

7 AAC 145 is amended by adding new sections to read:

Article 11. Payment Rates; Supplemental Emergency Medical Transportation (SEMT) Program Services.

Section

- 750. Supplemental emergency medical transportation (SEMT) program
- 760. SEMT provider participation, qualification, and reporting requirements
- 770. SEMT interim supplemental payment
- 780. SEMT cost reconciliation and settlement process
- 790. SEMT administrative fee
- 799. Definitions

7 AAC 145.750. Supplemental emergency medical transportation (SEMT) program.

(a) The supplemental emergency medical transportation (SEMT) program is a voluntary program that makes supplemental payments to publicly owned or operated SEMT providers that provide qualifying emergency medical transportation services to Medicaid recipients. The supplemental payment covers the gap between the eligible SEMT provider's total allowable costs for providing SEMT services as reported on the *Supplemental Emergency Medical Transportation (SEMT) Cost Report*, adopted by reference in 7 AAC 160.900, and the amount of the base payment, mileage, and all other sources of reimbursement.

(b) The department will make supplemental payments only up to the amount uncompensated by all other sources of reimbursement for the SEMT services provided to applicable Medicaid recipients. The total reimbursement, including the fee-for-service Medicaid payment, third party liability payment, and SEMT payment, may not exceed 100 percent of

actual costs.

(c) A supplemental payment does not increase the current Medicaid fee-for-service (FFS) reimbursement rates. A participating provider shall continue to bill for the applicable FFS services and will be paid at the rates listed in the *Transportation/Accommodation Fee Schedule* adopted by reference in 7 AAC 160.900. The supplemental payment includes only SEMT services provided to FFS Medicaid recipients by eligible SEMT providers for dates of service on or after August 31, 2019.

(d) The SEMT program is only available for transportation of FFS Medicaid recipients who are currently eligible under 42 U.S.C. 1396 - 1396w-6 (Title XIX of the Social Security Act), under 42 U.S.C. 1397aa - 1397mm (Title XXI of the Social Security Act), under P.L. 111-148 (Patient Protection and Affordable Care Act), or through the Indian Health Service established under 25 U.S.C. 1661. A participating provider may not receive supplemental payments for transporting

- (1) Medicaid applicants; or
- (2) Medicare recipients with dual eligibility for Medicaid.

(e) The state general fund is not available for SEMT supplemental payments. (Eff. 10/09/2021, Register 240)

Authority: AS 47.05.010 AS 47.07.040 AS 47.07.085

[7 AAC 145.760. SEMT provider participation, qualification, and reporting requirements.](#)

(a) If a provider elects to participate in the SEMT program, the provider must comply with the following requirements to qualify and receive supplemental payments:

(1) provide emergency medical transportation services to Medicaid fee-for-service (FFS) recipients under 7 AAC 120.415 - 7 AAC 120.420;

(2) be publicly owned or operated;

(3) be enrolled as a ground, water, or air ambulance Medicaid provider for the service period specified in the claim; and

(4) include only claims for dates of service on or after the provider's Medicaid enrollment date, if a provider meets all other qualifications for the SEMT program and enrolls as a ground, water, or air ambulance Medicaid provider in the middle of the provider's fiscal year; the department will not make payment for claims for services provided before the provider's Medicaid enrollment date.

(b) Not later than the last day of the fifth month after the close of the provider's fiscal year, the SEMT provider must provide the documentation required under (c) of this section. The department may grant an extension of not more than 30 days, for good cause shown, if the SEMT provider requests the extension in writing. The department may grant an extension equal to the length of time determined by the Centers for Medicare and Medicaid Services (CMS), if CMS grants an extension for Medicare cost reports related to an issue that affects providers in this state.

(c) The SEMT provider must

(1) renew SEMT participation annually by submitting a *Supplemental Emergency Medical Transportation (SEMT) Provider Participation Agreement*, adopted by reference in 7 AAC 160.900;

(2) complete and submit the *Supplemental Emergency Medical Transportation*

(SEMT) Cost Report, adopted by reference in 7 AAC 160.900, in accordance with the *Supplemental Emergency Medical Transportation (SEMT) Cost Report Instructions*, adopted by reference in 7 AAC 160.900, and with *CMS Publication 15-1: Principles of Reimbursement for Provider Costs*;

(3) provide supporting documentation for the cost report and the cost determination prepared under AS 47.07.040 (state plan for provision of medical assistance), including

(A) audited financial statements, completed in accordance with generally accepted auditing standards (GAAS) or generally accepted government auditing standards (GAGAS), related to the cost report, or a separate schedule related to the cost report;

(B) a post-audit working trial balance for the audited financial statements;

(C) a reconciliation of the post-audit working trial balance to the cost report; and

(D) supporting documentation requested by the department;

(4) comply the allowable cost requirements provided in 2 C.F.R. Part 200, 42 C.F.R. Part 413, and Medicaid non-institutional reimbursement policy; and

(5) annually certify and allocate the provider's direct and indirect costs as qualifying expenditures eligible for federal financial participation (FFP).

(d) The SEMT provider must maintain the records required in this section for at least seven years from the date the documentation is submitted. Failure to maintain documentation to support allowable SEMT costs may result in the unsupported costs categorized as disallowed

costs.

(e) Each participating provider must agree to reimburse the department for the cost of administering the SEMT program. The cost may not be included as an expense in the participating provider's cost report.

(f) The eligible SEMT provider must identify indirect costs using one of the following options:

(1) an eligible SEMT provider that receives \$35,000,000 or more in direct federal awards must have either a cost allocation plan (CAP) or a cognizant agency-approved indirect rate agreement with its cognizant agency to identify indirect costs; if the eligible SEMT provider does not have a CAP or an indirect rate agreement with its cognizant agency and wants to claim indirect costs in association with non-institutional services, the eligible SEMT provider must obtain one or the other before it can claim any indirect costs;

(2) an eligible SEMT provider that receives less than \$35,000,000 in direct federal awards must develop and maintain an indirect rate proposal for audit; if the eligible SEMT provider does not have an indirect rate proposal, that provider may use methods originating from a CAP to identify its indirect costs; if the eligible SEMT provider does not have an indirect rate proposal or a CAP and wants to claim indirect costs in association with non-institutional services, the eligible SEMT provider must secure one or the other before it can claim any indirect costs;

(3) an eligible SEMT provider that receives no direct federal funding may use the following previously established methodology to identify indirect costs:

(A) a CAP with its local government;

(B) an indirect rate negotiated with its local government;

(C) direct identification through use of a cost report;

(4) if the eligible SEMT provider has never used any of the methodologies in (1) - (3) of this subsection, it may do so, or it may elect to use the 10 percent *de minimis* rate to identify its indirect costs.

(g) Each participating provider is responsible for submitting claims to the department for services provided to eligible recipients. A participating provider must submit the claim according to the rules and billing instructions in effect at the time the service was provided.

(h) For the report for federal fiscal year 2019, calendar year 2019, state fiscal year 2020, federal fiscal year 2020, calendar year 2020, and state fiscal year 2021, the SEMT provider must submit the documentation required under (c) of this section not later than *{180 days after effective date of regulations}*. (Eff. 10/09/2021, Register 240)

Authority: AS 47.05.010 AS 47.07.040 AS 47.07.085

[7 AAC 145.770. SEMT interim supplemental payment.](#)

(a) For SEMT, the department will pay an interim supplemental payment that approximates the SEMT costs eligible for federal financial participation claimed through the certified public expenditure (CPE) process.

(b) The department will calculate the interim supplemental payment rate for SEMT on an annual basis per cost report. The department will pay one interim payment not later than the end of the second quarter following the cost report submission.

(c) The department will determine the interim supplemental payments using the most

recently filed cost reports provided under 7 AAC 145.760. The cost reports will be used to determine an average cost per qualifying medical transport, using the following calculation:

(1) the sum of a participating provider's allowable direct and indirect costs for ground, air, and water medical transport services will be divided by the number of medical transports, separated into ground, air, and water services by the service-specific components, to determine a participating provider's average cost per medical transport for each ground, air, or water service;

(2) the average cost per medical transport for each ground, air, or water service will be multiplied by the number of qualifying Medicaid fee-for-service emergency medical transports to determine allowable Medicaid emergency medical transportation costs;

(3) the allowable Medicaid emergency medical transportation costs will be offset by Medicaid revenue for fee-for-service (FFS) and third party liability (TPL) for Medicaid emergency medical transports, to calculate the Medicaid emergency medical transportation costs that have not been paid by any other source;

(4) the calculated Medicaid emergency medical transportation costs not paid by any other source will be multiplied by the federal medical assistance percentage (FMAP), within the meaning given in 42 U.S.C. 1396d(b) (sec. 1905(b), Title XIX, Social Security Act), to determine the interim payment.

(d) The cost per medical transport per participating provider utilizes provider-specific data and varies from provider to provider. The department will calculate the amount of interim supplemental payments among the participating providers, in varying amounts based on the provider-specific data. (Eff. 10/09/2021, Register 240)

Authority: AS 47.05.010 AS 47.07.040 AS 47.07.085

[7 AAC 145.780. SEMT cost reconciliation and settlement process.](#)

(a) The department will adjust the cost report submitted by the provider for costs based on financial documentation provided during the desk review process, and to revenues and medical transports based on the reconciliation results from the most recently retrieved report from the Medicaid Management Information System (MMIS) described in 42 C.F.R. 433.111(b).

(b) The cost associated with a dry run is not eligible for FFP and is not an eligible expenditure. The SEMT administrative fee in 7 AAC 145.790 is not eligible for FFP and is not an eligible expenditure.

(c) All financial and medical transport information must be based on an accrual method of accounting and the participating provider must comply with generally accepted accounting principles (GAAP). Revenue must be reported in the period earned, regardless of when payment was received. Expenses must be reported in the period in which incurred.

(d) To determine the final supplemental payment, the department will perform cost settlements based on the final SEMT cost report for all participating providers using the following formula:

(1) the sum of a participating provider's allowable direct and indirect costs for ground, air, and water medical transport services will be divided by the number of medical transports, separated into ground, air, and water services by the service-specific components, to determine a participating provider's average cost per medical transport for each ground, air, or water service;

(2) the average cost per medical transport for each ground, air, or water service will be multiplied by the number of qualifying Medicaid fee-for-service emergency medical transports by Medicaid fund type, described in 7 AAC 145.750(d), to determine allowable Medicaid emergency medical transportation costs per Medicaid fund type;

(3) the allowable Medicaid emergency transportation costs will be offset by Medicaid revenue for fee-for-service, third party liability emergency medical transports, and the interim payment for the service year in which the interim supplemental payment is made for each Medicaid fund type for emergency medical transports, to calculate the Medicaid emergency medical transportation costs that have not been paid by any other source by Medicaid fund type;

(4) the calculated Medicaid emergency medical transportation costs not paid by any other source for each Medicaid fund type described in 7 AAC 145.750(d) will be multiplied by the federal medical assistance percentage (FMAP) within the meaning given in 42 U.S.C. 1396d(b) for that Medicaid fund type, including claims for non-Indian Health Service providers that have been tribally refinanced in accordance with CMS State Health Official (SHO) letter #16-002, *Re: Federal Funding for Services "Received Through" an IHS/Tribal Facility and Furnished to Medicaid-Eligible American Indians and Alaska Natives* (February 26, 2016), to determine the final settlement.

(e) Based on the process set out in (a) - (d) of this section, the department will

(1) recover from the participating provider the federal payments that exceed the participating provider's cost per qualifying transport, after adjustments for other sources of reimbursement as described in (d) of this section; or

(2) pay the participating provider a federal funds supplemental payment if the

process described in (d) of this section results in additional Medicaid emergency medical transportation costs that have not been covered by any other source of reimbursement.

(f) The department will report to the Centers for Medicare and Medicaid Services (CMS) any difference between the payment of federal funds made to the participating providers and the federal share of the qualifying expenditures and return the excess funds to CMS.

(g) The department will conduct the cost settlement process within three years of receipt of the as-filed annual report in 7 AAC 145.760. (Eff. 10/09/2021, Register 240)

Authority: AS 47.05.010 AS 47.07.040 AS 47.07.085

[7 AAC 145.790. SEMT administrative fee.](#)

(a) The provider must pay the department an administrative fee to cover the cost of the SEMT program.

(b) The fee is equal to the state general fund cost to the department to administer the SEMT program. The department will use the fee to pay the required state match for federal funding.

(c) The fee is a flat fee per Medicaid emergency medical transports for the service period in the cost reports submitted during the time period preceding the June 15 due date of the fee.

(d) The department will establish the administrative fee as follows:

(1) the first administrative fee per Medicaid emergency medical transport is the state general fund cost of the SEMT program starting from *{effective date of regulations}* until the following March 31 after the first SEMT cost reports are submitted to the department, divided by the number of SEMT Medicaid emergency medical transports that is obtained from

the Medicaid Management Information System (MMIS), described in 42 C.F.R. 433.111(b), as determined after the cost report submission for the SEMT providers for the service period matching the cost reports submitted during the same time period as the state general fund costs;

(2) in subsequent years, the administrative fee is the state general fund cost of the SEMT program during the most recent April 1 through March 31, divided by the number of SEMT Medicaid emergency medical transports that is obtained from the Medicaid Management Information System (MMIS), as determined after the cost report submission for the SEMT providers for the service period matching the cost reports submitted during the same time period as the state general fund costs.

(e) The fee is due for each participating provider on or before June 15 of each year that the provider participates. (Eff. 10/09/2021, Register 240)

Authority: AS 47.05.010 AS 47.07.040 AS 47.07.085

[7 AAC 145.799. Definitions.](#) In [7 AAC 145.750 - 7 AAC 145.799](#),

(1) "allowable cost" means an expenditure that meets the test of the appropriate Executive Office of the President of the United States' Office of Management and Budget (OMB) circular;

(2) "cognizant agency" means the federal agency with the largest dollar value of a direct federal award with a governmental unit or component;

(3) "department" means the Department of Health and Social Services;

(4) "desk review" means an analysis of cost report data submitted by a provider to determine whether costs are reasonable and allowable for reimbursement under federal and

state regulations;

(5) "direct costs" means costs included under 45 C.F.R. 75.413 that may be

(A) identified specifically with a particular final cost objective, such as a federal award or other internally or externally funded activity, to meet emergency medical transportation requirements; or

(B) directly assigned, with a high degree of accuracy, to an activity described in (A) of this paragraph;

(6) "direct federal award" means an award that the federal government pays directly;

(7) "dry run" means SEMT services provided by an eligible SEMT provider to an individual who is released on the scene without transportation by ground, air, or water ambulance to a medical facility;

(8) "emergency medical transport" means any ground, water, or air ambulance transport that

(A) was initiated through the 911 system; and

(B) is determined to be all Medicaid claims in a paid status under the provider types for ground ambulance, inclusive of water ambulance, and for air ambulance, except those claims for Medicare recipients with dual eligibility for Medicaid and except for dry runs;

(9) "federal financial participation" or "FFP" means the portion of medical assistance expenditures for emergency medical services paid or reimbursed by the Centers for Medicare and Medicaid Services (CMS) in accordance with the state plan prepared under

AS 47.07.040 for medical assistance;

(10) "indirect costs" means costs that

(A) cannot be readily assigned;

(B) are for a common or joint purpose benefitting more than one cost objective; and

(C) are allocated to each cost objective using a department-approved indirect rate or an allocation methodology;

(11) "publicly owned or operated" means owned or operated by

(A) a state;

(B) a city, county, home rule municipality, borough, special purpose district, or other governmental unit in that state that has taxing authority or direct access to tax revenues; or

(C) an Indian tribe or tribal organization within the meanings given in 25 U.S.C. 5304(e) and (l) (secs. 4(e) and (l) of the Indian Self Determination and Education Assistance Act);

(12) "SEMT services" means the transport of an individual from any point of origin to the nearest medical facility capable of meeting the emergency medical needs of the individual, including advanced, limited-advanced, and basic life support services provided to an individual by SEMT providers before or during transportation;

(13) "service period" means the provider's fiscal year. (Eff. 10/09/2021, Register 240)

Authority: AS 47.05.010 AS 47.07.040 AS 47.07.085

7 AAC 160.900(d) is amended by adding new paragraphs to read:

(70) the *Supplemental Emergency Medical Transportation (SEMT) Cost Report*, dated February 24, 2021;

(71) the *Supplemental Emergency Medical Transportation (SEMT) Cost Report Instructions*, dated April 1, 2021;

(72) the *Supplemental Emergency Medical Transportation (SEMT) Provider Participation Agreement*, dated April 1, 2021.

(Eff. 2/1/2010, Register 193; am 8/25/2010, Register 195; am 12/1/2010, Register 196; am 1/1/2011, Register 196; am 1/15/2011, Register 197; am 2/9/2011, Register 197; am 3/1/2011, Register 197; am 10/1/2011, Register 199; am 12/1/2011, Register 200; am 1/26/2012, Register 201; am 3/8/2012, Register 201; am 4/1/2012, Register 201; add'l am 4/1/2012, Register 201; am 5/11/2012, Register 202; am 10/16/2012, Register 204; am 11/3/2012, Register 204; am 12/1/2012, Register 204; am 12/2/2012, Register 204; am 1/1/2013, Register 204; am 1/16/2013, Register 205; am 7/1/2013, Register 206; add'l am 7/1/2013, Register 206; am 11/3/2013, Register 208; am 1/1/2014, Register 208; am 2/2/2014, Register 209; am 3/19/2014, Register 209; am 3/22/2014, Register 209; am 5/18/2014, Register 210; am 2/26/2015, Register 213; am 3/15/2015, Register 213; am 7/1/2015, Register 214; am 5/1/2016, Register 218; am 6/16/2016, Register 218; am 7/22/2017, Register 223; am 11/5/2017, Register 224; am 3/1/2018, Register 225; am 10/1/2018, Register 227; am 1/1/2019, Register 228; am 3/24/2019, Register 229; am 6/2/2019, Register 230; am 6/13/2019, Register 230; am 7/1/2019, Register 231; am 10/25/2019, Register 232; am 11/10/2019, Register 232; am 4/24/2020, Register 234; am 5/21/2020, Register 234; am 6/25/2020, Register 234; am 10/1/2020, Register 235; am 10/4/2020, Register 236; am

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1/1/2021, Register 236; am 3/31/2021, Register 238; am 6/30/2021, Register 238; am 8/27/2021,

Register 239; am 9/9/2021, Register 239; am 10/09/2021, Register 240)

Authority: AS 47.05.010 AS 47.07.030 **AS 47.07.085**

AS 47.05.012 AS 47.07.040