



Delayed RBRVS-Based Rate Reductions for FY2018 Frequently Asked Questions

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| <p>What happened?</p> | <p>DHSS introduced Medicaid rate adjustments for FY2018 as one of many cost-saving measures. This included a 10.3 percent rate reduction for professional services. These Medicaid rate adjustments were made through the regulatory process, which included a 35-day public comment period, and were filed by the Lieutenant Governor effective October 1, 2017.</p> <p>Due to an administrative oversight, the 10.3 percent rate reduction to professional services was not implemented until June 11, 2018, eight months later than anticipated. These rate reductions will be implemented retroactively, and the department will work with providers to collect overpaid claims dating back to October 1, 2017.</p> <p>DHSS recognizes the financial burden this will create for many Medicaid providers, and sincerely apologizes for its error. The department will work with providers to establish a negotiated timeframe for collection of overpaid claims.</p> |
| <p>Why are these rate changes necessary?</p> | <p>As a result of Alaska's current budget crisis, departments were required to reduce expenditures. This is just one of the many cost-saving measures adopted by the Department of Health and Social Services.</p> |

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| <p>Which provider types and services are affected by this rate change?</p> | <p>The rate reduction affects both facilities and professionals. Facility and other provider rate reductions were implemented as scheduled, however modifications were delayed until June 11, 2018 for providers whose rates are determined using the Resource-Based Relative Value Scale (RBRVS) methodology (e.g., physician, physician assistant, advanced practice registered nurse, certified registered nurse anesthetist, psychologist, direct entry midwife, chiropractor, podiatrist, optometrist, physical and occupational therapist, speech-language pathologist, family planning clinic, audiologist, home infusion therapy, school-based, independent laboratory, and other professional services).</p> |
| <p>Why were the RBRVS-based rates not adjusted as of the effective date of the rate adjustment regulations?</p> | <p>There are numerous factors involved in the calculation of RBRVS-based rates. The factor that would have reduced professional fee rates was not adjusted.</p> |
| <p>Will the rate adjustments be retroactive to the October 1, 2017 effective date?</p> | <p>Yes</p> |
| <p>Does this mean providers will have to give this money back?</p> | <p>Yes. The department will work with providers to collect overpaid claims dating back to October 1, 2017.</p> |
| <p>Why did this happen?</p> | <p>This delay in rate reductions resulted from an administrative oversight by the department. DHSS caught the error when staff were preparing to implement FY2019 rate adjustments. The department recognizes the financial burden this will create for many Medicaid providers, and sincerely apologizes for its error. DHSS will work with providers to establish a negotiated timeframe for collection of overpaid claims.</p> |

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| <p>Were providers notified of this information prior to the October 1, 2017 effective date?</p> | <p>Yes. This rate adjustment was made through the regulatory process on May 12, 2017 and included a 35-day public comment period during which providers were given the opportunity to respond to the proposed changes. On June 8, 2017, the Department provided public notice that included responses to questions received during the public comment period. On August 21, 2017, public notice was issued when the lieutenant governor signed the proposed regulations.</p> |
| <p>When will previously paid claims be adjusted to reflect the rate change?</p> | <p>For the overpayments that occurred from October 1, 2017 through June 11, 2018, the Department of Health and Social Services will contact providers individually and develop repayment plans to minimize impact on their businesses. Providers may choose to repay over time, or they may elect to repay in a lump sum. Providers will also have the option to request a hardship waiver.</p> |
| <p>Do I have the right to appeal the rate change?</p> | <p>Regulatory changes are not subject to appeal; however providers may request a hardship waiver for repayment of the overpayments that occurred between October 1, 2017 and June 11, 2018.</p> |
| <p>Can I send a check for the retroactive rate difference?</p> | <p>Yes</p> |
| <p>What is the average amount DHSS will collect back from providers?</p> | <p>The amount collected per provider varies widely based on the size of the practice and the number of Medicaid claims. Calculating an average would not accurately represent the financial impact per provider due to extreme outliers.</p> <p>The amount to be collected from providers ranges from \$2.73 to \$1.3 million.</p> |

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| <p>How long will providers have to pay the money back?</p> | <p>DHSS will negotiate a timeframe with each provider to repay these funds.</p> |
| <p>Do providers have to pay it all in one lump sum? Multiple payments? Will it be taken out of future Medicaid claims?</p> | <p>Providers will choose their preferred method of repayment. Some providers may choose to repay over time, while others will choose to pay in one lump sum. Providers may also choose to take the amount owed out of payments for future Medicaid claims.</p> |
| <p>What happens if a provider does not pay this money back?</p> | <p>If a provider is unable to repay overpaid Medicaid claims due to financial hardship, they may apply for a hardship waiver with the department. If a provider does not qualify for a hardship waiver, overpaid funds will be deducted from future Medicaid claims.</p> |

This document will be updated if new questions are received. Thank you for the services you continue to provide, and for your patience and cooperation as we work together to navigate Alaska's fiscal challenges.