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MEMORANDUM

Date: October 13, 2025

To: Terra Serpette, Division Operations Manager, Medicaid, Allocation, and Audit Services, Finance and Management Services, Department of Health

Re: Application of the Healthy Michigan Plan framework for defining medically frail to Alaska Medicaid data from FY2024

This memo provides estimates of the number of Medicaid recipients that would be exempted from work requirements under 42 CFR 440.315(f) if the State of Alaska adopted the same set of ICD-10 diagnosis codes as used by the Healthy Michigan Plan (HMP) to identify individuals from exemption.

42 CFR 440.315(f) is a federal regulation that exempts individuals who are "medically frail or otherwise have special medical needs" from mandatory enrollment in a state's Alternative Benefit Plan (ABP) under the Medicaid program. Medicaid beneficiaries who are considered medically frail consistent with 42 CFR 440.315(f) are exempt from the 48-month cumulative enrollment suspension of coverage requirement and are also exempt from the workforce engagement requirements as a condition of receiving coverage under the Medicaid program.[1]

Staff at HMP developed a list of 460 ICD-10 diagnosis codes to identify Medicaid beneficiaries for exemption under 42 CFR 440.315(f).[2] Evergreen Economics categorized these ICD-10 codes into the following seven categories of medical conditions:

1. **Cancer Treatment and Technology Dependence:** Includes active cancer treatments (chemotherapy, radiation, immunotherapy), awaiting organ transplant, and dependence on life-sustaining technology (ventilator, supplemental oxygen).

2. **Developmental and Intellectual Disabilities:** Includes moderate to profound intellectual disabilities, autism spectrum disorders, and other pervasive developmental disorders.

3. **Genetic and Metabolic Disorders:** Includes rare genetic disorders, inborn errors of metabolism (e.g., Tay-Sachs, Gaucher, Fabry-Anderson disease), congenital malformations (spina bifida), and chromosomal abnormalities.

4. **Neurological Disorders:** Includes dementia (Alzheimer's, vascular, Lewy body, frontotemporal), neurodegenerative diseases (ALS, MS, Parkinson's-related), paralysis,

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[1] Healthy Michigan Plan, Medically Frail Identification Process. https://www.michigan.gov/-/media/Project/Websites/mdhhs/Folder3/Folder65/Folder2/Folder165/Folder1/Folder265/Attachment_D_-_Medically_Frail_Process.pdf?rev=941dade01fab49ff961a0e089ec89838

[2] ibid.

cerebrovascular disease (TIA, stroke syndromes), and severe visual impairment (ophthalmoplegia).

5. **Severe and Persistent Mental Illness:** Includes schizophrenia spectrum disorders, schizoaffective disorder, other psychotic disorders, bipolar disorder, severe depression, severe anxiety disorders, dissociative disorders, and personality disorders.

6. **Substance Use Disorders:** Includes alcohol, opioid, cannabis, sedative, cocaine, stimulant, hallucinogen, and inhalant use with serious complications including intoxication delirium, withdrawal delirium, induced psychotic disorders, or induced persistent dementia.

7. **Other Chronic Medical Conditions:** Includes advanced chronic kidney disease (Stage 4-5 CKD, ESRD) often with hypertensive complications, serious infectious diseases (tuberculosis, HIV), and severe hematologic disorders (sickle cell disease with complications).

Table 1 provides a more comprehensive list of the individual diagnoses associated with each of the frailty categories and included with this memo is an Excel workbook with the full list of the 460 diagnosis codes used by HMP to identify exceptions to the work requirements under 42 CFR 440.315(f).

Table 1: Categories and Examples of Diagnosed Frailties Considered in this Preliminary Analysis*

Frailty Category	Descriptions of Conditions
Cancer Treatment and Technology Dependence	Encounter for antineoplastic radiation therapy, chemotherapy, or immunotherapy; awaiting organ transplant; dependence on respirator ventilator; dependence on supplemental oxygen
Developmental and Intellectual Disabilities	Moderate, severe, or profound intellectual disabilities; expressive language disorder; autistic disorder, Asperger's syndrome, other pervasive developmental disorders, Tourette's disorder
Genetic and Metabolic Disorders	Tay-Sachs, Fabry-Anderson, Gaucher, Krabbe disease; Niemann-Pick disease (Type A, B, C, D, unspecified or other); metachromatic leukodystrophy; cystic fibrosis; cervical, thoracic, lumbar, sacral, or unspecified spina bifida; trisomy 21, 18, 13, whole chromosome trisomy, partial trisomy; deletions with other complex rearrangements; velo-cardio-facial syndrome; balanced autosomal rearrangement in abnormal individual; fragile X chromosome
Neurological Disorders	Dementia, amnestic disorder, spastic paraplegia, amyotrophic neuromyopathy and neuropathy, progressive supranuclear ophthalmoplegia, Alzheimer's, multiple sclerosis, Vertebro-Basilar artery syndrome, carotid artery syndrome, multiple & bilateral precerebral artery syndrome, amaurosis fugax, transient global amnesia, transient cerebral ischemic attack, cerebral artery syndrome, muscular dystrophy, Lamber-Eaton

Frailty Category	Descriptions of Conditions
	syndrome, cerebral palsy, paraplegia, quadriplegia, monoplegia, hemiplegia
Severe and Persistent Mental Illness	Psychotic disorder, catatonic disorder, anxiety disorder, schizophreniform disorder, schizotypal disorder, delusional disorders, psychotic disorder, schizoaffective disorder, psychosis, manic episode, bipolar disorder, major depressive disorder, agoraphobia, panic disorder, post-traumatic stress disorder, dissociative amnesia/fugue, conversion disorder, dissociative identity disorder, body dysmorphic disorder, depersonalization-derealization syndrome, paranoid personality disorder, schizoid personality disorder
Substance Use Disorders	Alcohol abuse, alcohol dependence, opioid abuse, opioid dependence, cannabis abuse, cannabis dependence, sedative abuse, sedative dependence, cocaine abuse, cocaine dependence, other stimulant abuse, other stimulant dependence, hallucinogen abuse, hallucinogen dependence, inhalant abuse, inhalant dependence, other psychoactive substance abuse, other psychoactive substance dependence
Other Chronic Medical Conditions	Tuberculosis, human immunodeficiency virus (HIV) disease, sickle-cell disease, adenosine deaminase deficiency, Nezelof's syndrome, purine nucleoside phosphorylase deficiency, biotinidase deficiency, other immunodeficiency, Wiskott-Aldrich syndrome, Di Georges syndrome, hypertensive chronic kidney disease (CKD), CKD, end stage renal disease

Source: Healthy Michigan Plan, Medically Frail Identification Process. https://www.michigan.gov/-/media/Project/Websites/mdhhs/Folder3/Folder65/Folder2/Folder165/Folder1/Folder265/Attachment_D_-_Medically_Frail_Process.pdf?rev=941dade01fab49ff961a0e089ec89838
* A complete list of ICD-10 codes and descriptions is provided in accompanying Excel workbook.

Using a similar approach as we use for MESA long-term forecasting, Evergreen Economics analyzed claims data from the Alaska Medicaid Management Information System (MMIS) and the Administrative Service Organization (ASO) to identify Medicaid recipients who had a paid Medicaid claim during fiscal year (FY) 2024 that included one of the 460 diagnosis codes identified by HMP for exemption under 42 CFR 440.315(f). We examined up to four diagnosis codes for each Medicaid claim line in FY2024 to identify if the service was associated with any of the seven frailty categories listed in Table 1. We classified a Medicaid recipient as having a frailty for a particular frailty category if the individual had two or more ICD-10 diagnosis code for the respective frailty category.

What We Found

In our analysis of Alaska Medicaid claims data for FY2024, we found that 21,683 recipients would have been classified as having one or more diagnosed frailties based on HMP's list of 460 ICD-10 diagnosis codes (Table 2). Of these recipient, two-thirds (14,158) were adults 18 to 64 years of age.

Table 2: Counts of Medicaid Recipients by Diagnosed Frailty, FY2024

Frailty Category	All Ages	Adults 18-64
Cancer Treatment and Technology Dependence	1,132	635
Developmental and Intellectual Disabilities	3,987	1,386
Genetic and Metabolic Disorders	526	237
Neurological Disorders	3,301	1,506
Severe and Persistent Mental Illness	11,873	9,479
Substance Use Disorders	1,726	1,633
Other Chronic Medical Conditions	1,249	785
Unduplicated Count of Medicaid Recipients*	**21,683**	**14,158**

Source: Analysis by Evergreen Economics of Alaska MMIS data.

* Sum of recipient by frailty is greater than the unduplicated count Medicaid recipients with a diagnosed frailty due to some recipients having more than one diagnosed frailty.

Table 3 shows the count of adult Medicaid recipients by number of diagnosed frailties, average spending per recipient, and total spending on all recipients in FY2024. Spending per recipient with one diagnosed frailty was approximately four times greater as spending on adult recipients with no diagnosed frailty. Average spending per adult recipient was even greater for recipients with two or three diagnosed frailties ($83,807 and $164,112, respectively).

Table 3: Spending on Adult Medicaid Recipient (Ages 18 – 64) by Number of Diagnosed Frailties, FY2024

Diagnosed Frailties	Recipients	Average Spend Per Recipient	Total Spend on All Recipients*
0	88,500	$11,935	$1,056,273,749
1	12,723	$46,635	$593,333,322
2	1,368	$83,807	$114,648,025
3	67	$164,112	$10,995,478
Total	**102,658**	**$17,293**	**$1,775,250,566**

Source: Analysis by Evergreen Economics of Alaska MMIS data.

* Due to rounding, Total Spend may not equal Recipients × Average Spend Per Recipient.

Table 4 shows the number of adult Medicaid recipients (ages 18–64) by eligibility category (expansion, IHS, and "regular" Medicaid) who were diagnosed with each of the seven frailty categories in FY2024, and average and total spending on these recipients. Nearly 43 percent (6,034) of these recipients were enrolled through Medicaid expansion. By far the most prevalent frailty diagnosis for recipients enrolled through Medicaid expansion was severe

mental illness, followed by substance use disorder. Total spending on Medicaid services for recipients with these two diagnoses was $154.8 million and $54.3 million, respectively.[3]

Table 4: Spending on Adult Medicaid Recipients (18 – 64) with Diagnosed Frailty, FY2024

Eligibility Category	Frailty Category	Recipients with Diagnosed Frailty**	Avg. Spend Per Recipient	Total Spend on Recipients
Expansion* (Total Recipients: 46,704)	Cancer	320	$122,785	$39,291,194
	Developmental	205	$31,428	$6,442,822
	Genetic Metabolic	> 0	$208,069	$1,040,344
	Neurological	383	$87,577	$33,541,803
	Sev. Mental Illness	4,267	$36,279	$154,804,584
	Substance Use	1,113	$48,754	$54,263,692
	Other Chronic	315	$60,178	$18,956,221
IHS (Total Recipients: 19,531)	Cancer	85	$87,942	$7,475,070
	Developmental	199	$132,844	$26,435,970
	Genetic Metabolic	45	$108,703	$4,891,631
	Neurological	267	$110,073	$29,389,403
	Sev. Mental Illness	1,365	$56,663	$77,344,408
	Substance Use	180	$65,989	$11,877,934
	Other Chronic	79	$59,303	$4,684,909
"Regular" Medicaid (Total Recipients: 36,423)	Cancer	230	$101,693	$23,389,360
	Developmental	982	$99,013	$97,230,521
	Genetic Metabolic	187	$107,597	$20,120,564
	Neurological	856	$101,420	$86,815,751
	Sev. Mental Illness	3,847	$32,201	$123,877,939
	Substance Use	340	$40,567	$13,792,770
	Other Chronic	391	$51,313	$20,063,508

Note: The "Recipients with Diagnosed Frailty**" column shows 6,034 for Expansion, 1,995 for IHS, and 6,129 for "Regular" Medicaid.

Source: Analysis by Evergreen Economics of Alaska MMIS data.
* Includes IHS-Expansion.
** Sum of recipients diagnosed with a specific frailty diagnosis is greater than the number of recipients diagnosed with any frailty due to some recipients having more than one frailty diagnosis.

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[3] Note: 310 recipients enrolled through Medicaid expansion had diagnoses for both severe mental illness and substance use disorder in FY2024. Spending on these recipients is included in the totals for both disagnoses.