



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Health

OFFICE OF THE COMMISSIONER

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July 20, 2023

Dear Tribal Health Leaders

On behalf of the Department of Health (the department) and 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 opportunity for consultation runs concurrently with public comment on proposed regulations.*

**Purpose and content of the proposed amendment:**

The department intends to submit a SPA adding diagnosis-related group reimbursement for select inpatient hospitals (Providence Alaska Medical Center, Alaska Regional Hospital, Mat-Su Regional Hospital, Bartlett Hospital, Central Peninsula Hospital, and Fairbanks Memorial Hospital), adding a new designated evaluation and stabilization (DES) disproportionate share (DSH) category, and updating the contents of section 4.19-A to reflect improved structure and grammar, and the removal outdated information.

Diagnosis-related group reimbursement (DRGs)

The department engaged in an extensive collaboration with the provider association regarding the design and implementation of DRGs, including hospital representatives at critical times in the process. In addition to regularly scheduled workgroup meetings, the Office of Rate Review transmits status updates to the parties and established the following webpage containing information regarding the project -

<https://health.alaska.gov/Commissioner/Pages/RateReview/DRG/default.aspx>.

Designated evaluation and stabilization – disproportionate share hospital (DES-DSH) category

In support of the behavioral health system of care, and in alignment with department efforts to build crisis services, the department proposes the addition of a new DSH category authorizing the distribution of DSH funds to qualified designated evaluation and stabilization providers.

Reorganization and update to section 4.19-A

To assist tribal health organizations in their review of the reorganization and updating of section 4.19-A, the department offers a crosswalk of the proposed changes in an attachment to this letter.

**Anticipated impact on Medicaid-eligible Alaska Native/American Indian beneficiaries:**

The department does not anticipate the proposed changes directly impacting Medicaid-eligible Alaska Native/American Indian beneficiaries.

**Anticipated impact on tribal health programs and the Indian Health Service:**

The department does not anticipate the proposed changes directly impacting tribal health or Indian Health Service programs or providers. Tribal hospitals not being paid under the state payment methodology are exempted from the DRG methodology.

### Mechanism and timeline for comment

Written comments or questions regarding the proposed amendment are due no later than the close of business September 8, 2023. If seeking an in-person meeting regarding the proposed changes, please provide a written request within 15 days of the date of this letter. Please direct all written correspondence to Emily Beaulieu, Alaska Department of Health, 3601 C Street, Suite 902, Anchorage, AK 99503, or [emily.beaulieu@alaska.gov](mailto:emily.beaulieu@alaska.gov).

*Comments received in response to this consultation letter are considered for consultation and not as comments on the proposed regulations. Comments on the regulations are not considered comments for consultation on the SPA. **You must do so separately if you wish to provide comments for consideration in both the SPA and the regulations processes.** To locate the regulations, please refer to the State of Alaska web page at the "[Public Notices](#)" link*

Sincerely,

/s/

Emily Beaulieu  
Medicaid State Plan Coordinator

Attachment: DRG\_Crosswalk\_of\_Changes\_in Section\_4.19-A\_SPA (6 pages)

## Crosswalk of Changes to the Existing Section 4.19-A

The following information reflects a page-by-page crosswalk of the proposed revisions to section 4.19-A to facilitate meaningful engagement in tribal consultation. The changes proposed in this SPA significantly reduce the section 4.19-A footprint in the state plan from 30 to 22 pages. What follows describes only the changes to the existing section 4.19-A.

In addition to substantive changes reflecting the addition of diagnosis-related groups and a new disproportionate share hospital (DSH) category, the department opted to review and refresh language in all of section 4.19-A to reflect the removal of outdated language, use of updated terminology, a more fluid organizational structure (including new reference citations throughout), and the removal and replacement of passive language throughout. Where appropriate, the department notes specific non-substantive changes in the crosswalk below.

### Page 1

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

Updating the Alaska Administrative Code citation from 7 AAC 43 to 7 AAC.105-160.

Updating federal authorities cited under *Inpatient Hospital* to replace the previously approved language...

... [42 CFR 447.250 THROUGH 477.299] 1902(a)(13)(A), 1902(a)(30), and 1923 of the Social Security Act and Federal regulations at 42 CFR 447.250 through .252, .256, .257, .272, .280, and .296 through .299.

...with the following language

... sections 1902(a)(13)(A) [42 U.S.C. 1396a], 1902(a)(30), and 1923 of the Social Security Act (the Act) and the Code of Federal Regulations at 42 CFR §§ 447.250 - 447.257, 447.271, 447.272, 447.280, 447.294 - 447.299, and 447.554 - 447.555.

### Page 2

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

This page reflects a restructuring of the existing allowable costs section and establishes a new sub-section, "*costs not allowable*," consisting of existing information.

#### Substantive Changes

This page reflects a restructuring of the existing allowable costs section and establishes a new sub-section, "*costs not allowable*," consisting of existing information.

### Page 3

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

This page reflects a restructuring of the existing allowable costs section and establishes a new sub-section, "*costs not allowable*," consisting of existing information.

The department proposes removing language conveying information about actions taken in previous years in *Inflation Adjustment* as it is unnecessary and could cause confusion.

## Crosswalk of Changes to the Existing Section 4.19-A

### Page 4

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

The department proposes removing language conveying information about actions taken in previous years in *Determination of Prospective Payment Rates* as it is unnecessary and could cause confusion.

#### Substantive Changes

No changes.

### Page 5

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 6

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes removing language conveying information about actions taken in previous years in *Basic Prospective Payment Rate Methodology* as it is unnecessary and could cause confusion.

Additionally, the department proposes the removal of a paragraph in *Optional Prospective Payment Rate Methodology* describing a specific methodology used in identified years (past).

### Page 7

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes removing language conveying information about actions taken in previous years and language in *Optional Prospective Payment Rate Methodology* describing specific methodologies used in identified years (past).

### Page 8

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 9

#### Non-Substantive Changes

No changes – blank page.

#### Substantive Changes

No changes – blank page.

## Crosswalk of Changes to the Existing Section 4.19-A

### Page 10

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 11

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 12

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes removing introductory language and a list at the start of *DSH Payment Classifications* as they are redundant.

### Page 13

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes moving the first paragraph to the end of *DSH Payment Classifications* for clarity.

### Page 14

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes adding a new DSH category – *Designated Evaluation & Stabilization Disproportionate Share Hospital (DES DSH)* – as follows:

Other than an IMD, a hospital eligible for a DSH payment may qualify for a DES DSH payment adjustment if designated by the department as an evaluation services facility as specified in department regulations and the hospital enters into a DES DSH agreement with the department. Under the agreement, the hospital commits to reporting the number of DES encounters to the department to determine the appropriate distribution of DES DSH funds amongst all qualifying hospitals.

### Page 15

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes removing *Remainder of Government Allocation Disproportionate Share Hospital (ROGA DSH)* as it is outdated and no longer allowable under federal rules.

## Crosswalk of Changes to the Existing Section 4.19-A

### Page 16

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes removing the last paragraph in *MIU DSH and LI DSH Payments* dealing with pediatric outlier payment adjustments as it is outdated and not been utilized for (at least) eleven years.

### Page 17

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department proposes the removal of two paragraphs describing *ROGA Classification Payments* to correspond with the removal of this DSH category from page 15.

### Page 18

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction

#### Substantive Changes

The department proposes removing language conveying information in *Hospital Notification and Reconsideration* describing specific methodologies used in identified years (past) as it is outdated and has not been used since 2007.

The department proposes the addition of language as follows:

The department routinely monitors DSH encounters throughout the year, with the provider submitting reports as required and specified in the agreement. The department determines providers are eligible for reimbursement at the rate established in the signed agreement. The department makes DSH payments at least once each state fiscal year and bases the payment(s) on the reconciliation of the total number of encounters.

### Page 19

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

The department revises the list of DSH types under the *Monitoring and Recouping* subsection to reflect the addition of DES DSH and the removal of ROGA.

### Page 20

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 21

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

## Crosswalk of Changes to the Existing Section 4.19-A

### Substantive Changes

No changes.

### Page 22

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 23

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 24

#### Non-Substantive Changes

No changes.

#### Substantive Changes

The state proposes deleting *Proportionate Share Incentive Payments for Public Hospitals* as outdated and no longer in use.

### Page 24a

#### Non-Substantive Changes

No changes.

#### Substantive Changes

The state proposes deleting *Proportionate Share Incentive Payments for Public Hospitals* as outdated and no longer in use.

### Page 25

#### Non-Substantive Changes

No changes – blank page.

#### Substantive Changes

No changes – blank page.

### Page 26

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 27

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

## Crosswalk of Changes to the Existing Section 4.19-A

### Substantive Changes

The state proposes updating the methodology used to calculate the *State Hospital Proportionate Share Incentive Payment* to reflect the lower of the upper payment limit for the facility(s) or the total payments received reported on the Medicaid Management Information System (MMIS) MR-O-14 Report.

### Page 27a

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.

### Page 28

#### Non-Substantive Changes

Revisions as described in the second paragraph of the introduction.

#### Substantive Changes

No changes.