



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of
Health and Social Services

DIVISION OF HEALTH CARE SERVICES
Director's Office

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May 20, 2013

Dear Tribal Health Leader,

On behalf of the Department of Health and Social Services (DHSS), I am writing to provide additional information regarding the proposed Medicaid state plan amendment (SPA) for inclusion of Frontier Extended Stay Clinics under existing clinic services in our state plan, as outlined in our April 8, 2013 letter to you.

Background and information regarding our proposed SPA:

Inclusion of Frontier Extended Stay Clinics (FESC) in Clinic Services: FESC providers offer observation and treatment services traditionally provided at acute care inpatient hospitals until the patient can be transferred or is no longer in need of transport. Providing these services requires additional staffing, equipment, and facility capacity. FESC fulfills Section 434 of the Medicare Modernization Act. According to the law, FESCs must be located in communities that are at least 75 miles away from the nearest acute care hospital or critical access hospital, or that are inaccessible by public road. However, extended stay services at FESC locations were solely funded through an approved CMS pilot program that ended March 31, 2013. The Department does intend to amend the Medicaid State Plan to continue to cover FESC under clinic services to allow reimbursement at designated locations.

Alaska Natives and American Indians (AI/AN) may use FESC services and may therefore benefit from the addition of this coverage to the Alaska Medicaid program. The FESC Pilot Project was led by South East Alaska Regional Health Consortium, and included members representing Iliuliuk Family and Health Services in Unalaska, Cross Road Medical Center in Glenallen, and the Haines Medical Center in Haines. Tribal health organizations that offer FESC services may benefit from the ability to bill Medicaid for services provided to Medicaid recipients.

In response, we received a letter requesting that we provide a "complete explanation of the scope and conditions of the proposed FESC coverage, a full description of how tribal and other providers will be paid for them, and a further opportunity to present views, ask questions, or suggest further changes."

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The proposed SPA is due to be submitted at the end of June. This timeline is proposed so that claims may continue to be made for FESC services such as were provided in the demonstration project that ended March 31, 2013.

The proposed payment is a prospectively determined rate. FESC's are paid for extended stays in four hour increments after an initial four hour stay and capped at 6 units per 24 hour period. The Department is not proposing a change to the current clinic rate. We are merely amending the plan to include the licensing of FESCs at designated locations and subsequent FESC reimbursement for multiple units of payment. Tribal clinics are exempt from licensing, although are still required to meet licensing standards. Medicaid reimbursement per unit is set at the encounter rate on file for each individual clinic. The rates for non-tribal facilities is based on the 2007 Ambulatory Payment Classification for observation services, and they incorporate wage and cost-of-living adjustments while the tribal encounter rate is set by Indian Health Services and published in the federal register on an annual basis.

Alaska Native Health Board's response to our April 8, 2013 consultation also included the request that the state provides a "fuller description" of the other proposed SPA's in the consultation letter. The state provided information about the additional proposed SPA's for informational purposes. The proposed changes are not substantive, and are involuntary as they were requested by CMS. Per our agreement, the state consults on changes to programs that have an anticipated impact on American Indians/Alaska Natives and tribal health programs, the state does not consult on changes that are solely semantic or formatting. The other proposed SPA's in the April 8, 2013 consultation letter do not change services, or payment, they are structural revisions. The state did not perceive a need to consult but as a courtesy, errs on the side of consulting to provide as much information as possible to tribal health leaders.

Please provide any written comments or questions regarding this State Plan Amendment to Gennifer Moreau, Alaska Department of Health and Social Services, 4501 Business Park Blvd., Suite 24, Bldg L, Anchorage, AK 99503-7167 or gennifer.moreau@alaska.gov. Please also feel free to call if you would like to arrange a meeting or discuss this upcoming State Plan Amendment.

Sincerely,



Gennifer Moreau
Medicaid State Plan Coordinator

Cc: Margaret Brodie, Director Division of Health Care Services
Rence Gayhart, Tribal Health Program Manager