



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

DIVISION OF HEALTH CARE SERVICES
Director's Office

4501 Business Park Blvd., Suite 24, Bldg. L
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April 13, 2017

Dear Tribal Health Leader,

On behalf of the Department of Health and Social Services (the department), in keeping with the responsibility to conduct tribal consultation, I am writing to inform you of a proposed future Medicaid State Plan Amendment (SPA). *This letter of consultation is written in conjunction with public notice for regulation change.*

The purpose of the proposed SPA is to implement cost containment measures. The proposed changes include the extension of the fiscal year 2017 cost-containment measures for not providing inflation adjustment through fiscal year 2018; the implementation of new cost containment measures through rate and service reductions; and no rebasing for hospital, skilled nursing, and federally qualified health center services for facilities that are not receiving their first cost based rate for fiscal year 2018.

In addition to the extension of the previous fiscal years inflation adjustment freeze, the proposed future SPA will include the following:

Service reductions involve,

1. a revision to the limits on day habilitation services.

Freeze on rebasing affects,

1. hospital payment rates for all hospitals that are not receiving their first cost based rate
2. skilled nursing rates for all facilities that are not receiving their first cost based rate
3. federally qualified health center rates for all facilities that are not receiving their first cost based rate.

The rate reduction of 5% affects,

1. per-day in-patient hospital payment rates for all hospitals except those licensed as specialty psychiatric hospitals;
2. ambulatory surgical center payment rates; and
3. outpatient general acute care hospital payment rates.

Freeze on inflation affects,

1. professional services
2. targeted case management payment rates
3. personal care services payment rates
4. home and community-based waiver services payment rates
5. federally qualified health center payment rates
6. hospital payment rates
7. skilled nursing payment rates
8. ambulatory surgical center payment rates
9. community health aide and practitioner rates.

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While the rate reductions and inflation freeze will not affect Indian Health Services rates that are set in the federal register, they will affect any tribal provider that selects to have their rates set by the Office of Rate Review. The rate reductions will also affect Medicaid payment rates for other non-I.H.S. providers from which Indian Health Beneficiaries may receive services. However, it is not anticipated that many providers will stop seeing Medicaid clients.

Written comments or questions regarding the proposed amendments are due on May 13, 2017, by 5 pm. If you would like to arrange an in-person meeting or discussion regarding the amendments, please provide a written request within 15-days of the date on this letter. Please direct all written correspondence to Courtney O'Byrne King, Alaska Department of Health and Social Services, 4501 Business Park Blvd., Building L, Anchorage, AK 99503 or courtney.king@alaska.gov.

Comments provided in response to this consultation letter will be considered comments for the purpose of consultation and not be taken as comment to the proposed regulations. Comments to the proposed regulations cannot be considered as comments to the consultation. If you wish to comment on both the consultation and the proposed regulations, you must do so separately. To locate the proposed changes to regulations, please refer to the State of Alaska, Department of Health and Social Services web page, at the "Public Notices" link.

Sincerely,

A handwritten signature in brown ink, appearing to read 'Courtney', with a long, sweeping underline.

Courtney O'Byrne King, MS
Medicaid State Plan Coordinator