



Medicaid Optional Services in Alaska

Each state establishes and administers their own Medicaid programs. The federal government has determined what services each state must provide in their Medicaid programs. They have also provided a list of benefits that states may offer that are considered optional. Even though they are considered optional many of the services, such as pharmacy medications and mental health or drug abuse treatment, aren't truly optional if the goal is to keep people healthy. Optional services are offered as covered services because they generally are cost-effective alternatives to otherwise mandatory services. For example, optional dental services help prevent more acute problems from developing that could result in much more costly interventions including Emergency department visits or hospitalization.¹

Alaska covers a range of optional benefits under its Medicaid program (full list on page 2)². Despite concerns expressed by some stakeholders that Alaska's program has benefits that are richer than in other states, Alaska's coverage of optional benefits is well within the norm when compared to other state programs. As of 2016, all 23 optional services covered in Alaska are also available in at least two-thirds of other state programs.³

A review of the costs associated with optional services provided to adult beneficiaries shows that the top five optional service categories in terms of overall cost represent 88% of total costs for all covered optional services.⁴ The remaining sixteen optional services represent 12% of total costs.

Federal funds cover a significant portion of the top 5 optional services. Cutting the top five optional services would save the state \$98 million but result in the loss of \$217 million in federal funds and Medicaid recipients would no longer have access to prescription medications, mental health or drug abuse services resulting in increased costs to the state in other areas.

FY18 Top Medicaid program costs for optional services *			
	State	Federal	Total Spending
Top Five Optional Services by cost			
Prescribed Medications	\$26,086,317	\$84,334,087	\$110,420,403
Mental Health Services	\$14,620,935	\$52,905,534	\$67,526,469
Personal Care Services	\$29,886,477	\$30,372,824	\$60,259,301
Dental Health Services	\$10,300,622	\$32,053,787	\$42,354,409
Drug Abuse Center	\$1,895,108	\$18,261,346	\$20,156,454
All Other Optional Services (16 additional svcs)	\$16,017,128	\$26,102,227	\$42,119,358
Total Optional Services	\$98,806,587	\$244,029,805	\$342,836,394
Top 5 by cost	\$82,789,459	\$217,927,578	\$300,717,036
Top 5 as percent of total costs	84%	89%	88%

SFY 2018 Medicaid Expenditures for Optional Services by Fund Source

State FY2018 spending for optional services (non-waiver services) with a breakdown by service category and funding source. AS 47.05.270(d)(14)

	STATE	FEDERAL	TOTAL SPENDING
CASE MANAGEMENT SERVICES	\$0	\$1,425	\$1,425
CHIROPRACTIC SERVICES	\$27,473	\$27,352	\$54,825
DENTAL HEALTH SERVICES	\$10,300,622	\$32,053,787	\$42,354,409
DRUG ABUSE CENTER	\$1,895,108	\$18,261,346	\$20,156,454
DURABLE MEDICAL EQUIPMENT/MEDICAL SUPPLIES	\$2,736,865	\$4,465,808	\$7,202,673
END STAGE RENAL DISEASE SERVICES	\$2,661,159	\$3,276,476	\$5,937,636
HEARING SERVICES	\$1,016,960	\$1,915,883	\$2,932,843
HOSPICE CARE	\$197,925	\$328,091	\$526,016
INPATIENT PSYCH SERVICE	\$153,368	\$153,368	\$306,737
INTENSIVE CARE FACILITY/INTELLECTUALLY DISABLED	\$911,097	\$1,079,736	\$1,990,834
MEDICAL SUPPLIES SERVICE	\$2,983,272	\$3,453,367	\$6,436,639
MENTAL HEALTH SERVICE	\$14,620,935	\$52,905,534	67,526,469
NUTRITION SERVICES	\$7,951	\$14,003	\$21,954
OCCUPATIONAL THERAPY	\$198,563	\$462,093	\$660,656
PERSONAL CARE SERVICES	\$29,886,477	\$30,372,824	\$60,259,301
PODIATRY	\$41,716	\$47,096	\$88,811
PRESCRIBED DRUGS	\$26,086,317	\$84,334,087	\$110,420,403
PROSTHETICS & ORTHOTICS	\$316,794	\$637,490	\$954,284
PSYCHOLOGY SERVICES	\$277,877	\$796,715	\$1,074,592
REHABILITATIVE SERVICES	\$2,326,947	\$5,281,908	\$7,608,855
VISION SERVICES	\$2,159,161	\$4,161,416	\$6,320,578
TOTAL OPTIONAL SERVICE EXPENDITURES	\$ 98,806,587	\$ 244,029,805	\$ 342,836,394

¹ Alaska Legislative Finance, Medicaid Budget FAQs <http://www.legfin.akleg.gov/MedicaidFAQ/FAQs.php>

² FY 2018 Alaska DHSS Annual Medicaid Reform Report: Appendix H.

³ Health Management Associates, Medicaid Program Changes: Analysis of Potential Savings and Considerations, Prepared for ASHNHA, May 15, 2017.

⁴ Waiver services not covered in this analysis.