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Department of Health

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Dear Tribal Health Leaders,

The Department of Health (the department) is appreciative of the thoughtful comments received for the proposed state plan amendment to exempt hospitals that are reimbursed based on the Diagnosis Related Groups (DRG) payment rate methodology from the continued stay authorization requirement. The following information represents a record of tribal comments (verbatim where included) and includes department responses to comments received from the Alaska Native Health Board (ANHB) and Alaska Native Tribal Health Consortium (ANTHC).

Tribal Comment #1 – ANTHC

I am writing in response to your October 14th Dear Tribal Health Leaders, in which the State proposed to amend the State Medicaid Plan to exempt hospitals that are reimbursed based on the Diagnosis Related Groups (DRG) payment rate methodology from continued stay authorization requirements. We are also aware that the Alaska Native Health Board (ANHB) will be submitting a similar recommendation on behalf of the Alaska Tribal Health System (ATHS). ANTHC supports the ANHB letter and recommendation.

> Department Response – The department received the ANHB letter and recommendation and recognizes that ANTHC is supportive of ANHB's response.

Tribal Comment #2 – ANHB

In the DOH Tribal consultation notice, the department states it does not anticipate an impact on Medicaid-eligible Alaska Native and American Indian beneficiaries, Tribal health programs, or the Indian Health Service. The letter further states that the department anticipates the amendment exempting hospitals reimbursed based on the DRG payment rate methodology from continued stay authorization requirements, which will positively impact all Medicaid beneficiaries by reducing administrative barriers to covered services. Tribal hospitals are adversely affected by continued length of stay authorizations and often must keep patients in hospitals because there is no lower level of care facilities to discharge patients to. Alaska is currently ranked 50th out of 50 states in skilled nursing facility (SNF) beds per capita and has approximately half of the SNF beds per capita as the 49th-ranked state. The lack of SNF capacity in the state is felt in the Alaska Tribal Health System as well as with non-Tribal health care providers, who also struggle with placing patients.

The notice states that only those facilities reimbursed based on DRG payment rate methodology are impacted, and to date, no Tribal health programs have elected to receive payment based on DRG payment rate methodology. While the proposed amendment will benefit relevant hospitals by reducing administrative burden, it does not alleviate the administrative burden for Tribal hospitals. All hospitals are affected by the maximum length of stay for a single admission.

Department Response – This proposed SPA is limited in scope only to hospitals that use the DRG payment rate methodology. The DRG methodology is based on pre-determined and appropriate lengths of stay based on diagnosis codes, which eliminates the need for required continued stay authorizations.

The department recognizes the concern that continued inpatient stay authorizations are an administrative obligation for hospitals. The department uses service authorizations to meet both utilization management and efficiency requirements of the Medicaid program where DRG methodology is not used.

Tribal Comment #4 – ANHB

The Tribal system works in close partnership with the State to maximize the federal policy of 100% FMAP, in situations when non-Tribal health providers provide care to Alaska Natives and American Indians not served by Tribal health facilities. This helps to maximize the federal policy of 100% FMAP when providing services to Alaska Natives. The ANHB agrees that the continued stay exemption will have a positive impact, but it could go further to include Tribal hospitals that are reimbursable at 100% federal match. Therefore, to maximize the impact of this policy change, ANHB supports the SPA with an exemption of the continued stay authorization that is also applicable to Tribal hospitals. This is consistent with and supports the partnership of the ATHS with the State Medicaid program. To this end, ANHB suggests the following friendly amendment to the SPA language:

INPATIENT HOSPITAL SERVICES: All hospitalizations must be physician-prescribed. The maximum hospital length of stay for any single admission is three days except for

a. Psychiatric admissions authorized by the department's utilization review contractor, and
b. Maternal and newborn hospital stays related to childbirth, which are limited to 48 hours of inpatient stay for a normal vaginal delivery and 96 hours of inpatient stay for a cesarean delivery.
c. Hospitals that are reimbursed under the Diagnosis Related Groups (DRG) methodology or Tribal inpatient hospitals that are reimbursed at the all-inclusive rate (AIR) posted in the Federal Register and calculated by the federal Office of Management and Budget (OMB).

Department Response – The department thanks ANHB for the suggested revisions for department consideration. The department acknowledges the request and continues to review service authorization requirements for both utilization management and efficiency.

Tribal Comment #5 – ANTHC

Furthermore, a consistent exemption from the continued stay authorization for hospitals paid at the DRG and the AIR would allow the vendor (Comagine) to operationalize a consistent policy, thus reducing workload for the vendor and the added benefit to decreasing contractual payments.

Department Response – The department thanks ANTHC for the suggestion for department consideration.

Tribal Comment #6 – ANTHC

While we understand that the DRG payment method address average length of stays for patients grouped within specific DRGs, and that this alleviates the need to have utilization limits, we still believe it would be appropriate to also exempt Tribal hospitals from the service authorizations. ANTHC is adversely affected by the continued stay service authorizations because Alaska simply does not have lower acuity of care facilities to discharge patients to. For example, skilled nursing services are an essential step in the continuum of care, with many hospitals directly coordinating with these specialized facilities to ensure patients are receiving the right level of care in the right setting. Alaska is ranked 50th out of the 50 states in skilled nursing facility (SNF) beds on a population per capita basis.

Department Response – Please refer to response to comment #3.

Tribal Comment #7 – ANTHC

Every day, between 20-35 ANMC inpatient beds are used by patients who are unable to transition to skilled nursing, representing approximately 10-20 percent of the Alaska Native Medical Center (ANMC) patient population. The lack of SNF capacity in the state is felt in the Alaska Tribal Health System as well as with non-tribal health care providers, who also struggle with placing patients in an appropriate level of care outside of the hospital. The administrative burden and costs to comply with the extended stay requirements is often time consuming and difficult to comply with. Because of these challenges discussed above, ANTHC recommends that the proposed SPA be amended to include an exemption of the continued stay authorization requirements for Tribal hospitals.

Department Response – Please refer to response to comment #3.

Tribal Comment #8 – ANTHC

We believe this request is consistent with our partnership with the State and works to maximize the policy of 100% FMAP since these services are reimbursed entirely by the federal government. Thank you for the opportunity to provide our comments and recommendations on the proposed SPA.

Department Response – It is important to recognize that the department is obligated to be good fiscal stewards for both state and federal dollars. Sound policy decisions must be implemented regardless of FMAP received from federal partners. The department thanks ANTHC for the suggestions for consideration.