;

1 (5) a process for assisting frequent users with plans of care and for
2 assisting patients in making appointments with primary care providers within 96 hours
3 after an emergency department visit;

4 (6) strict guidelines for the prescribing of narcotics;

5 (7) a prescription monitoring program;

6 (8) designation of medical personnel to review feedback reports
7 regarding emergency department use.

8 (b) The department shall adopt regulations necessary to implement this section
9 and request technical assistance from and apply to the United States Department of
10 Health and Human Services for waivers or amendments to the state plan as necessary
11 to implement the projects under this section.

12 * **Sec. 4.** AS 47.07 is amended by adding a new section to read:

13 **Sec. 47.07.076. Report to legislature.** (a) The department and the attorney
14 general shall annually prepare a report relating to the medical assistance program
15 under AS 47.07. The report must identify

16 (1) the amount and source of funds used to prevent or prosecute fraud,
17 abuse, payment errors, and errors in eligibility determinations for the previous fiscal
18 year;

19 (2) actions taken to address fraud, abuse, payment errors, and errors in
20 eligibility determinations during the previous fiscal year;

21 (3) specific examples of fraud or abuse that were prevented or
22 prosecuted;

23 (4) identification of vulnerabilities in the medical assistance program,
24 including any vulnerabilities identified by independent auditors with whom the
25 department contracts under AS 47.05.200;

26 (5) initiatives the department has taken to prevent fraud or abuse;

27 (6) recommendations to increase effectiveness in preventing and
28 prosecuting fraud and abuse;

29 (7) the return to the state for every dollar expended by the department
30 and the attorney general to prevent and prosecute fraud and abuse;

31 (8) estimated payment error rate measurement for the medical

1 assistance program;

2 (9) results from the Medicaid Eligibility Quality Control program.

3 (b) On or before October 15 of each year, the department shall submit the
4 report required under this section to the senate secretary and the chief clerk of the
5 house of representatives and notify the legislature that the report is available.

6 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **MEDICAID MANAGED CARE OR CASE MANAGEMENT DEMONSTRATION**
9 **PROJECT.** (a) On or before January 31, 2016, the Department of Health and Social Services
10 shall design and initiate one or more managed care or case management demonstration
11 projects. The department shall contract with a third party to provide managed care or case
12 management services for a group or groups of individuals who qualify for medical assistance
13 under AS 47.07 and may separate a group or groups of individuals into different managed
14 care or case management demonstration projects based on efficiency and cost savings. The
15 purpose of a demonstration project is to ensure sustainability while reducing the cost of
16 medical assistance payments and increasing access to and improving the quality of care
17 available to all medical assistance recipients. A project or projects developed under this
18 section may include

19 (1) comprehensive care management;

20 (2) care coordination, including the assignment of a primary care case
21 manager located in the local geographic area of the recipient;

22 (3) health promotion;

23 (4) mental health parity as described in 42 U.S.C. 300gg-26.3;

24 (5) comprehensive transitional care from and follow-up to inpatient treatment;

25 (6) individual and family support;

26 (7) referral to community and social support services, including career and
27 education training services available through the Department of Labor and Workforce
28 Development under AS 23.15, the University of Alaska, or other sources.

29 (b) The department shall enter into contracts with one or more third-party primary
30 care case managers, managed care organizations, prepaid ambulatory health plans, or prepaid
31 inpatient health plans to implement the project established under this section. The contract

1 must provide for a fee based on a per capita expense that is fair and economical. The
2 department or administrator shall develop a comprehensive system of prior authorizations for
3 payment of services under the project. However, prior authorization may not be required for
4 mental health or primary care services.

5 (c) The department or a third-party administrator shall designate health care providers
6 or one or more teams of health care providers to provide services that are primary care and
7 patient centered as described by the department for purposes of a project under this section.
8 The department or a third-party administrator shall enter into necessary provider and fee
9 agreements. For primary care case managers, the fee agreement must include an incentive-
10 based management fee system. The fee agreements may not be based on a fee for service but
11 must be based on performance measures, as determined by the department.

12 (d) A project under this section must include additional cost-saving measures that
13 include innovations to

14 (1) reduce travel through the expanded use of telemedicine for primary care,
15 urgent care, and behavioral health services; to the extent legal barriers prevent the expanded
16 use of telemedicine, the department shall identify those barriers;

17 (2) simplify administrative procedures for providers, including streamlined
18 audit, payment, and stakeholder engagement procedures.

19 (e) In this section, "department" means the Department of Health and Social Services.

20 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 **DEPARTMENT OF HEALTH AND SOCIAL SERVICES FEASIBILITY STUDY.**

23 (a) The department shall conduct a study analyzing the feasibility of privatizing services
24 delivered at Alaska Pioneers' Homes, the Alaska Psychiatric Institute, and select facilities of
25 the division of juvenile justice. The department shall deliver a report summarizing the
26 department's conclusions to the senate secretary and the chief clerk of the house of
27 representatives and notify the legislature that the report is available within 10 days after the
28 convening of the Second Regular Session of the Twenty-Ninth Alaska State Legislature.

29 (b) In this section, "department" means the Department of Health and Social Services.

30 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 MEDICAID STATE PLAN; WAIVERS; INSTRUCTIONS; NOTICE TO REVISOR
2 OF STATUTES. The Department of Health and Social Services shall amend and submit for
3 federal approval a state plan for medical assistance coverage consistent with this Act. The
4 Department of Health and Social Services shall apply to the United States Department of
5 Health and Human Services for any waivers necessary to implement this Act. The
6 commissioner of health and social services shall certify to the revisor of statutes if the
7 provisions of AS 47.05.260(a)(5), (8), and (10), added by sec. 2 of this Act, the provisions of
8 AS 47.07.038, added by sec. 3 of this Act, and the provision of sec. 5 of this Act are approved
9 by the United States Department of Health and Human Services.

10 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 **TRANSITION: REGULATIONS.** The Department of Health and Social Services may
13 adopt regulations necessary to implement the changes made by this Act. The regulations take
14 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
15 relevant provision of this Act implemented by the regulation.

16 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 **CONDITIONAL EFFECT.** (a) AS 47.05.260(a)(5), enacted by sec. 2 of this Act, takes
19 effect only if the commissioner of health and social services certifies to the revisor of statutes
20 under sec. 7 of this Act, on or before October 1, 2017, that all of the provisions added by that
21 section have been approved by the United States Department of Health and Human Services.

22 (b) AS 47.05.260(a)(8), enacted by sec. 2 of this Act, takes effect only if the
23 commissioner of health and social services certifies to the revisor of statutes under sec. 7 of
24 this Act, on or before October 1, 2017, that all of the provisions added by that section have
25 been approved by the United States Department of Health and Human Services.

26 (c) AS 47.05.260(a)(10), enacted by sec. 2 of this Act, takes effect only if the
27 commissioner of health and social services certifies to the revisor of statutes under sec. 7 of
28 this Act, on or before October 1, 2017, that all of the provisions added by that section have
29 been approved by the United States Department of Health and Human Services.

30 (d) AS 47.07.038, enacted by sec. 3 of this Act, takes effect only if the commissioner
31 of health and social services certifies to the revisor of statutes under sec. 7 of this Act, on or

1 before October 1, 2017, that all of the provisions added by that section have been approved by
2 the United States Department of Health and Human Services.

3 (e) Section 5 of this Act takes effect only if the commissioner of health and social
4 services certifies to the revisor of statutes under sec. 7 of this Act, on or before October 1,
5 2017, that all of the provisions added by that section have been approved by the United States
6 Department of Health and Human Services.

7 * **Sec. 10.** If AS 47.05.260(a)(5), enacted by sec. 2 of this Act, takes effect, it takes effect on
8 the day after the date the commissioner of health and social services makes a certification to
9 the revisor of statutes under secs. 7 and 9(a) of this Act.

10 * **Sec. 11.** If AS 47.05.260(a)(8), enacted by sec. 2 of this Act, takes effect, it takes effect on
11 the day after the date commissioner of health and social services makes a certification to the
12 revisor of statutes under secs. 7 and 9(b) of this Act.

13 * **Sec. 12.** If AS 47.05.260(a)(10) takes effect, it takes effect on the day after the date the
14 commissioner of health and social services makes a certification to the revisor of statutes
15 under secs. 7 and 9(c) of this Act.

16 * **Sec. 13.** If AS 47.07.038, enacted by sec. 3 of this Act, takes effect, it takes effect on the
17 day after the date the commissioner of health and social services makes a certification to the
18 revisor of statutes under secs. 7 and 9(d) of this Act.

19 * **Sec. 14.** If sec. 5 of this Act takes effect, it takes effect on the day after the date the
20 commissioner of health and social services makes a certification to the revisor of statutes
21 under secs. 7 and 9(e) of this Act.

22 * **Sec. 15.** Sections 6, 7, and 8 of this Act take effect immediately under AS 01.10.070(c).

ATTACHMENT D

HB148: Medicaid Reform/Fraud/ER Use/Studies

Versions: SB 74, CSHB 74(HSS), CSSB 74(STA)

SENATE BILL NO. 74

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY SENATORS KELLY, Giessel

Introduced: 3/13/15

Referred: Health and Social Services, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to permanent fund dividends; relating to a medical assistance reform
2 program; establishing a personal health savings account program for medical assistance
3 recipients; relating to the duties of the Department of Health and Social Services;
4 establishing medical assistance demonstration projects; and relating to a study by the
5 Department of Health and Social Services."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 43.23 is amended by adding a new section to read:

8 **Sec. 43.23.074. Contribution to personal health savings accounts.** A
9 recipient of medical assistance under AS 47.07 who is eligible to receive a permanent
10 fund dividend may elect to have 10 percent of the recipient's annual permanent fund
11 dividend deposited into a personal health savings account established under
12 AS 47.07.038. The department shall establish an application process to allow an
13 applicant, or the parent, legal guardian, or other authorized representative of an

1 unemancipated minor, to request that the department pay 10 percent of the applicant's
2 dividend directly to the applicant's personal health savings account.

3 * **Sec. 2.** AS 47.05 is amended by adding a new section to read:

4 **Sec. 47.05.250. Medical assistance reform program.** (a) The department
5 shall adopt regulations to design and implement a program for reforming the state
6 medical assistance program under AS 47.07. The reform program must include

7 (1) procedures to allow a medical assistance recipient to use a personal
8 health savings account under AS 47.07.038 for payment of premiums, copayments,
9 and deductibles if required of the recipient;

10 (2) referrals to community and social support services, including job
11 training;

12 (3) distribution of an explanation of medical assistance benefits to
13 recipients for health care services received under the program;

14 (4) expanding the use of telemedicine for primary care and urgent care;

15 (5) enhancing fraud prevention, detection, and enforcement;

16 (6) reducing the cost of behavioral health, senior, and disabilities
17 services provided to recipients of medical assistance under the state's home and
18 community-based services waiver under AS 47.07.045;

19 (7) pharmacy initiatives;

20 (8) enhanced care management;

21 (9) redesigning the payment process;

22 (10) stakeholder involvement in setting annual targets for quality and
23 cost-effectiveness;

24 (11) to the extent consistent with federal law, reducing travel costs by
25 requiring a recipient to obtain medical services in the recipient's home community, to
26 the extent appropriate services are available in the recipient's home community.

27 (b) Annually, the Department of Health and Social Services shall prepare a
28 report and submit the report to the senate secretary and the chief clerk of the house of
29 representatives and notify the legislature that the report is available within 10 days
30 after the convening of the regular session. The report must include

31 (1) realized cost savings related to reform efforts under this section;

1 (2) realized cost savings related to medical assistance reform efforts
2 undertaken by the department other than the reform efforts described in this Act; and

3 (3) a statement of whether the Department of Health and Social
4 Services has met annual targets for quality and cost-effectiveness.

5 * **Sec. 3.** AS 47.07 is amended by adding a new section to read:

6 **Sec. 47.07.038. Personal health savings account program.** The department
7 shall develop and implement a personal health savings account program for the benefit
8 of medical assistance recipients who elect to participate in the program. The program
9 must include

10 (1) consumer education strategies;

11 (2) recipient cost-sharing and copayment structures;

12 (3) a procedure for deposits in and payments from health savings
13 accounts; and

14 (4) a procedure for educating recipients about the application process
15 established by the Department of Revenue under AS 43.23.074 to allow recipients
16 who are eligible to receive a permanent fund dividend to elect to have 10 percent of
17 the dividend annually deposited in a personal health savings account.

18 * **Sec. 4.** AS 43.23.074; AS 47.05.250; and AS 47.07.038 are repealed October 1, 2022.

19 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 **MEDICAID MANAGED CARE DEMONSTRATION PROJECT FOR**
22 **INDIVIDUALS ENROLLED IN DENALI KIDCARE; OPT IN FOR OTHER RECIPIENTS.**

23 (a) On or before October 1, 2015, the Department of Health and Social Services shall design
24 and initiate a managed care demonstration project for individuals who qualify for medical
25 assistance under AS 47.07.020(b)(13) or (14) and for other medical assistance recipients who
26 opt in to the managed care demonstration project. The purpose of the demonstration project is
27 to ensure sustainability while reducing the cost of medical assistance payments and increasing
28 access to and improving the quality of care available to all medical assistance recipients. The
29 project developed under this section may include

30 (1) comprehensive care management;

31 (2) care coordination, including the assignment of a primary care case

1 manager located in the local geographic area of the recipient;

2 (3) health promotion;

3 (4) mental health parity as described in 42 U.S.C. 300gg-26.3;

4 (5) comprehensive transitional care from and follow-up to inpatient treatment;

5 (6) individual and family support;

6 (7) referral to community and social support services, including job training.

7 (b) The department may enter into contracts with one or more third-party
8 administrators to implement the project established under this section. The contract must
9 provide for a fee based on a per capita administrative expense that is fair and economical. The
10 department or administrator shall develop a comprehensive system of prior authorizations and
11 presumptive eligibility determinations for payment of services under the project. However,
12 prior authorization may not be required for mental health or primary care services.

13 (c) The department shall designate health care providers or one or more teams of
14 health care providers to provide services that are primary care and patient centered as
15 described by the department for purposes of the project under this section. The department
16 shall enter into necessary provider and fee agreements. For primary care case managers, the
17 fee agreement must include an incentive-based management fee system. The fee agreements
18 may not be based on a fee for service but must be based on performance measures, as
19 determined by the department. The performance measures must include premium payments
20 for centers of excellence according to nationally acceptable criteria and penalties for hospital-
21 acquired infections, readmissions, and failures of outcomes.

22 (d) The project under this section must include additional cost-saving measures that
23 include innovations to

24 (1) reduce travel through the expanded use of telemedicine for primary and
25 urgent care services; to the extent legal barriers prevent the expanded use of telemedicine, the
26 department shall identify those barriers;

27 (2) simplify administrative procedures for providers, including streamlined
28 audit, payment, and stakeholder engagement procedures.

29 (e) The project under this section must include a procedure to allow an election for
30 eligible medical assistance recipients under AS 47.07.020(b)(1) - (12) and (15) to opt in to the
31 managed care project.

1 (f) The department shall adopt regulations necessary to implement this section and
2 request technical assistance from and apply to the United States Department of Health and
3 Human Services for waivers or amendments to the state plan as necessary to implement the
4 project under this section.

5 (g) The project established under this section terminates October 1, 2022.

6 (h) In this section, "department" means the Department of Health and Social Services.

7 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 **REDUCTION OF NONURGENT USE OF EMERGENCY DEPARTMENT**
10 **SERVICES BY MEDICAL ASSISTANCE RECIPIENTS; DEMONSTRATION PROJECT.**

11 (a) On or before September 1, 2015, the Department of Health and Social Services shall
12 design and implement a demonstration project to reduce nonurgent use of emergency
13 departments by recipients of medical assistance under AS 47.07 and improve appropriate care
14 in appropriate settings for recipients. The project under this section must include

15 (1) to the extent consistent with federal law, a system for electronic exchange
16 of patient information among emergency departments;

17 (2) a process for defining and identifying frequent users of emergency
18 departments;

19 (3) a procedure for educating patients about the use of emergency departments
20 and appropriate alternative services and facilities for nonurgent care;

21 (4) to the extent consistent with federal law, a process to disseminate lists of
22 frequent users to hospital personnel to ensure that frequent users can be identified through the
23 electronic information exchange system described under (1) of this subsection;

24 (5) a process for assisting frequent users with plans of care and for assisting
25 patients in making appointments with primary care providers within 96 hours after an
26 emergency department visit;

27 (6) strict guidelines for the prescribing of narcotics;

28 (7) a prescription monitoring program;

29 (8) designation of medical personnel to review feedback reports regarding
30 emergency department use.

31 (b) The department shall adopt regulations necessary to implement this section and

1 request technical assistance from and apply to the United States Department of Health and
2 Human Services for waivers or amendments to the state plan as necessary to implement the
3 projects under this section.

4 (c) The project established under this section terminates October 1, 2022.

5 (d) In this section, "department" means the Department of Health and Social Services.

6 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **MEDICAID CHOICE WAIVER.** The Department of Health and Social Services shall
9 apply to the United States Department of Health and Human Services for a waiver under 42
10 U.S.C. 1396n(b) if necessary to implement AS 47.05.250(11), enacted by sec. 2 of this Act.

11 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 **DEPARTMENT OF HEALTH AND SOCIAL SERVICES FEASIBILITY STUDY.**

14 (a) The department shall conduct a study analyzing the feasibility of privatizing services
15 delivered at Alaska Pioneers' Homes, the Alaska Psychiatric Institute, and select facilities of
16 the division of juvenile justice. The department shall deliver a report summarizing the
17 department's conclusions to the senate secretary and the chief clerk of the house of
18 representatives and notify the legislature that the report is available within 10 days after the
19 convening of the Second Regular Session of the Twenty-Ninth Alaska State Legislature.

20 (b) In this section, "department" means the Department of Health and Social Services.

21 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **MEDICAID STATE PLAN; INSTRUCTIONS.** Not later than January 1, 2016, the
24 Department of Health and Social Services shall amend and submit for federal approval a state
25 plan for medical assistance coverage consistent with this Act. The Department of Health and
26 Social Services shall apply to the United States Department of Health and Human Services for
27 the choice of provider requirement and any waivers necessary to implement the projects and
28 programs described in this Act.

29 * **Sec. 10.** Section 11 of this Act is repealed October 1, 2022.

30 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 MEDICAID REFORM: CONTINGENT EFFECT. AS 43.23.074, enacted by sec. 1 of
2 this Act, AS 47.05.250, enacted by sec. 2 of this Act, and AS 47.07.038, enacted by sec. 3 of
3 this Act, take effect only if the commissioner of health and social services certifies to the
4 revisor of statutes, on or before October 1, 2017, that all of the provisions added by
5 AS 47.05.250, enacted by sec. 2 of this Act, all of the provisions added by AS 47.07.038,
6 enacted by sec. 3 of this Act, and all of the provisions added by secs. 5 - 7 and 9 of this Act
7 have been approved by the United States Department of Health and Human Services.

CS FOR SENATE BILL NO. 74(HSS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH AND SOCIAL SERVICES COMMITTEE

Offered: 4/11/15

Referred: State Affairs, Finance

Sponsor(s): SENATORS KELLY, Giessel

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a medical assistance reform program; relating to the duties of the
2 Department of Health and Social Services; establishing medical assistance
3 demonstration projects; relating to civil penalties for medical assistance fraud; relating
4 to studies by the Department of Health and Social Services; relating to cost-containment
5 measures for medical assistance; and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 47.05 is amended by adding new sections to read:

8 **Sec. 47.05.202. False claims for medical assistance; civil penalty.** (a) A
9 person may not

10 (1) knowingly submit, authorize, or cause to be submitted to a medical
11 assistance agency a false or fraudulent claim for payment or approval;

12 (2) knowingly make, use, or cause to be made or used, a false record or
13 statement to get a false or fraudulent claim for payment paid or approved by the

1 medical assistance program under AS 47.07;

2 (3) conspire to defraud the medical assistance program by getting a
3 false or fraudulent claim paid or approved;

4 (4) knowingly make, use, or cause to be made or used, a false record or
5 statement to conceal, avoid, or decrease an obligation to pay or transmit money or
6 property to the medical assistance program under AS 47.07.

7 (b) A violation under this section is punishable by a civil penalty of not less
8 than \$100 and not more than \$25,000 in addition to the costs and fees associated with
9 an enforcement action brought under AS 37.10.090 and 37.10.100.

10 (c) In addition to a civil penalty and costs and fees assessed under (b) of this
11 section, and except as provided under (d) of this section, a court shall award damages
12 in an amount that is three times the amount of actual damages sustained by the state
13 for a violation of (a) of this section.

14 (d) A court may reduce the damages assessed for a violation of (a) of this
15 section to the amount of actual damages sustained by the state and waive the civil
16 penalty allowed under (b) of this section if the court finds, by a preponderance of the
17 evidence, that the person who committed the violation furnished a state official who is
18 investigating the violation with all information known to that person about the
19 violation and fully cooperated with the investigation, and the information and
20 cooperation led state officials to discover additional violations within 30 days after
21 receiving the information.

22 (e) The damages and penalties available under this section are not exclusive,
23 and the remedies provided are in addition to other remedies provided by applicable
24 law.

25 (f) In this section, "knowingly" means that a person, with or without specific
26 intent to defraud,

27 (1) has actual knowledge of the information;

28 (2) acts in deliberate ignorance of the truth or falsity of the
29 information; or

30 (3) acts in reckless disregard of the truth or falsity of the information.

31 **Sec. 47.05.203. Department authority to impose civil penalties.** The

1 department may adopt regulations to assess the civil penalties provided under
2 AS 47.05.202(b) against a medical assistance provider, and, if the penalties are not
3 paid, the department may refer the case to the attorney general for prosecution under
4 AS 47.05.202.

5 * **Sec. 2.** AS 47.05 is amended by adding a new section to read:

6 **Sec. 47.05.260. Medical assistance reform program.** (a) The department
7 shall adopt regulations to design and implement a program for reforming the state
8 medical assistance program under AS 47.07. The reform program must include

9 (1) referrals to community and social support services, including career
10 and education training services available through the Department of Labor and
11 Workforce Development under AS 23.15, the University of Alaska, or other sources;

12 (2) distribution of an explanation of medical assistance benefits to
13 recipients for health care services received under the program;

14 (3) expanding the use of telemedicine for primary care, behavioral
15 health, and urgent care;

16 (4) enhancing fraud prevention, detection, and enforcement;

17 (5) reducing the cost of behavioral health, senior, and disabilities
18 services provided to recipients of medical assistance under the state's home and
19 community-based services waiver under AS 47.07.045;

20 (6) pharmacy initiatives;

21 (7) enhanced care management;

22 (8) redesigning the payment process by implementing fee agreements
23 based on performance measures that include premium payments for centers of
24 excellence according to nationally acceptable criteria and penalties for hospital
25 acquired infections, readmissions, and failures of outcomes;

26 (9) stakeholder involvement in setting annual targets for quality and
27 cost-effectiveness;

28 (10) to the extent consistent with federal law, reducing travel costs by
29 requiring a recipient to obtain medical services in the recipient's home community, to
30 the extent appropriate services are available in the recipient's home community.

31 (b) The department shall identify the areas of the state where improvements in

1 access to telemedicine would be most effective in reducing the costs of medical
2 assistance and improving access to health care services for medical assistance
3 recipients. The department shall make efforts to improve access to telemedicine for
4 recipients in those locations. The department may enter into agreements with Indian
5 Health Service providers, if necessary, to improve access by medical assistance
6 recipients to telemedicine facilities and equipment.

7 (c) On or before October 15 of each year, the Department of Health and Social
8 Services shall prepare a report and submit the report to the senate secretary and the
9 chief clerk of the house of representatives and notify the legislature that the report is
10 available. The report must include

- 11 (1) realized cost savings related to reform efforts under this section;
- 12 (2) realized cost savings related to medical assistance reform efforts
13 undertaken by the department other than the reform efforts described in this Act;
- 14 (3) a statement of whether the Department of Health and Social
15 Services has met annual targets for quality and cost-effectiveness;
- 16 (4) recommendations for legislative or budgetary changes related to
17 medical assistance reforms during the next fiscal year;
- 18 (5) changes in federal laws that the department expects will result in a
19 cost or savings to the state of more than \$1,000,000;
- 20 (6) a description of any medical assistance grants, options, or waivers
21 the department applied for in the previous fiscal year;
- 22 (7) the results of demonstration projects the department has
23 implemented;
- 24 (8) legal and technological barriers to the expanded use of
25 telemedicine, improvements in the use of telemedicine in the state, and
26 recommendations for changes or investments that would allow cost-effective
27 expansion of telemedicine;
- 28 (9) the percentage decrease in costs of travel for medical assistance
29 recipients compared to the previous fiscal year;
- 30 (10) the percentage decrease in the number of medical assistance
31 recipients identified as frequent users of emergency departments compared to the

1 previous fiscal year;

2 (11) the percentage increase or decrease in the number of hospital
3 readmissions within 30 days after a hospital stay for medical assistance recipients
4 compared to the previous fiscal year;

5 (12) the percentage increase or decrease in average state general fund
6 spending for each medical assistance recipient compared to the previous fiscal year;

7 (13) the percentage increase or decrease in uncompensated care costs
8 incurred by medical assistance providers compared to the percentage change in private
9 health insurance premiums for individual and small group health insurance.

10 (d) In this section, "telemedicine" means the practice of health care delivery,
11 evaluation, diagnosis, consultation, or treatment, using the transfer of medical data
12 through audio, visual, or data communications that are performed over two or more
13 locations between providers who are physically separated from the recipient or from
14 each other.

15 * **Sec. 3.** AS 47.07 is amended by adding a new section to read:

16 **Sec. 47.07.038. Reduction of nonurgent use of emergency department**
17 **services by medical assistance recipients; project.** (a) On or before September 1,
18 2015, the department shall design and implement a project to reduce nonurgent use of
19 emergency departments by recipients of medical assistance under this chapter and
20 improve appropriate care in appropriate settings for recipients. The project under this
21 section must include

22 (1) to the extent consistent with federal law, a system for electronic
23 exchange of patient information among emergency departments;

24 (2) a process for defining and identifying frequent users of emergency
25 departments;

26 (3) a procedure for educating patients about the use of emergency
27 departments and appropriate alternative services and facilities for nonurgent care;

28 (4) to the extent consistent with federal law, a process to disseminate
29 lists of frequent users to hospital personnel to ensure that frequent users can be
30 identified through the electronic information exchange system described under (1) of
31 this subsection;

1 (5) a process for assisting frequent users with plans of care and for
2 assisting patients in making appointments with primary care providers within 96 hours
3 after an emergency department visit;

4 (6) strict guidelines for the prescribing of narcotics;

5 (7) a prescription monitoring program;

6 (8) designation of medical personnel to review feedback reports
7 regarding emergency department use.

8 (b) The department shall adopt regulations necessary to implement this section
9 and request technical assistance from and apply to the United States Department of
10 Health and Human Services for waivers or amendments to the state plan as necessary
11 to implement the projects under this section.

12 * **Sec. 4.** AS 47.07 is amended by adding a new section to read:

13 **Sec. 47.07.076. Report to legislature.** (a) The department and the attorney
14 general shall annually prepare a report relating to the medical assistance program
15 under AS 47.07. The report must identify

16 (1) the amount and source of funds used to prevent or prosecute fraud,
17 abuse, payment errors, and errors in eligibility determinations for the previous fiscal
18 year;

19 (2) actions taken to address fraud, abuse, payment errors, and errors in
20 eligibility determinations during the previous fiscal year;

21 (3) specific examples of fraud or abuse that were prevented or
22 prosecuted;

23 (4) identification of vulnerabilities in the medical assistance program,
24 including any vulnerabilities identified by independent auditors with whom the
25 department contracts under AS 47.05.200;

26 (5) initiatives the department has taken to prevent fraud or abuse;

27 (6) recommendations to increase effectiveness in preventing and
28 prosecuting fraud and abuse;

29 (7) the return to the state for every dollar expended by the department
30 and the attorney general to prevent and prosecute fraud and abuse;

31 (8) estimated payment error rate measurement for the medical

1 assistance program;

2 (9) results from the Medicaid Eligibility Quality Control program.

3 (b) On or before October 15 of each year, the department shall submit the
4 report required under this section to the senate secretary and the chief clerk of the
5 house of representatives and notify the legislature that the report is available.

6 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **MEDICAID MANAGED CARE OR CASE MANAGEMENT DEMONSTRATION**
9 **PROJECT.** (a) On or before January 31, 2016, the Department of Health and Social Services
10 shall design and initiate one or more managed care or case management demonstration
11 projects. The department shall contract with a third party to provide managed care or case
12 management services for a group or groups of individuals who qualify for medical assistance
13 under AS 47.07 and may separate a group or groups of individuals into different managed
14 care or case management demonstration projects based on efficiency and cost savings. The
15 purpose of a demonstration project is to ensure sustainability while reducing the cost of
16 medical assistance payments and increasing access to and improving the quality of care
17 available to all medical assistance recipients. A project or projects developed under this
18 section may include

19 (1) comprehensive care management;

20 (2) care coordination, including the assignment of a primary care case
21 manager located in the local geographic area of the recipient;

22 (3) health promotion;

23 (4) mental health parity as described in 42 U.S.C. 300gg-26.3;

24 (5) comprehensive transitional care from and follow-up to inpatient treatment;

25 (6) individual and family support;

26 (7) referral to community and social support services, including career and
27 education training services available through the Department of Labor and Workforce
28 Development under AS 23.15, the University of Alaska, or other sources.

29 (b) The department shall enter into contracts with one or more third-party primary
30 care case managers, managed care organizations, prepaid ambulatory health plans, or prepaid
31 inpatient health plans to implement the project established under this section. The contract

1 must provide for a fee based on a per capita expense that is fair and economical. The
2 department or administrator shall develop a comprehensive system of prior authorizations for
3 payment of services under the project. However, prior authorization may not be required for
4 mental health or primary care services.

5 (c) The department or a third-party administrator shall designate health care providers
6 or one or more teams of health care providers to provide services that are primary care and
7 patient centered as described by the department for purposes of a project under this section.
8 The department or a third-party administrator shall enter into necessary provider and fee
9 agreements. For primary care case managers, the fee agreement must include an incentive-
10 based management fee system. The fee agreements may not be based on a fee for service but
11 must be based on performance measures, as determined by the department.

12 (d) A project under this section must include additional cost-saving measures that
13 include innovations to

14 (1) reduce travel through the expanded use of telemedicine for primary care,
15 urgent care, and behavioral health services; to the extent legal barriers prevent the expanded
16 use of telemedicine, the department shall identify those barriers;

17 (2) simplify administrative procedures for providers, including streamlined
18 audit, payment, and stakeholder engagement procedures.

19 (e) In this section, "department" means the Department of Health and Social Services.

20 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 DEPARTMENT OF HEALTH AND SOCIAL SERVICES FEASIBILITY STUDY.

23 (a) The department shall conduct a study analyzing the feasibility of privatizing services
24 delivered at Alaska Pioneers' Homes, the Alaska Psychiatric Institute, and select facilities of
25 the division of juvenile justice. The department shall deliver a report summarizing the
26 department's conclusions to the senate secretary and the chief clerk of the house of
27 representatives and notify the legislature that the report is available within 10 days after the
28 convening of the Second Regular Session of the Twenty-Ninth Alaska State Legislature.

29 (b) In this section, "department" means the Department of Health and Social Services.

30 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 MEDICAID STATE PLAN; WAIVERS; INSTRUCTIONS; NOTICE TO REVISOR
2 OF STATUTES. The Department of Health and Social Services shall amend and submit for
3 federal approval a state plan for medical assistance coverage consistent with this Act. The
4 Department of Health and Social Services shall apply to the United States Department of
5 Health and Human Services for any waivers necessary to implement this Act. The
6 commissioner of health and social services shall certify to the revisor of statutes if the
7 provisions of AS 47.05.260(a)(5), (8), and (10), added by sec. 2 of this Act, the provisions of
8 AS 47.07.038, added by sec. 3 of this Act, and the provision of sec. 5 of this Act are approved
9 by the United States Department of Health and Human Services.

10 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 **TRANSITION: REGULATIONS.** The Department of Health and Social Services may
13 adopt regulations necessary to implement the changes made by this Act. The regulations take
14 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
15 relevant provision of this Act implemented by the regulation.

16 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 **CONDITIONAL EFFECT.** (a) AS 47.05.260(a)(5), enacted by sec. 2 of this Act, takes
19 effect only if the commissioner of health and social services certifies to the revisor of statutes
20 under sec. 7 of this Act, on or before October 1, 2017, that all of the provisions added by that
21 section have been approved by the United States Department of Health and Human Services.

22 (b) AS 47.05.260(a)(8), enacted by sec. 2 of this Act, takes effect only if the
23 commissioner of health and social services certifies to the revisor of statutes under sec. 7 of
24 this Act, on or before October 1, 2017, that all of the provisions added by that section have
25 been approved by the United States Department of Health and Human Services.

26 (c) AS 47.05.260(a)(10), enacted by sec. 2 of this Act, takes effect only if the
27 commissioner of health and social services certifies to the revisor of statutes under sec. 7 of
28 this Act, on or before October 1, 2017, that all of the provisions added by that section have
29 been approved by the United States Department of Health and Human Services.

30 (d) AS 47.07.038, enacted by sec. 3 of this Act, takes effect only if the commissioner
31 of health and social services certifies to the revisor of statutes under sec. 7 of this Act, on or

1 before October 1, 2017, that all of the provisions added by that section have been approved by
2 the United States Department of Health and Human Services.

3 (e) Section 5 of this Act takes effect only if the commissioner of health and social
4 services certifies to the revisor of statutes under sec. 7 of this Act, on or before October 1,
5 2017, that all of the provisions added by that section have been approved by the United States
6 Department of Health and Human Services.

7 * **Sec. 10.** If AS 47.05.260(a)(5), enacted by sec. 2 of this Act, takes effect, it takes effect on
8 the day after the date the commissioner of health and social services makes a certification to
9 the revisor of statutes under secs. 7 and 9(a) of this Act.

10 * **Sec. 11.** If AS 47.05.260(a)(8), enacted by sec. 2 of this Act, takes effect, it takes effect on
11 the day after the date commissioner of health and social services makes a certification to the
12 revisor of statutes under secs. 7 and 9(b) of this Act.

13 * **Sec. 12.** If AS 47.05.260(a)(10) takes effect, it takes effect on the day after the date the
14 commissioner of health and social services makes a certification to the revisor of statutes
15 under secs. 7 and 9(c) of this Act.

16 * **Sec. 13.** If AS 47.07.038, enacted by sec. 3 of this Act, takes effect, it takes effect on the
17 day after the date the commissioner of health and social services makes a certification to the
18 revisor of statutes under secs. 7 and 9(d) of this Act.

19 * **Sec. 14.** If sec. 5 of this Act takes effect, it takes effect on the day after the date the
20 commissioner of health and social services makes a certification to the revisor of statutes
21 under secs. 7 and 9(e) of this Act.

22 * **Sec. 15.** Sections 6, 7, and 8 of this Act take effect immediately under AS 01.10.070(c).

CS FOR SENATE BILL NO. 74(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 4/16/15

Referred: Finance

Sponsor(s): SENATORS KELLY, Giessel

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to competitive bidding for medical assistance products and services;**
2 **relating to verification of eligibility for public assistance programs administered by the**
3 **Department of Health and Social Services; relating to eligibility for medical assistance;**
4 **relating to a medical assistance reform program; relating to the duties of the**
5 **Department of Health and Social Services; establishing medical assistance**
6 **demonstration projects; relating to civil penalties for medical assistance fraud; relating**
7 **to studies by the Department of Health and Social Services; relating to cost-containment**
8 **measures for medical assistance; and providing for an effective date."**

9 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

10 *** Section 1.** AS 47.05.015 is amended by adding a new subsection to read:

11 (e) Notwithstanding (c) of this section, the department may enter into a
12 contract through the competitive bidding process under AS 36.30 (State Procurement

1 Code) for medical assistance products and services offered under AS 47.07.030 if the
2 contract is for durable medical equipment or specific medical services that can be
3 delivered on a statewide basis.

4 * **Sec. 2.** AS 47.05 is amended by adding a new section to article 1 to read:

5 **Sec. 47.05.105. Computerized eligibility verification system.** (a) The
6 department shall establish a computerized income, asset, and identity eligibility
7 verification system for the purposes of verifying eligibility, eliminating duplication of
8 public assistance payments, and deterring waste and fraud in public assistance
9 programs administered by the department under AS 47.05.010.

10 (b) The department shall enter into a competitively bid contract with a third-
11 party vendor for the purpose of developing a system under this section for verifying an
12 applicant's eligibility for public assistance before the payment of benefits and for
13 periodically verifying eligibility between eligibility redeterminations and during
14 eligibility redeterminations and reviews under AS 47.05.110 - 47.05.120. The
15 department may also contract with a third-party vendor to provide information to
16 facilitate reviews of recipient eligibility conducted by the department.

17 * **Sec. 3.** AS 47.05 is amended by adding new sections to read:

18 **Sec. 47.05.202. False claims for medical assistance; civil penalty.** (a) A
19 person may not

20 (1) knowingly submit, authorize, or cause to be submitted to a medical
21 assistance agency a false or fraudulent claim for payment or approval;

22 (2) knowingly make, use, or cause to be made or used, a false record or
23 statement to get a false or fraudulent claim for payment paid or approved by the
24 medical assistance program under AS 47.07;

25 (3) conspire to defraud the medical assistance program by getting a
26 false or fraudulent claim paid or approved;

27 (4) knowingly make, use, or cause to be made or used, a false record or
28 statement to conceal, avoid, or decrease an obligation to pay or transmit money or
29 property to the medical assistance program under AS 47.07.

30 (b) A violation under this section is punishable by a civil penalty of not less
31 than \$100 and not more than \$25,000 in addition to the costs and fees associated with

1 an enforcement action brought under AS 37.10.090 and 37.10.100.

2 (c) In addition to a civil penalty and costs and fees assessed under (b) of this
3 section, and except as provided under (d) of this section, a court shall award damages
4 in an amount that is three times the amount of actual damages sustained by the state
5 for a violation of (a) of this section.

6 (d) A court may reduce the damages assessed for a violation of (a) of this
7 section to the amount of actual damages sustained by the state and waive the civil
8 penalty allowed under (b) of this section if the court finds, by a preponderance of the
9 evidence, that the person who committed the violation furnished a state official who is
10 investigating the violation with all information known to that person about the
11 violation and fully cooperated with the investigation, and the information and
12 cooperation led state officials to discover additional violations within 30 days after
13 receiving the information.

14 (e) The damages and penalties available under this section are not exclusive,
15 and the remedies provided are in addition to other remedies provided by applicable
16 law.

17 (f) In this section, "knowingly" means that a person, with or without specific
18 intent to defraud,

19 (1) has actual knowledge of the information;

20 (2) acts in deliberate ignorance of the truth or falsity of the
21 information; or

22 (3) acts in reckless disregard of the truth or falsity of the information.

23 **Sec. 47.05.203. Department authority to impose civil penalties.** The
24 department may adopt regulations to assess the civil penalties provided under
25 AS 47.05.202(b) against a medical assistance provider, and, if the penalties are not
26 paid, the department may refer the case to the attorney general for prosecution under
27 AS 47.05.202.

28 * **Sec. 4.** AS 47.05 is amended by adding a new section to read:

29 **Sec. 47.05.260. Medical assistance reform program.** (a) The department
30 shall adopt regulations to design and implement a program for reforming the state
31 medical assistance program under AS 47.07. The reform program must include

1 (1) referrals to community and social support services, including career
2 and education training services available through the Department of Labor and
3 Workforce Development under AS 23.15, the University of Alaska, or other sources;

4 (2) distribution of an explanation of medical assistance benefits to
5 recipients for health care services received under the program;

6 (3) expanding the use of telemedicine for primary care, behavioral
7 health, and urgent care;

8 (4) enhancing fraud prevention, detection, and enforcement;

9 (5) reducing the cost of behavioral health, senior, and disabilities
10 services provided to recipients of medical assistance under the state's home and
11 community-based services waiver under AS 47.07.045;

12 (6) pharmacy initiatives;

13 (7) enhanced care management;

14 (8) redesigning the payment process by implementing fee agreements
15 that include

16 (A) premium payments for centers of excellence;

17 (B) penalties for hospital-acquired infections, readmissions,
18 and outcome failures;

19 (C) bundled payments for specific episodes of care; and

20 (D) global payments for contracted payers, primary care
21 managers, and case managers for a recipient or for care related to a specific
22 diagnosis;

23 (9) stakeholder involvement in setting annual targets for quality and
24 cost-effectiveness;

25 (10) to the extent consistent with federal law, reducing travel costs by
26 requiring a recipient to obtain medical services in the recipient's home community, to
27 the extent appropriate services are available in the recipient's home community.

28 (b) The department shall identify the areas of the state where improvements in
29 access to telemedicine would be most effective in reducing the costs of medical
30 assistance and improving access to health care services for medical assistance
31 recipients. The department shall make efforts to improve access to telemedicine for

1 recipients in those locations. The department may enter into agreements with Indian
2 Health Service providers, if necessary, to improve access by medical assistance
3 recipients to telemedicine facilities and equipment.

4 (c) On or before October 15 of each year, the Department of Health and Social
5 Services shall prepare a report and submit the report to the senate secretary and the
6 chief clerk of the house of representatives and notify the legislature that the report is
7 available. The report must include

- 8 (1) realized cost savings related to reform efforts under this section;
- 9 (2) realized cost savings related to medical assistance reform efforts
10 undertaken by the department other than the reform efforts described in this Act;
- 11 (3) a statement of whether the Department of Health and Social
12 Services has met annual targets for quality and cost-effectiveness;
- 13 (4) recommendations for legislative or budgetary changes related to
14 medical assistance reforms during the next fiscal year;
- 15 (5) changes in federal laws that the department expects will result in a
16 cost or savings to the state of more than \$1,000,000;
- 17 (6) a description of any medical assistance grants, options, or waivers
18 the department applied for in the previous fiscal year;
- 19 (7) the results of demonstration projects the department has
20 implemented;
- 21 (8) legal and technological barriers to the expanded use of
22 telemedicine, improvements in the use of telemedicine in the state, and
23 recommendations for changes or investments that would allow cost-effective
24 expansion of telemedicine;
- 25 (9) the percentage decrease in costs of travel for medical assistance
26 recipients compared to the previous fiscal year;
- 27 (10) the percentage decrease in the number of medical assistance
28 recipients identified as frequent users of emergency departments compared to the
29 previous fiscal year;
- 30 (11) the percentage increase or decrease in the number of hospital
31 readmissions within 30 days after a hospital stay for medical assistance recipients

1 compared to the previous fiscal year;

2 (12) the percentage increase or decrease in average state general fund
3 spending for each medical assistance recipient compared to the previous fiscal year;

4 (13) the percentage increase or decrease in uncompensated care costs
5 incurred by medical assistance providers compared to the percentage change in private
6 health insurance premiums for individual and small group health insurance;

7 (14) the cost, in state and federal funds, for providing optional services
8 under AS 47.07.030(b).

9 (d) In this section, "telemedicine" means the practice of health care delivery,
10 evaluation, diagnosis, consultation, or treatment, using the transfer of medical data
11 through audio, visual, or data communications that are performed over two or more
12 locations between providers who are physically separated from the recipient or from
13 each other.

14 * **Sec. 5.** AS 47.07.020(d) is amended to read:

15 (d) **Notwithstanding (a) of this section, additional** [ADDITIONAL] groups,
16 **including groups added on or after March 23, 2010, to the list of persons for**
17 **whom the Social Security Act requires Medicaid coverage under 42 U.S.C. 1396 -**
18 **1396p (Title XIX, Social Security Act),** may not be added unless approved by the
19 legislature.

20 * **Sec. 6.** AS 47.07 is amended by adding a new section to read:

21 **Sec. 47.07.038. Reduction of nonurgent use of emergency department**
22 **services by medical assistance recipients; project.** (a) On or before September 1,
23 2015, the department shall design and implement a project to reduce nonurgent use of
24 emergency departments by recipients of medical assistance under this chapter and
25 improve appropriate care in appropriate settings for recipients. The project under this
26 section must include

27 (1) to the extent consistent with federal law, a system for electronic
28 exchange of patient information among emergency departments;

29 (2) a process for defining and identifying frequent users of emergency
30 departments;

31 (3) a procedure for educating patients about the use of emergency

1 departments and appropriate alternative services and facilities for nonurgent care;

2 (4) to the extent consistent with federal law, a process to disseminate
3 lists of frequent users to hospital personnel to ensure that frequent users can be
4 identified through the electronic information exchange system described under (1) of
5 this subsection;

6 (5) a process for assisting frequent users with plans of care and for
7 assisting patients in making appointments with primary care providers within 96 hours
8 after an emergency department visit;

9 (6) strict guidelines for the prescribing of narcotics;

10 (7) a prescription monitoring program;

11 (8) designation of medical personnel to review feedback reports
12 regarding emergency department use.

13 (b) The department shall adopt regulations necessary to implement this section
14 and request technical assistance from and apply to the United States Department of
15 Health and Human Services for waivers or amendments to the state plan as necessary
16 to implement the projects under this section.

17 * **Sec. 7.** AS 47.07 is amended by adding a new section to read:

18 **Sec. 47.07.076. Report to legislature.** (a) The department and the attorney
19 general shall annually prepare a report relating to the medical assistance program
20 under AS 47.07. The report must identify

21 (1) the amount and source of funds used to prevent or prosecute fraud,
22 abuse, payment errors, and errors in eligibility determinations for the previous fiscal
23 year;

24 (2) actions taken to address fraud, abuse, payment errors, and errors in
25 eligibility determinations during the previous fiscal year;

26 (3) specific examples of fraud or abuse that were prevented or
27 prosecuted;

28 (4) identification of vulnerabilities in the medical assistance program,
29 including any vulnerabilities identified by independent auditors with whom the
30 department contracts under AS 47.05.200;

31 (5) initiatives the department has taken to prevent fraud or abuse;

1 (6) recommendations to increase effectiveness in preventing and
2 prosecuting fraud and abuse;

3 (7) the return to the state for every dollar expended by the department
4 and the attorney general to prevent and prosecute fraud and abuse;

5 (8) estimated payment error rate measurement for the medical
6 assistance program;

7 (9) results from the Medicaid Eligibility Quality Control program.

8 (b) On or before October 15 of each year, the department shall submit the
9 report required under this section to the senate secretary and the chief clerk of the
10 house of representatives and notify the legislature that the report is available.

11 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 **MEDICAID MANAGED CARE OR CASE MANAGEMENT DEMONSTRATION**
14 **PROJECT.** (a) On or before January 31, 2016, the Department of Health and Social Services
15 shall design and initiate one or more managed care or case management demonstration
16 projects. The department shall contract with a third party to provide managed care or case
17 management services for a group or groups of individuals who qualify for medical assistance
18 under AS 47.07 and may separate a group or groups of individuals into different managed
19 care or case management demonstration projects based on efficiency and cost savings. The
20 purpose of a demonstration project is to ensure sustainability while reducing the cost of
21 medical assistance payments and increasing access to and improving the quality of care
22 available to all medical assistance recipients. A project or projects developed under this
23 section may include

24 (1) comprehensive care management;

25 (2) care coordination, including the assignment of a primary care case
26 manager located in the local geographic area of the recipient;

27 (3) health promotion;

28 (4) mental health parity as described in 42 U.S.C. 300gg-26.3;

29 (5) comprehensive transitional care from and follow-up to inpatient treatment;

30 (6) individual and family support;

31 (7) referral to community and social support services, including career and

1 education training services available through the Department of Labor and Workforce
2 Development under AS 23.15, the University of Alaska, or other sources.

3 (b) The department shall enter into contracts with one or more third-party primary
4 care case managers, managed care organizations, prepaid ambulatory health plans, or prepaid
5 inpatient health plans to implement the project established under this section. The contract
6 must provide for a fee based on a per capita expense that is fair and economical. The
7 department or administrator shall develop a comprehensive system of prior authorizations for
8 payment of services under the project. However, prior authorization may not be required for
9 mental health or primary care services.

10 (c) The department or a third-party administrator shall designate health care providers
11 or one or more teams of health care providers to provide services that are primary care and
12 patient centered as described by the department for purposes of a project under this section.
13 The department or a third-party administrator shall enter into necessary provider and fee
14 agreements. For primary care case managers, the fee agreement must include an incentive-
15 based management fee system. The fee agreements may not be based on a fee for service but
16 must be based on performance measures, as determined by the department.

17 (d) A project under this section must include additional cost-saving measures that
18 include innovations to

19 (1) reduce travel through the expanded use of telemedicine for primary care,
20 urgent care, and behavioral health services; to the extent legal barriers prevent the expanded
21 use of telemedicine, the department shall identify those barriers;

22 (2) simplify administrative procedures for providers, including streamlined
23 audit, payment, and stakeholder engagement procedures.

24 (e) In this section, "department" means the Department of Health and Social Services.

25 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 DEPARTMENT OF HEALTH AND SOCIAL SERVICES FEASIBILITY STUDY.

28 (a) The department shall conduct a study analyzing the feasibility of privatizing services
29 delivered at Alaska Pioneers' Homes, the Alaska Psychiatric Institute, and select facilities of
30 the division of juvenile justice. The department shall deliver a report summarizing the
31 department's conclusions to the senate secretary and the chief clerk of the house of

1 representatives and notify the legislature that the report is available within 10 days after the
2 convening of the Second Regular Session of the Twenty-Ninth Alaska State Legislature.

3 (b) In this section, "department" means the Department of Health and Social Services.

4 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 MEDICAID STATE PLAN; WAIVERS; INSTRUCTIONS; NOTICE TO REVISOR
7 OF STATUTES. The Department of Health and Social Services shall amend and submit for
8 federal approval a state plan for medical assistance coverage consistent with this Act. The
9 Department of Health and Social Services shall apply to the United States Department of
10 Health and Human Services for any waivers necessary to implement this Act. The
11 commissioner of health and social services shall certify to the revisor of statutes if the
12 provisions of AS 47.05.260(a)(5), (8), and (10), added by sec. 4 of this Act, the provisions of
13 AS 47.07.038, added by sec. 6 of this Act, and the provisions of sec. 8 of this Act are
14 approved by the United States Department of Health and Human Services.

15 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 TRANSITION: REGULATIONS. The Department of Health and Social Services may
18 adopt regulations necessary to implement the changes made by this Act. The regulations take
19 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
20 relevant provision of this Act implemented by the regulation.

21 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 CONDITIONAL EFFECT. (a) AS 47.05.260(a)(5), enacted by sec. 4 of this Act, takes
24 effect only if the commissioner of health and social services certifies to the revisor of statutes
25 under sec. 10 of this Act, on or before October 1, 2017, that all of the provisions added by
26 AS 47.05.260(a)(5) have been approved by the United States Department of Health and
27 Human Services.

28 (b) AS 47.05.260(a)(8), enacted by sec. 4 of this Act, takes effect only if the
29 commissioner of health and social services certifies to the revisor of statutes under sec. 10 of
30 this Act, on or before October 1, 2017, that all of the provisions added by AS 47.05.260(a)(8)
31 have been approved by the United States Department of Health and Human Services.

1 (c) AS 47.05.260(a)(10), enacted by sec. 4 of this Act, takes effect only if the
2 commissioner of health and social services certifies to the revisor of statutes under sec. 10 of
3 this Act, on or before October 1, 2017, that all of the provisions added by
4 AS 47.05.260(a)(10) have been approved by the United States Department of Health and
5 Human Services.

6 (d) AS 47.07.038, enacted by sec. 6 of this Act, takes effect only if the commissioner
7 of health and social services certifies to the revisor of statutes under sec. 10 of this Act, on or
8 before October 1, 2017, that all of the provisions added by AS 47.07.038 have been approved
9 by the United States Department of Health and Human Services.

10 (e) Section 8 of this Act takes effect only if the commissioner of health and social
11 services certifies to the revisor of statutes under sec. 10 of this Act, on or before October 1,
12 2017, that all of the provisions added by sec. 8 of this Act have been approved by the United
13 States Department of Health and Human Services.

14 * **Sec. 13.** If AS 47.05.260(a)(5), enacted by sec. 4 of this Act, takes effect, it takes effect on
15 the day after the date the commissioner of health and social services makes a certification to
16 the revisor of statutes under secs. 10 and 12(a) of this Act.

17 * **Sec. 14.** If AS 47.05.260(a)(8), enacted by sec. 4 of this Act, takes effect, it takes effect on
18 the day after the date the commissioner of health and social services makes a certification to
19 the revisor of statutes under secs. 10 and 12(b) of this Act.

20 * **Sec. 15.** If AS 47.05.260(a)(10), enacted by sec. 4 of this Act, takes effect, it takes effect
21 on the day after the date the commissioner of health and social services makes a certification
22 to the revisor of statutes under secs. 10 and 12(c) of this Act.

23 * **Sec. 16.** If AS 47.07.038, enacted by sec. 6 of this Act, takes effect, it takes effect on the
24 day after the date the commissioner of health and social services makes a certification to the
25 revisor of statutes under secs. 10 and 12(d) of this Act.

26 * **Sec. 17.** If sec. 8 of this Act takes effect, it takes effect on the day after the date the
27 commissioner of health and social services makes a certification to the revisor of statutes
28 under secs. 10 and 12(e) of this Act.

29 * **Sec. 18.** Sections 9 - 12 of this Act take effect immediately under AS 01.10.070(c).