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State/Territory Name: Alaska

State Plan Amendment (SPA) #: 19-0007

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Seattle Regional Office
701 Fifth Avenue, Suite 1600, MS/RX-200
Seattle, WA 98104

Western Division - Regional Operations Group

November 7, 2019

Adam Crum, Commissioner
Department of Health and Social Services
3601 C Street, Suite 902
Anchorage, AK 99503-7167

RE: Alaska State Plan Amendment (SPA) Transmittal Number 19-0007

Dear Mr. Crum:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Alaska's State Plan Amendment (SPA) Transmittal Number 19-0007. This SPA implements the Supplemental Emergency Medical Transportation (SEMT) payment program.

This SPA is approved effective August 31, 2019.

If there are additional questions, please contact me or your staff may contact Frank A. Schneider at frank.schneider@cms.hhs.gov or at (206) 615-2335.

Sincerely,

[redacted]

David L. Meacham
Deputy Director

cc:
Albert Wall, DHSS

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 19-0007

2. STATE: AK

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
August 31, 2019

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
SSA 1905(a)

7. FEDERAL BUDGET IMPACT:
a. FFY 19 $ 2,889,795
b. FFY 20 $ 11,559,179

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, page 17-22

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

10. SUBJECT OF AMENDMENT:

Add supplemental emergency medical transportation reimbursement (SEMT)

11. GOVERNOR'S REVIEW *(Check One)*:
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
Does not wish to comment

12. SIGNATURE OF STATE AGENCY OFFICIAL:
[redacted]

13. TYPED NAME: Albert Wall

14. TITLE: State of Alaska, DHSS Deputy Commissioner

15. DATE SUBMITTED: September 27, 2019

16. RETURN TO:

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 9/27/19

18. DATE APPROVED: 11/7/19

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 8/31/19

20. SIGNATURE OF REGIONAL OFFICIAL:
[redacted]
Digitally signed by David L. Meacham -S
Date: 2019.11.08 07:27:16 -08'00'

21. TYPED NAME: David L. Meacham

22. TITLE: Deputy Director

23. REMARKS:

FORM HCFA-179 (07-92)

Supplemental Emergency Medical Transportation Reimbursement

The Supplemental Emergency Medical Transportation (SEMT) reimbursement is a voluntary program making supplemental payments to eligible SEMT providers furnishing qualifying emergency medical transportation services to Medicaid-eligible beneficiaries. The SEMT program operates using the certified public expenditure (CPE) payment method.

Supplemental reimbursement via the SEMT is permissible only for the allowable and compensable costs of providing emergency medical transportation services to Medicaid-eligible beneficiaries in a fee-for-service (FFS) environment. Using the cost report, eligible SEMT providers must certify the total expenditures incurred in the provision of qualifying SEMT services to the Department of Health and Social Services (the Department) for use in the determination of the amount of supplemental reimbursement to individual providers through the program.

The SEMT payment reduces the discrepancy between a provider's total allowable costs for providing SEMT services, as reported on the cost report, and all other sources of reimbursement.

The Department makes supplemental payments only up to the amount of the federal share of uncompensated costs that exceed reimbursement from all other sources. Total reimbursement from the Department, including the federal supplemental payment, may not exceed one hundred percent of actual costs. The Department does not consider SEMT payments an increase to current FFS reimbursement rates.

Implementation of the SEMT program may not result in additional expenditures from the state general fund.

As a condition of participation under this program, an eligible provider must agree to reimburse the state Medicaid agency via an administration fee for any costs associated with implementing the SEMT program.

This supplemental reimbursement applies only to eligible SEMT services, rendered to Alaska Medicaid-eligible FFS beneficiaries, by eligible SEMT providers on or after July 1, 2019.

A. Definitions
   1. "Department" means the Alaska Department of Health and Social Services
   2. "Allowable costs" means an expenditure that meets the test of the appropriate Executive Office of the President of the United States' Office of Management and Budget Circular (OMB).
   3. "Cognizant agency" is the federal agency with the largest dollar value of direct federal awards with a governmental unit or component.
   4. "Cost Allocation Plan (CAP)" is a document that identifies, accumulates, and distributes allowable direct and indirect costs to cost objectives. The document also identifies the allocation methods used for distribution to cost objectives, based on relative benefits received. For SEMT purposes, providers must use their local governments' approved CAP.
   5. "Direct costs" are those costs that are identified by 45 CFR 75.413 that:
      a. Can be identified specifically with a particular final cost objective (to meet emergency medical transportation requirements), such as a federal award, or other internally or externally funded activity; or

Supplemental Emergency Medical Transportation Reimbursement

b. Can be directly assigned to such activities relatively easily with a high degree of accuracy.

6. "Direct federal award" means an award paid directly from the federal government. SEMT is not a direct award as it is paid through the Department.
7. "Eligible SEMT provider" means a provider meeting all of the eligibility requirements described [in Section B] below.
8. "Federal financial participation (FFP)" means the portion of medical assistance expenditures for emergency medical services paid or reimbursed by the Centers for Medicare and Medicaid Services in accordance with the approved state plan for medical assistance. Clients under Title XIX, Title XXI, and the Affordable Care Act (ACA) are eligible for FFP.
9. "SEMT Services" means the act of an enrolled SEMT provider transporting an individual from any point of origin to the nearest medical facility capable of meeting the emergency medical needs of the patient, as well as the advanced, and basic life support services provided to an individual by enrolled SEMT providers before or during the act of transportation.
10. "Indirect costs" means costs that cannot be readily assigned for a common or joint purpose benefitting more than one cost objective,
11. "Publically owned or operated" means a unit of government, which is a state, city, county, special purpose district, or a governmental unit in the state with taxing authority, direct access to tax revenues, or an Indian tribe as defined in Section 4 of the Indian Self Determination and Education Assistance Act.
12. "Service period" means the provider's designated fiscal year.

B. SEMT Provider Eligibility Requirements

To be eligible for supplemental payments, SEMT providers must meet all of the following requirements:

1. Be enrolled as a Medicaid provider for the period claimed on their annual cost report
2. Provide ground, air, or water emergency medical transportation services to Medicaid enrollees.
3. Be organizations owned or operated by the state, city, county, fire protection district, community services district, health care district, federally recognized Indian tribe, or any unit of government as defined in 42 C.F.R. Sec. 433.50.

C. Supplemental Reimbursement Methodology – General Provisions

1. Computation of allowable costs and their allocation methodology must be determined in accordance with the CMS Provider Reimbursement Manual (CMS Pub. 15-1), CMS non-institutional reimbursement policies, and 2 C.F.R. Part 200, which establish principles and standards for determining allowable costs and the methodology for allocating and apportioning those expenses to the Medicaid program, except as expressly modified below.
2. Medicaid base payments to the eligible SEMT providers for SEMT services are derived from the applicable emergency transportation FFS fee schedule(s) established for Medicaid program

reimbursement by procedure code. The primary source of paid claims data and other Medicaid reimbursements is the Alaska Medicaid Management Information System (MMIS). The number of paid Medicaid FFS SEMT transportation episodes is derived from, and supported by, MMIS reports for services during the applicable service period.

3. The total uncompensated care costs for each eligible SEMT provider available for reimbursement under this supplemental reimbursement program will equal the shortfall resulting from the allowable costs determined using the Cost Determination Protocols for each eligible SEMT provider providing SEMT services to Alaska FFS Medicaid beneficiaries, net of the amounts received and payable from the Alaska Medicaid program and all other sources of reimbursement for such services provided to Alaska Medicaid beneficiaries.

   A single cost report will be utilized to separately calculate the allowable costs and the average cost per transport for each type of transportation provided for those providers offering more than one type (ground, air, water) of emergency transportation service. If the eligible SEMT providers do not have any uncompensated care costs, then the provider will not receive a supplemental payment under SEMT. The total reimbursement from Medicaid, including the federal supplemental payment, must not exceed one hundred percent of the actual cost of providing emergency medical transportation services to eligible Alaska FFS Medicaid beneficiaries.

D. Cost Determination Protocols

1. An eligible SEMT provider's specific allowable cost per-medical transport rate for ground, air, and water will be calculated based on the provider's audited financial data reported on the cost report. The average emergency medical transport for each ground, air, and water will be the sum of actual allowable direct and indirect costs of providing each applicable medical transportation service divided by the actual number of medical transports for ground, air, or water provided for the applicable service period.

2. Direct costs for providing medical transportation services include only the unallocated payroll costs for the shifts in which personnel dedicate 100 percent of their time to providing medical transport services, medical equipment and supplies, and other costs directly related to the delivery of covered services, such as first-line supervision, materials and supplies, professional and contracted services, capital outlay, travel, and training. These costs must comply with the Medicaid non-institutional reimbursement policy and be directly attributable to the provision of medical transport services.

3. Indirect costs are determined in accordance with one of the following options.

   a. Eligible SEMT providers receiving more than $35 million in direct federal awards must have either a Cost Allocation Plan (CAP) or a cognizant agency-approved indirect rate agreement in place with its cognizant federal agency to identify indirect cost. If the eligible SEMT provider does not have a CAP or an indirect rate agreement in place with its cognizant federal agency and it would like to claim indirect cost in association with a non-institutional service, it must obtain one or the other before it can claim any indirect cost.

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b. Eligible SEMT providers receiving less than $35 million of direct federal awards are required to develop and maintain an indirect rate proposal for purposes of audit. In the absence of an indirect rate proposal, eligible SEMT providers may use methods originating from a CAP to identify its indirect cost. If the eligible SEMT provider does not have an indirect rate proposal on file or a CAP in place and it would like to claim indirect cost in association with a non-institutional service, it must secure one or the other before it can claim any indirect cost.

c. Eligible SEMT providers who receive no direct federal funding can use any of the following previously established methodologies to identify indirect cost:

   i. A CAP with its local government

   ii. An indirect rate negotiated with its local government

   iii. Direct identification through the use of a cost report

d. If the eligible SEMT provider never established any of the above methodologies, it may do so, or it may elect to use the 10% *de minimis* rate to identify its indirect cost.

E. Interim Supplemental Payment

1. Each eligible SEMT provider must compute the annual cost in accordance with the Cost Determination Protocols (Section D) and must submit the completed annual as-filed cost report, to the Department within five (5) months after the close of the provider-designated fiscal year.

2. The Department will make annual interim supplemental payments to eligible SEMT providers. The interim supplemental payments for each provider are based on the provider's completed annual cost report in the format prescribed by the Department for the applicable cost-reporting year.

3. To determine the annual interim supplemental payments, the Department must use the most recently filed cost reports for all qualifying providers. The Department will then determine the cost per transport for each service, which will vary between the qualifying providers. The interim supplemental payments will only be for services that are determined to be emergency medical transports. The interim payments are the federal portion of the difference between the providers' cost per transport and Medicaid fee-for-service payments from the MMIS. The Title XIX Federal Medical Assistance Percentage (FMAP) will be used to calculate the federal portion for the interim payments. The number of emergency medical transports will be for services paid through the MMIS for the time period that matches the dates of service on the most recently filed cost reports.

F. Cost Settlement Process

1. The Medicaid payments and the number of transport data reported in the as-filed cost report will be reconciled to the Alaska MMIS reports generated for the cost-reporting period within **three (3)** years of receipt of the as-filed cost report. The Department will adjust the as-filed cost report based on the results of reconciliation with the most recently retrieved MMIS report.

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2. The Department will compute the net SEMT allowable costs using audited per-medical transport cost, and the number of emergency medical fee-for-service SEMT transports data from the updated MMIS reports. The MMIS reports will categorize Medicaid payments and units of service into groups for each service (ground, air, water) based on 1) emergency medical transports, and 2) nonemergency medical transports, and only settle to cost for emergency medical transports.

   The MMIS reports will further categorize Medicaid payment and units of service into groups based on the FMAPs such as 1) Title XIX, 2) Title XXI, 3) the Affordable Care Act Medicaid Expansion, and 4) Indian Health Services – including claims by non-IHS providers that have been tribally refinanced in accordance with State Health Official letter #16-002 to determine the appropriate federal portion of the difference between the provider's cost per transport and the Medicaid FFS payments from the MMIS.

   Actual net allowable costs for emergency medical transports will be compared to the total base and interim supplemental payment and settlement payments made, and any other source of reimbursement received by the provider for the period. If at the end of the final reconciliation, it is determined that the SEMT provider has been overpaid, the provider will return the overpayment to the Department and the Department will return the overpayment to the federal government pursuant to section 433.316 of Title 42 of the Code of Federal Regulations. If an underpayment is determined, then the SEMT provider will receive a supplemental payment for underpayment

G. Eligible SEMT Provider Reporting Requirements – a SEMT provider must:

1. Report and certify total computable allowable costs annually on a Department- approved cost report. Eligible providers will submit cost reports no later than five (5) months after the close of the provider's designated fiscal year unless a provider has made a written request for an extension and the department grants the request. A request for an extension must be submitted no later than 30 days before the "no later than" submission date five-months after the close of the provider's designated fiscal year. Failure to submit the required information on time will result in the provider's exclusion from the SEMT program for the provider's designated fiscal year.
2. Provide supporting documentation to serve as evidence supporting information on the cost report and the cost determination as specified by the Department.
3. Keep, maintain, and have readily retrievable, such records as specified by the Department to fully disclose reimbursement amounts to which the eligible governmental entity is entitled, and any other records required by CMS for a period of seven years.
4. Comply with the allowable cost requirements provided in Part 413 of Title 42 of the Code of Federal Regulations, 2 C.F.R. Part 200, and Medicaid non-institutional reimbursement policy.

Supplemental Emergency Medical Transportation Reimbursement

H. Department Responsibilities

1. The Department will submit to CMS claims based on total computable certified expenditures for SEMT services provided, that are allowable and in compliance with federal laws and regulations and Medicaid non-institutional reimbursement policy.
2. The Department will submit, on an annual basis, any necessary materials to the federal government to provide assurances that claims will include only those expenditures that are allowable under federal law.
3. The Department will complete the audit and reconciliation process of the interim payments for the service period within three years of the postmark date of the cost report and may conduct on-site audits as necessary.