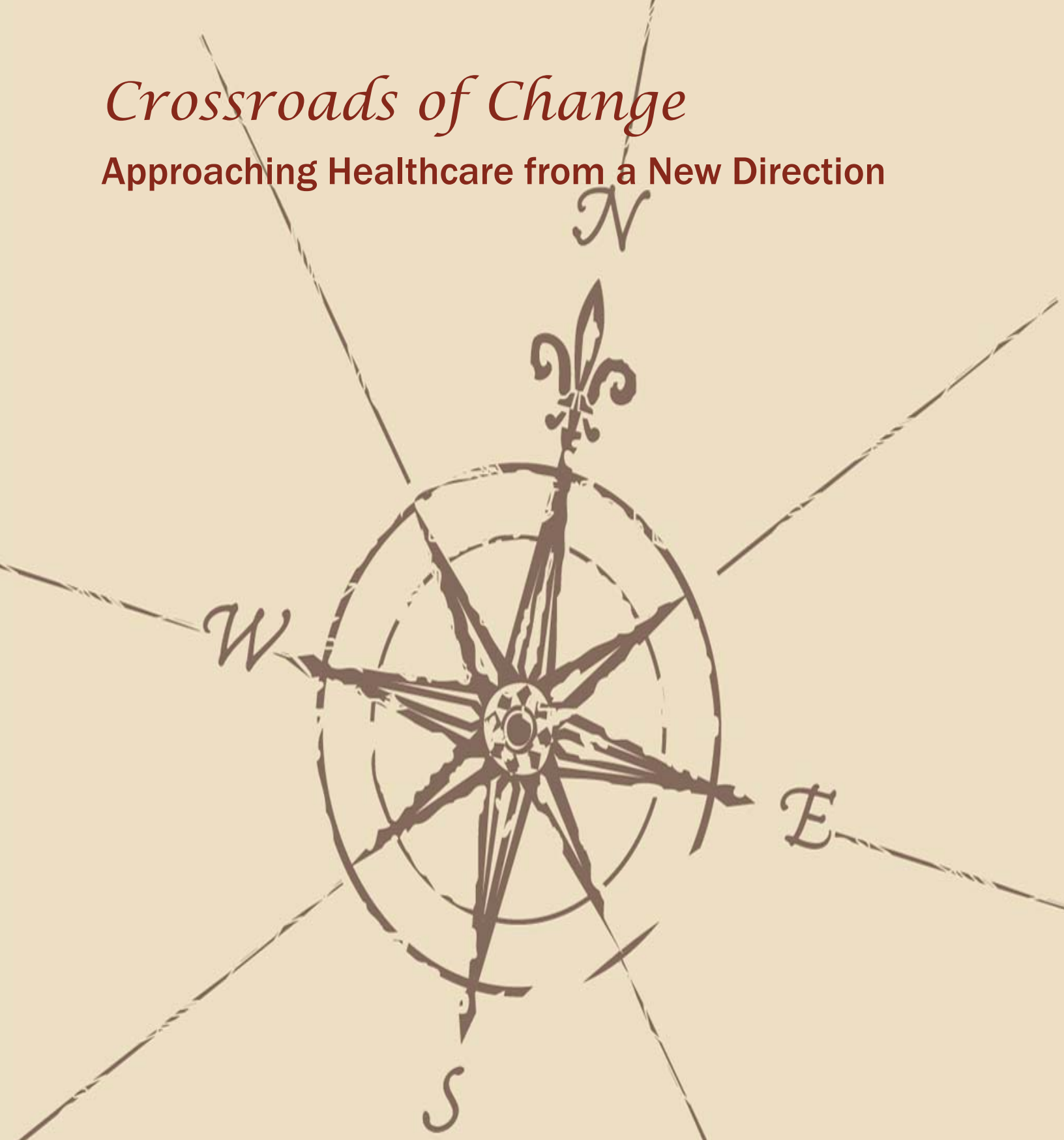# *Crossroads of Change*
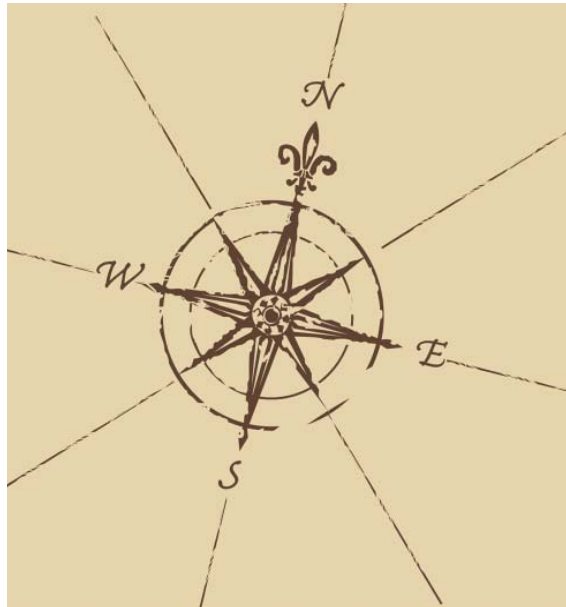## Approaching Healthcare from a New Direction

N

W

E

S

Alabama Medicaid Agency
Annual Report Fiscal Year 2010

Bob Riley
Governor
State of Alabama

Carol H. Steckel
Commissioner,
Alabama Medicaid Agency

FY 2010

Table of Contents

Alabama Medicaid Agency

501 Dexter Avenue
PO Box 5624
Montgomery Alabama 36103-5624

The Honorable Bob Riley
Governor of the State of Alabama
Alabama State Capitol
Montgomery, Alabama 36130

Dear Governor Riley:

Resilience, determination and diligence were the hallmarks of the Alabama Medicaid Agency in Fiscal Year 2010. Despite an arduous economic landscape, the Agency, working in conjunction with health care providers, continued its long tradition of carefully, efficiently and effectively managing limited resources to focus on the most vulnerable of the Alabama population in improving their well-being with vital medical services.

Alabama Medicaid approached healthcare from several new directions during this fiscal year. Nationally, Alabama Medicaid was in the forefront of creative and sensible initiatives that provided a level of care uniquely suited to Alabamians' needs. An innovative, streamlined process paved the way for a less cumbersome enrollment of children in both Medicaid and AllKids, the Children's Health Insurance Program. That earned the State of Alabama a federal government performance bonus. Express Lane Eligibility (ELE), a data-sharing initiative, was launched to modernize and speed up the renewal process for Medicaid-eligible children. ELE allows eligibility redeterminations based on information available through data systems of other state assistance programs.

Working with a broad base of stakeholders in a public-private cooperative, great strides were made in forming a statewide health information exchange that will help Alabama providers and hospitals meet federal requirements for "meaningful use."

A revamped Maternity Care program took aim at healthier pregnancies for over 30,000 Alabama mothers. The Agency examined ways to decrease institutional care by increasing home and community-based services. Pharmacy cost containment activities included preferred drug list improvements and changes in reimbursement methods. A Radiology Management program yielded clinically-appropriate imaging services, while saving millions for taxpayers.

The Agency also took several new approaches to make access to Medicaid services more convenient for clients. Switching from paper vouchers to plastic cards provided recipients a safe and convenient way to access their non-emergency transportation benefits. The Agency opened its second customer service center as part of an ongoing effort to lower costs and enhance productivity and proficiency and the Home and Community-Based Services waiver staff was cited for excellent customer service.

For the first time in the 40-year history of the Agency, more than one million people were enrolled in at least one month during Fiscal Year 2010. In the midst of an ever-expanding, constantly-evolving health care system faced with budgetary concerns, Alabama Medicaid stands determined, with your continuing support, to meet those challenges.

It is with great pride that I present the Alabama Medicaid Agency's 38th Annual Report for Fiscal Year 2010.

Sincerely,

Carol H. Steckel, MPH
Commissioner

The Medicaid Agency

MISSION:
To provide a system of financing health care for eligible
Alabamians in accordance with established statutes and
Executive Orders.

VISION:
To play a key leadership role in ensuring availability and access
to appropriate health care for all Alabamians.

VALUES:

- Respect
  *We are a caring organization that treats each individual with dignity,
  empathy, and honesty.*

- Integrity
  *Our stakeholders can depend on the quality, trustworthiness, and
  reliability of our Agency's employees and representatives.*

- Excellence
  *We are committed to maximizing our resources to ensure the residents of
  Alabama have access to quality health care.*

- Teamwork
  *Our success depends upon establishing and maintaining
  effective collaborative partnerships.*

- Innovation
  *We willingly embrace new ideas and new ways of doing things to effectively
  meet a changing health care environment*

Alabama Medicaid Agency

Governor
State of Alabama
Bob Riley

Medical Care Advisory Committee

Commissioner
Alabama Medicaid Agency
Carol H. Steckel

Physicians Task Force

Office of General Counsel
Stephanie Azar

Governmental Affairs
Henry Davis
- Constituent Affairs
- State and Federal Relations

Human Resources
Georgette Harvest

Communications
Robin Rawls
- Public Information and Education

Transformation Initiatives
Kim Davis-Allen

Internal Audit
Gladys Gray

Financial Administration
Terry Bryant

Beneficiary Services
Lee Rawlinson
Deputy Commissioner

Elderly/Disabled Certification
Luann McQueen
- Auburn/Opelika DO
- Birmingham DO
- Decatur DO
- Dothan DO
- Florence DO
- Gadsden DO
- Mobile DO
- Montgomery DO
- Selma DO
- Tuscaloosa DO

Family Certification
Sharon Parker
- Northern Region
- Central Region
- Southern Region

Certification Support
Gretel Felton
- Policy/Program Implementation
- Training
- Technical Support
- Central Certification

Administrative Services
Lee Maddox
Deputy Commissioner

Administrative Services
Diane McCall
- Records Management
- Purchasing
- Management Support
- NET Services

Program Integrity
Jacqueline Thomas
- Investigations
- Provider Review
- Quality Control
- Recipient Review
- Pharmacy Audit

Fiscal Agent Liaison
Susan Jones
- Policy Management
- Contract Monitoring
- Systems Support
- Statistical Support

Third Party
Keith Thompson
- Health Insurance
- Payment Review
- Benefit Recovery

Information Systems
Terrell Flowers
- Computer Operations Support
- Beneficiary Software Support
- Claims Software/ Programs Services Support
- Resources/Administration Software Support
- MMIS/Privacy Coordinator
- Network/Syst. Support/ IT Security
- Configuration Management
- IS Quality Assurance
- Database Administrator

Health Systems Medical Director
Robert H. Moon, MD
Deputy Commissioner

Health Systems
Kathy Hall
Assistant Deputy Commissioner
- Patient 1st

Medical Services
Nancy Headley
- Clinic/Ancillary Services
- Institutional Services/PHP
- Maternity Care/Plan First
- Medical Support

Long Term Care
Marilyn Chappelle
- Policy Advisory Unit
- Provider/Recipient Services
- Project Development
- Program Management
- Medical & Quality Review
- LTC Waiver QA

Pharmacy Services
Kelli Littlejohn, PharmD
- Pharmacy Administrative Services
- Pharmacy Clinical Support
- Drug Rebate

Clinical Standards & Quality Medical Director
Mary McIntyre, MD
Deputy Commissioner

Quality Improvement & Standards
Theresa Richburg
- QI Coordination

Carol H. Steckel
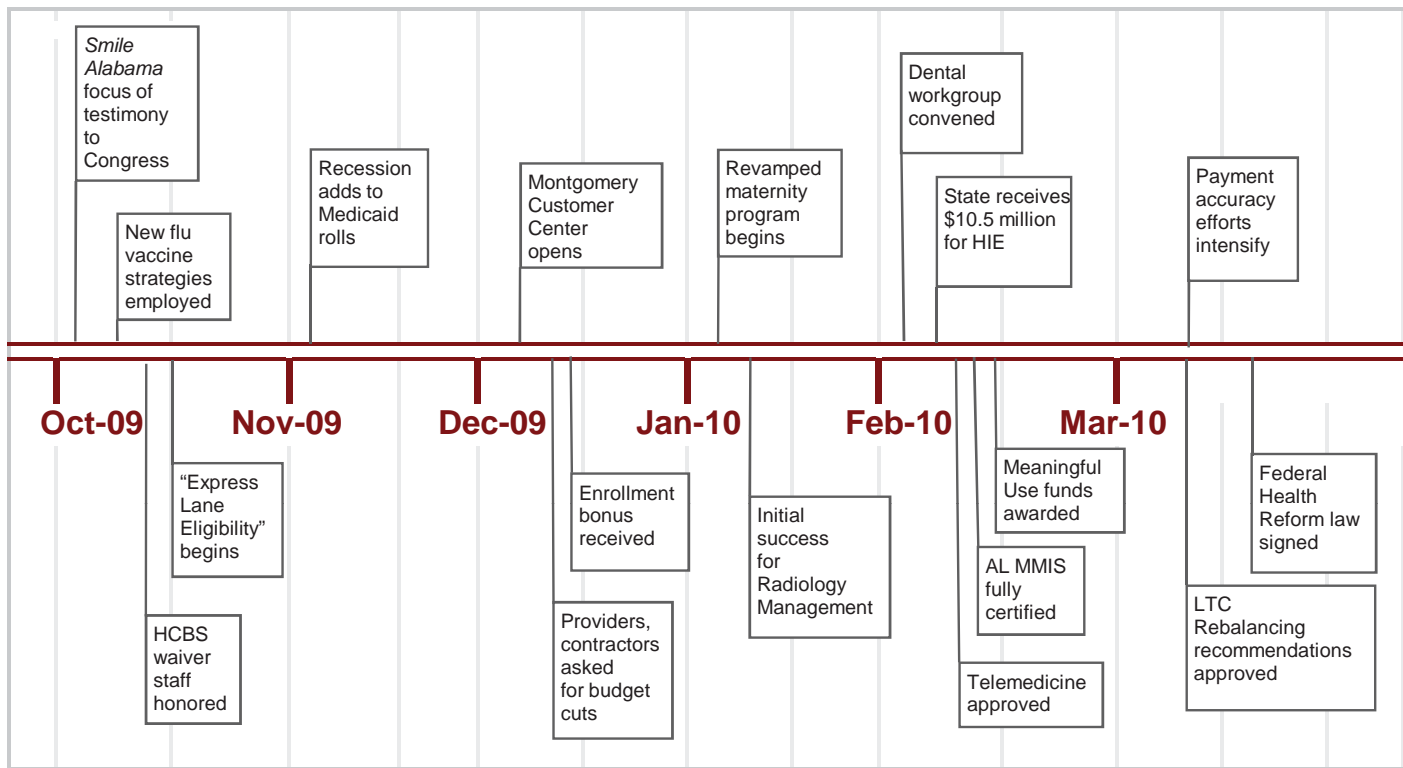Commissioner

Effective Date: April 16, 2010

FY 2010:
The challenge of balancing budgets and benefits

Fiscal Year 2010 not only marked the end of Alabama Medicaid's fourth decade of operation, but also underscored the critical importance of the program on the overall health and well-being of the state's economy as well as those covered by Medicaid.

Paralleling the state's growth, Alabama Medicaid's rolls and budget have grown over time as federally-mandated expansions have increased the number of eligible citizens. The eligible Medicaid population nearly quadrupled from 253,991 in 1970 (7.37 percent of the state's 1970 population) to 920,937 in 2008 (19.34 percent of the state's 2008 population). The agency's budget also increased, from $106.6 million in 1970 to $4.4 billion in 2008, as have the range of services available to Medicaid recipients.

Just as in January 1970, financial issues dominated discussion about Medicaid in Montgomery during FY 2010. However, 40 years of medical and technological advancements, plus substantial growth in enrollment made the process of balancing budget and policy issues more challenging. And, as the Agency looked ahead to expanding Medicaid under the federal health care reform act, it became imperative for the Agency to continue identifying programs that improve the well-being of its recipients while alleviating budget concerns for taxpayers.

Directions Taken in 2009 - 2010

Timeline (Oct-09 through Mar-10):

Above the timeline:
- *Smile Alabama* focus of testimony to Congress
- New flu vaccine strategies employed
- Recession adds to Medicaid rolls
- Montgomery Customer Center opens
- Revamped maternity program begins
- Dental workgroup convened
- State receives $10.5 million for HIE
- Payment accuracy efforts intensify

Timeline markers: Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10

Below the timeline:
- "Express Lane Eligibility" begins
- HCBS waiver staff honored
- Enrollment bonus received
- Providers, contractors asked for budget cuts
- Initial success for Radiology Management
- Meaningful Use funds awarded
- AL MMIS fully certified
- Telemedicine approved
- Federal Health Reform law signed
- LTC Rebalancing recommendations approved

Medical Director testifies to Congress on Smile Alabama! success

Nearly 10 years after it began, Alabama Medicaid's Smile Alabama! initiative is still drawing national attention for its success. On October 2009, Dr. Mary G. McIntyre, Medicaid Medical Director, Office of Clinical Standards and Quality, appeared before members of the Domestic Policy Subcommittee of the House Committee on Oversight and Government Reform in Washington, D.C., to testify about how the Smile Alabama! campaign helped improve access to and utilization of pediatric dental services for Medicaid-eligible children in Alabama.

Dr. McIntyre testified that as a result of the Smile Alabama! initiative, there was a 216% increase (from 151 to 477) in the number of dentists who see more than 100 patients a year while the number of counties with one or no Medicaid dental provider dropped from 19 to three by September 2009. The successful effort also resulted in an 84.3 percent increase in dental utilization, increasing from 26.7 percent (103,630 children) in FY 2001 to 41.5 percent (190,968 children) in FY 2007.
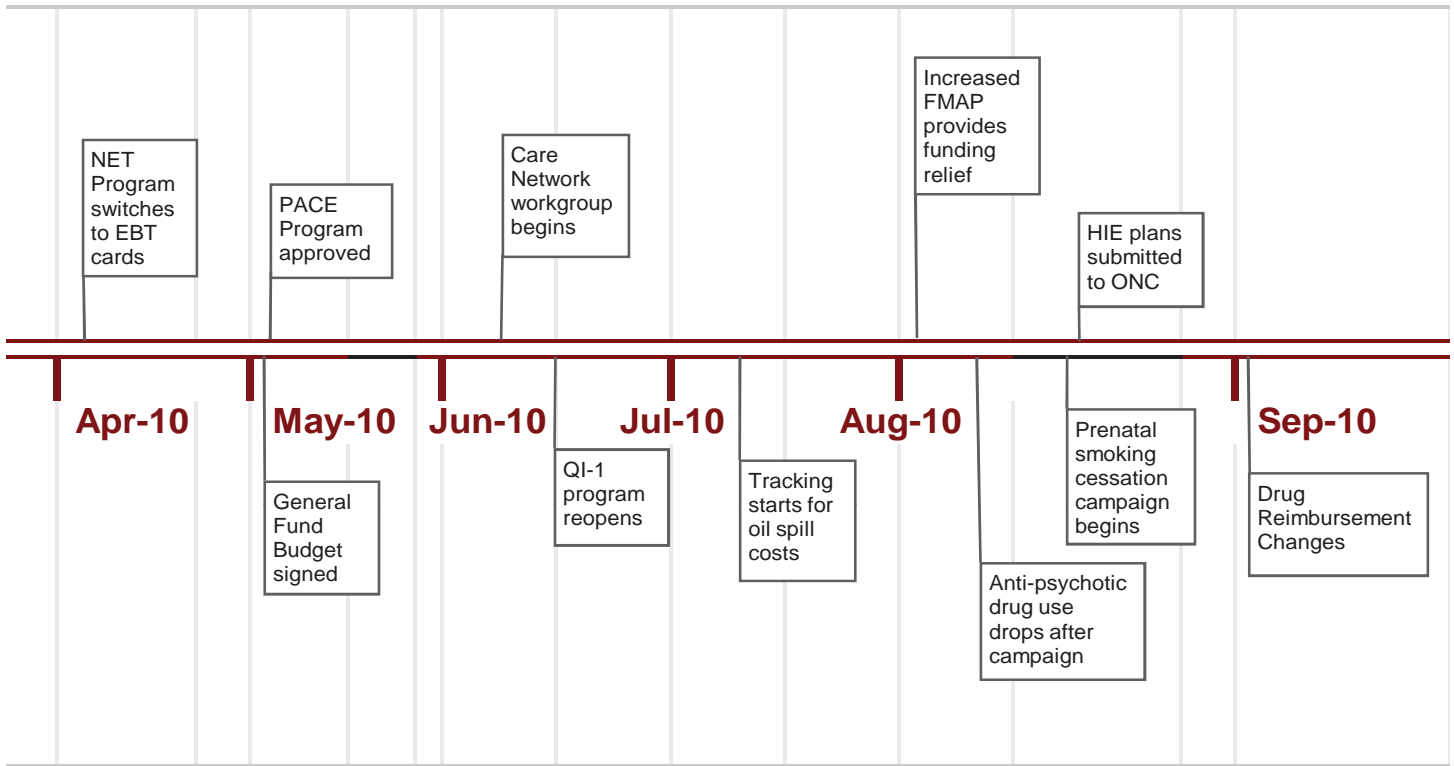
CMS honors customer service efforts of HCBS Waiver Staff

During FY 2010, the Alabama Medicaid Home and Community Based Services (HCBS) Waiver staff received special recognition for superior customer service in responding to the needs of more than 15,000 recipients in one of the Agency's six HCBS programs. The CMS 2009 Regional Award for Excellence was presented during the Region IV Home and Community Based Waiver Conference in Atlanta on October 13.

New strategies implemented to boost flu vaccination rate

Use of an updated "combo" vaccine and reimbursement to Medicaid-enrolled pharmacy providers were among the strategies employed during the 2010-2011 flu season to encourage more recipients to get vaccinated against both seasonal and H1N1 influenza. To support the effort, the Agency also used its academic detailing program and other educational efforts to increase the number of injections given.

Timeline

Apr-10
- NET Program switches to EBT cards

May-10
- PACE Program approved
- General Fund Budget signed

Jun-10
- Care Network workgroup begins

Jul-10
- QI-1 program reopens

Aug-10
- Increased FMAP provides funding relief
- Tracking starts for oil spill costs

- HIE plans submitted to ONC
- Prenatal smoking cessation campaign begins
- Anti-psychotic drug use drops after campaign

Sep-10
- Drug Reimbursement Changes

Express Lane Eligibility puts annual Medicaid reviews on fast track

During FY 2010, Alabama Medicaid took steps to modernize its enrollment process by implementing a data-sharing initiative called Express Lane Eligibility (ELE) to streamline and speed up the renewal process for Medicaid-eligible children. ELE allows Medicaid to use income eligibility determinations from other assistance programs to establish Medicaid eligibility for children who are on those programs at the time of the annual Medicaid eligibility review. The Agency implemented the new ELE process following approval of an amendment to Alabama Medicaid's State Plan that went into effect Oct. 1, 2009.

During statewide ELE implemention, Medicaid eligibility workers conducted annual redetermination reviews relying on updated information and findings from DHR need-based programs such as TANF (Temporary Assistance for Needy Families) or SNAP (Supplemental Nutrition Assistance Program, formerly known as food stamps).

Recession adds nearly 100,000 to Alabama Medicaid rolls

Job losses and economic difficulties related to the recession led to increased Medicaid enrollment in FY 2010. As a result, Alabama Medicaid enrollment increased by approximately 100,000 people from 734,810 in December 2007 to 834,747 in October 2009. In the first year of the recession, an average of 4,000 people became eligible for Medicaid services each month. However, Alabama averaged 4,800 new Medicaid eligibles each month since December 2008.

Most of the increase was attributed to growth in Medicaid's SOBRA program which grew by nearly 57,000 since December 2007. Medicaid for Low Income Families (MLIF) grew by more than 12,600. At the same time, Medicaid's Plan First program has also shown tremendous growth with 16,800 additional recipients qualifying for services during the recession.

The Agency also noted an increase in families who are applying for Medicaid for the first time, as well as

an increase in the number of children who previously were served by ALL Kids. ALL Kids, administered by the Alabama Department of Public Health, increased its eligibility ceiling to 300 percent of poverty on October 1, 2009.

Medicaid opens second customer service center in Montgomery

In an ongoing effort to reduce costs and increase efficiency through innovation and technology, the Agency opened its second customer service center in downtown Montgomery on December 1, 2009. Located at 500 Monroe Street on the second floor of the Agency's central office, the wheelchair-accessible center provides a central location where clients can apply for both SOBRA and Medicare Savings programs as well as programs for elderly and disabled clients. The new center also features computers for client use to find answers to commonly asked questions or to submit an application online through the web portal.

Alabama Medicaid receives bonus for efforts to enroll uninsured children

During FY 2010, the Agency received a $39.1 million federal performance bonus for the effectiveness of its innovative and user-friendly methods to enroll more low-income children in Medicaid during FY 2009. The bonus, awarded by the U.S. Department of Health and Human Services, recognized states that implemented at least five of eight program features to promote enrollment and retention in children's health insurance coverage and had increased state Medicaid enrollment above a target set by federal law.

Program features implemented in Alabama included providing 12 months of continuous enrollment, removing the requirement for an in-person interview in order to qualify for coverage, streamlining the eligibility renewal process, removal of asset limits for pregnant women and children, and use of a joint application between Medicaid, ALL Kids and Blue Cross and Blue Shield of Alabama's Child Caring Foundation. To qualify, the changes had to be implemented by both Medicaid and ALL Kids, the state's CHIP program.

Medicaid providers, contractors asked for cuts to balance FY 11 budget

Alabama Medicaid Commissioner Carol Steckel appealed to the Agency's providers and contractors in December 2009 for help in filling a General Fund budget shortfall of about $130 million projected for Fiscal Year 2011. Commissioner Steckel asked state Medicaid providers and Agency contractors to take a 10 percent cut in reimbursement (providers) or a reduction in contracted amounts to help the Agency and the State of Alabama get through the 2011 fiscal year. A 10 percent across the board cut would save $77.6 million in addition to the pharmacy adjustments previously budgeted.

The appeal came in the wake of a request from Acting State Finance Director Bill Newton who presented attendees at two meetings on December 21 with a summary of the dire situation facing the state General Fund Budget and the need to finalize a budget for Governor Bob Riley by December 31.

Revamped maternity program designed to improve birth outcomes

Healthier pregnancies for more than 30,000 Alabama mothers each year and a better start in life for their infants was the basis of a new, redesigned Medicaid maternity care program during FY 2010. The innovative approach was the culmination of a cooperative, year-long endeavor to revamp the program to improve birth outcomes while remaining cost effective.

The Agency confronted a variety of issues contributing to premature birth and poor birth outcomes by making several key program changes effective January 1, 2010. These changes included coverage of smoking cessation products, expanded access to birth control products to encourage adequate birth spacing, and coverage of screening, brief intervention and treatment referral for mothers with alcohol and substance abuse problems. In addition, the Agency underwrote the cost of obtaining birth certificates in order to get pregnant women into care earlier in their pregnancies.

The revamped maternity care program also featured a quality improvement component to closely monitor and report on required performance measures such as completeness of prenatal visits and screening for diabetes, Rh incompatibility or other conditions which can impact a pregnancy. The component also includes mandatory report cards by the Agency for primary contractors and mandatory report cards by the primary contractors for subcontractors.

Radiology Management encourages clinically-appropriate imaging

Initial reports from a newly-implemented Radiology Management program indicated that Alabama Medicaid is not only achieving its goal to provide clinically-appropriate imaging services, but is saving a significant amount for taxpayers as well. The program requires prior review and approval of certain elective outpatient procedures for most Medicaid recipients with full benefit coverage.

Data from the first quarter of operation showed an estimated net savings of $1 million. Data from the 12 months prior to implementation of the new Radiology Management program compared to first quarter program data showed a rise in average cost per scan of nearly $40, from $295.94 to $335.74.

Dentists, Medicaid explore ideas to improve state dental program

A collaborative effort to look at ways that Medicaid and the dental community can accomplish the goals of high quality care, access to services and efficient management of the program began in February 2010 when the group was convened. The group was charged with finding new, innovative ways to improve the Medicaid dental program while enabling the Agency to live within its means.

A sub-committee, comprised of dentists representing a diverse group of specialties and settings, worked over several months to develop recommendations to be presented to the Agency's Dental Task Force. Key issues included relationships between primary care providers and dental providers, use of health information technology, maximizing resources, developing budget-neutral recommendations for services, reimbursement and other policies and development of a long-term plan for the dental program.

Alabama claims processing system receives full federal certification

Alabama Medicaid's claims processing system, or Medicaid Management Information System (MMIS), received full federal certification in February 2010 from the Centers for Medicare and Medicaid Services during FY 2010. To achieve full certification, the state was required to meet more than 300 specific federal requirements to demonstrate the accuracy and efficiency of Medicaid's claims processing system. In addition to the formal MMIS review, CMS also reviewed MMIS Certification requirements of the Agency's AMAES eligibility system. Full certification made the state eligible for a 75/25 federal/state matching rate for all MMIS operational expenses.

The state's MMIS was certified back to February 25, 2008, the system's first day of operation. Approximately 100 Medicaid staff members, along with HP Enterprise Services employees, collaborated over a three-year period to analyze Agency needs and to design, test and implement a system that would meet all federal requirements.

The new system processes about 30 million claims a year from about 14,000 Alabama health care providers worth $3.5 billion. Other system capabilities include real-time online adjudication of electronic claims, streamlined eligibility verification for providers and increased access to important health care information through a secure web portal.

State awarded $10.5 million to build electronic health record exchange

One of the most significant events of the year was the February 25, 2010, announcement by Governor Bob Riley that Alabama had received $10.5 million in federal funds to build an electronic health information system to be used by public and private health care providers.

The award was part of $385 million in federal stimulus funds awarded to states to advance the adoption and meaningful use of electronic health records and health information technology.

The $10.5 million was provided to the state in the form of a cooperative agreement over a four-year period at matching rates ranging from 100 percent federal funds in the current fiscal year to 30 percent federal funds in the fourth year of the project.

CMS awards funds for "Meaningful Use" incentive planning effort

In another key step to further states' role in developing a U.S. health information technology infrastructure, the Centers for Medicare & Medicaid Services (CMS) announced in February 2010 that Alabama's Medicaid program will receive up to $269,000 in federal matching funds to implement an incentive program to encourage

the "meaningful use" of electronic health records by hospitals and physicians.

The federal stimulus funds were used to provide a 90 percent federal match for Alabama's planning activities to administer the incentive payments to Medicaid providers, to ensure their proper payments through audits and to participate in statewide efforts to promote use of EHR technology statewide and eventually, across the nation.

Telemedicine brings specialty care to medically underserved

Approved by the federal government in February 2010, recipients in remote locations of the state received a new option for obtaining specialty care via telemedicine. The service was initially approved for services provided by Alabama Medicaid-enrolled dermatologists and psychiatrists, including consultations, office or outpatient visits, certain neurological exams and individual psychotherapy visits, among others.

2014 health reform deadline becomes issue for Medicaid programs

Following the passage of federal health reform in March 2010, Medicaid Commissioner Carol Steckel told state officials that state Medicaid programs must begin the difficult work of implementing – and financing – federal health reform mandates. The new federal legislation would enable a family of four with an income of up to $29,327 – or up to 133 percent of the federal poverty limit – to qualify for Medicaid starting in 2014.

Alabama officials expect the majority of the new recipients to be nondisabled adults since Alabama's program now primarily covers children, pregnant women, disabled adults and low-income individuals on Medicare. Non-disabled adults between 21 and 64 cannot get full Medicaid coverage in Alabama unless they live in a family with minor children and have a monthly household income of $194 or less.

The biggest concern for most states, Commissioner Steckel said, is how to pay for the changes that will be required to start the program in 2014. The federal government is to pay for all of the additional costs through 2016. By 2020, the state would be responsible for 10 percent of the cost for the additional patients, estimated to be at least $61 million. However, there is no federal funding allocated to help states pay for

technology, eligibility workers, equipment, office space or other administrative resources needed to prepare for the expansion.

State Advisory Committee approves LTC Rebalancing recommendations

Led by Medicaid Commissioner Carol Steckel, committee chair, and State Sen. Linda Coleman (D-Birmingham), co-chair, the Long Term Rebalancing Advisory Committee approved five recommendations on March 31, 2010, following seven months' work by committee members to explore innovative programs and ideas that allow elderly and disabled Medicaid recipients to live at the most appropriate level of care.

Recommendations included an "all-inclusive" program to meet elderly and disabled Medicaid recipients' changing needs and a waiver to better support people who wish to move from institutions to community-based care. The other approved recommendations included continuing the committee, studying the long term care environment in Alabama and developing an enhanced case management system that utilizes a team approach to assessing and identifying individuals' long-term care needs.

The Long Term Care Rebalancing Advisory Committee was formed after the passage of Senate Joint Resolution 84 during the 2009 Legislative Session. Sen. Coleman, a longtime advocate for a continuum of long term care services, sponsored the resolution to focus attention on how to better care for the elderly and disabled in the state and how the state can successfully provide resources to family members and recipients.

Alabama Medicaid Agency intensifies payment accuracy efforts

Continuing its commitment to payment accuracy and taxpayer value, the Agency awarded a two-year, performance-based contract in March 2010 to Ingenix, Inc., to identify any funds owed to the state by conducting a focused post-payment claims review.

The Agency, which has been recognized nationally for its payment and eligibility accuracy, worked with the company to review claims filed for the past two years by all provider groups in the state of Alabama, including hospitals, physicians, dentists, pharmacies, durable medical equipment companies and home health care providers.

NET program switches to electronic benefit transfer cards

Alabama Medicaid recipients traded paper vouchers for plastic cards in April as the Agency switched to new technology to provide recipients with a safe and convenient way to receive and use their non-emergency transportation benefits. The electronic benefit transfer (EBT) cards are similar to those used by the Department of Human Resources for recipients of state Family Assistance and to replace food stamps for federal Supplemental Nutrition Assistance Program (SNAP) recipients.

When a ride payment is approved, Medicaid will electronically put the payment on the recipient's plastic EBT card instead of issuing a paper voucher. Once Medicaid has credited the recipient's account, the funds are available within a day and remain available for 90 days.

PACE program approved for LTC patients in Mobile, Baldwin counties

Spurred by a recommendation of the state's Long Term Care (LTC) Rebalancing Committee, the Alabama Medicaid Agency approved a pilot program that will create a comprehensive, flexible system of care for aged and disabled adults in Mobile and Baldwin counties who would otherwise reside in a nursing home.

The Programs of All-Inclusive Care for the Elderly (PACE) pilot program is designed to provide participants with community services and support based upon their individual needs designed by an interdisciplinary team. The PACE project is different from home and community-based waiver programs in that the provider receives a set, or capitated payment and is in turn responsible for total patient care including doctor, hospital, and nursing home care along with medications, lab tests and other services.

Governor signs General Fund budget

Alabama lawmakers wrapped up the 2010 regular session by passing a General Fund budget totaling $345 million toward Medicaid's $5.2 billion budget for FY 2011. Gov. Bob Riley signed the budget into law on April 21, a day before legislators adjourned the annual session. In addition to passage of the General Fund and education budgets, legislators approved a one-year Nursing Home Privilege Tax to provide funds needed by the state's Medicaid program.

The $1.6 billion General Fund budget includes a $37 million increase in state funding for Medicaid along with a $35 million allocation to Medicaid for FY 2011 from the Children First Trust Fund. The newly-approved General Fund budget, which took effect Oct. 1, 2010, effectively maintained the Alabama Medicaid program for another year, although $196 million in the budget's revenue stream was contingent on approval of a federal matching rate extension pending before Congress.

Re-opening of QI-1 program helps Medicare beneficiaries

Thousands of elderly and disabled Alabamians on Medicare again had the opportunity to qualify for extra help in paying the cost of their monthly Medicare Part B premiums during FY 2010.

The re-opening of applications for the Qualifying Individual-1(QI-1) program in late June 2010 came two years after a shortage of federal funds caused Alabama Medicaid to stop taking new applications for the program. At that time, the state did not receive its full allotment of federal funds for the program and could not pay for new applicants to be added. The QI-1 program is 100 percent federally funded, but has an annual cap on the amount of money available which limits the number of people who can receive the benefit. Approximately 10,386 Alabama residents are currently on the program.

Workgroup begins effort to create care networks for Medicaid recipients

Established more than a decade ago, Alabama Medicaid's Patient 1st program has helped thousands of Medicaid recipients establish a "medical home." To build on the success of the Patient 1st program, a workgroup comprised of physicians and other health professionals began work in FY 2010 to improve care for Medicaid patients by creating care networks to support and extend the benefits of medical homes.

The workgroup included physicians, hospitals, pharmacists and representatives from Medicaid, Public Health, ALL Kids, Mental Health, Children's Rehabilitation Service, and Federally Qualified Health Centers. Together, they worked to craft new ideas to be incorporated into the state's Patient 1st program waiver renewal request due to the federal government. The workgroup was formed after Alabama was chosen by the National Academy for State Health Policy in

August 2009 to receive technical assistance from national experts to expand and strengthen the use of medical homes in the state.

Alabama Medicaid to track health, cost impact of BP oil spill

While the full impact of the BP oil spill in the Gulf of Mexico remains unknown, the Agency used special tracking codes to provide a more accurate picture of the state's health and financial costs associated with the environmental disaster during FY 2010.

Providers were notified in July 2010, to begin using special indicators on claims billed to Alabama Medicaid in order to track claims resulting from an oil spill-related illness or injury. Indicators were used on medical, institutional and pharmacy claims submitted to the Agency for payment. The information helped monitor taxpayer-funded expenses and services directly linked to the oil spill and will be used to support any claims filed with BP or other entities.

State submits health information exchange plan for federal review

The strategic and operational plans to establish a health information exchange in Alabama were submitted August 4, 2010, to the Office of the National Coordinator for Health Information Technology (ONC) for review. The exchange, known as One Health Record®, will be used to securely exchange health information between medical service providers, patients, payers and state agencies.

The plan was developed by the Alabama Health Information Exchange Advisory Commission with assistance from six workgroups and a team led by consultant Patricia MacTaggart, of George Washington University's Health Policy Department, the Commission, appointed by Governor Bob Riley and chaired by Alabama Medicaid Agency Commissioner Carol Steckel, consists of 23 members from leading health care organizations and agencies across the state.

The workgroups – Governance, Legal and Policy, Technical Infrastructure, Finance, Business Strategy and Communications and Marketing – were charged with exploring a specific area impacting Alabama's proposed HIE network and reporting their recommendations to the Commission. Five of the workgroups addressed

certain domains recommended by ONC, while the Communications and Marketing workgroup was added to engage and educate stakeholders and the general public about the AHIE.

Federal measure to provide funding relief for Alabama Medicaid

New federal legislation designed to sustain state Medicaid programs was signed into law in August 2010. The bill provided a total of $16.1 billion for state Medicaid programs and $10 billion to prevent layoffs of teachers and other public employees throughout the country. Alabama's share was an estimated $133 million in federal funds.

The funds were provided to Alabama in the form of increased Federal matching funds for Medicaid. The Agency's FY 2011 matching rate, or FMAP, was 68.54 percent federal, which required the state to provide 31.46 percent in state matching funds. The enhanced 2011 matching rate was 78 percent federal, which required 22 percent state matching funds. Administrative expenses remained at a 50-50 federal-state match.

State effort to reduce antipsychotic use reports initial success

Data from the first six months of a new quality improvement initiative suggested that educational interventions can help reduce the number of Medicaid-eligible children taking powerful antipsychotic medications. The initiative was launched in May 2009 to improve the quality of care for Medicaid recipients, particularly children, by supporting FDA-approved indications and evidence-based, age-appropriate utilization of antipsychotic drugs. The final report was issued in August 2010.

The program was developed after Medicaid's Pharmacy and Therapeutics Committee (comprised of physicians and pharmacists from around the state) asked that a multi-agency group evaluate these claims data and make recommendations. Members of the task force include Alabama-licensed child psychiatrists, physicians of other specialties, and pharmacists. Organizations represented on the task force include the Department of Mental Health, the ALL KIDS Health Insurance Program, Blue Cross and Blue Shield of Alabama, and Alabama Medicaid.

Improved infant health is goal of prenatal smoking cessation campaign

Each year in Alabama, hundreds of infants are born too early and too small, often resulting in serious health problems or in some cases, death. To address one of the most preventable causes of infant mortality, the Alabama Medicaid Agency launched a prenatal smoking cessation campaign during FY 2010 to increase the number of Medicaid-eligible pregnant women who stop smoking.

The Baby Comes First project included educational presentations to physicians, nurses, care coordinators and others involved in maternity care and distribution of resources and materials for use in working with Medicaid-eligible women.

In Alabama, 15 percent of all females smoke while they are pregnant based on data from the Alabama Department of Public Health. However, estimates of up to 35 percent have been calculated for low-income women with Medicaid coverage.

CMS approves AAC drug pricing method, dispensing fee increase

A new federally-approved change in how Alabama Medicaid reimburses pharmacies for drugs provided to recipients made it possible for the Agency to implement a reimbursement system that more accurately reflects the true estimated acquisition costs for drugs and the cost of dispensing them. In September 2010, the Centers for Medicare and Medicaid Services (CMS) approved the Agency's request to remove Average Wholesale Price (AWP) from the "lower of" reimbursement methodology now in use, and add the invoice-based Average Acquisition Cost (AAC) method for brand and generic drug ingredient costs. CMS also approved a companion request to increase the Agency's dispensing fee from $5.40 per prescription to $10.64 per prescription based on an independent Cost of Dispensing (COD) survey.

The decision to move away from AWP pricing was directly related to a recent Alabama Supreme Court decision that reversed three verdicts that said the Agency was overcharged by drug manufacturers.

FY 2010

Eligibility: Who Medicaid Serves

During FY 2010, more than 1 million Alabama citizens, or 21.2 percent of the state's population, were eligible to receive Medicaid benefits for at least one month of the year.

The state's youngest citizens made up the largest category of Medicaid recipients with 43.5 percent Alabama children having their health coverage paid for by Medicaid. Approximately 43 percent of these children were in families with at least one working caregiver.

Medicaid also paid for more than half of all babies born in Alabama during 2010. Children who are served by the Medicaid for Low Income Families (MLIF) and pregnant women and children (SOBRA) programs made up the single largest group served by Medicaid. These children accounted for an average of 427,944 eligibles each month during FY 2010.

The elderly Medicaid population is much smaller but Medicaid provided a variety of services for those over the age of 65 who meet the Medicaid eligibility requirements. Some received medical services while others have their Medicare premiums paid for by Medicaid. Approximately two-thirds of all nursing home residents depend on Medicaid to cover the cost of their care.

States must provide coverage for certain groups in order to be eligible for federal funds. These groups include low income families who meet the eligibility requirements in the state's AFDC plan in effect on July 16, 1996; Supplemental Security Income (SSI) recipients; infants born to Medicaid-eligible pregnant women; children under age 6, and pregnant women whose family income is at or below 133 percent of the federal poverty level; children ages 6-18 whose family income is up to 100 percent of the federal poverty level; recipients of adoption assistance; children in foster care or custody of the Department of Youth Services; certain Medicare beneficiaries; and special protected groups, including those who lose eligibility for cash assistance or SSI due to an increase in earnings from work, Social Security benefits or child/spousal support.

Several agencies determine Medicaid eligibility. Medicaid is responsible for certifying applicants for Elderly & Disabled programs; Medicaid for Low Income Families (MLIF); the SOBRA program for children under age 19 and pregnant women; Plan First (Family Planning) Program; Breast and Cervical Cancer Program; Department of Youth Services children; and Emergency Services for non-citizens.

The Alabama Department of Human Resources certifies foster children and children who receive state or federal adoption assistance.

The federal Social Security Administration certifies aged, blind, or disabled persons who have very low income and qualify for cash assistance through the Supplemental Security Income (SSI) program.

To qualify for Alabama Medicaid, all individuals must be living in Alabama, be a U.S. citizen or be in this country legally and meet income and age requirements

that vary according to program.

Those who apply for assistance through a program for the elderly or disabled must also meet certain medical criteria and have resources below a certain limit, which also varies according to the program. Pregnant women applying for assistance must have their pregnancy medically verified.

FY 2010
MEDICAID ELIGIBLES
Monthly Count

October '09	834,747
November	828,165
December	825,65
January '10	832,160
February	835,136
March	842,963
April	851,089
May	855,952
June	862,949
July	872,501
August	883,443
September	889,627
Annual Total Eligibles	1,026,429

The above numbers reflect the unduplicated count of those who are eligible to receive a service from Medicaid each month. (For example, if a person is eligible in October and December they will be counted in both October and December totals.)

FY 2008 - 2010
POPULATION
Eligibles as a Percent of Alabama Population by Year

	Population	Eligibles	Percent
2008	4,677,464	920,937	19.7%
2009	4,708,708	964,171	20.5%
2010	4,779,735	1,026,429	21.5%

Note: Eligibles are unduplicated totals from Alabama Medicaid records and ilnclude Plan First Eligibles - Women age 19-55 with income below a certain limit. These women receive family planning services only.

Population figures are based on US Census data from The Center for Business and Economic Research, University of Alabama.

Total population [1]	4,779,735	
Medicaid eligible population [2]	1,026,429	(21.5%)[4]
Total child[3] population	1,356,124	
Medicaid eligible children[3]	589,894	(43.5%)[4]
Total payments	$5,113.99	(in millions) [5]
Total non-federal health care jobs[6]	211,077	(11.2%)

[1] Population estimates based on U.S. Census, The Center for
   Business and Economic Research, University of Alabama.

[2] Unduplicated totals from Alabama Medicaid Agency records.

[3] Child/children defined as those under age 21.

[4] Percentage of total population .

[5] Total payments in millions, Alabama Medicaid Agency records.

[6] 2009 Average Annual Employment – Non-federal health care, Alabama
   Department of Industrial Relations.

FY 1991 - 2010
MEDICAID ELIGIBLES AND RECIPIENTS
Utilization
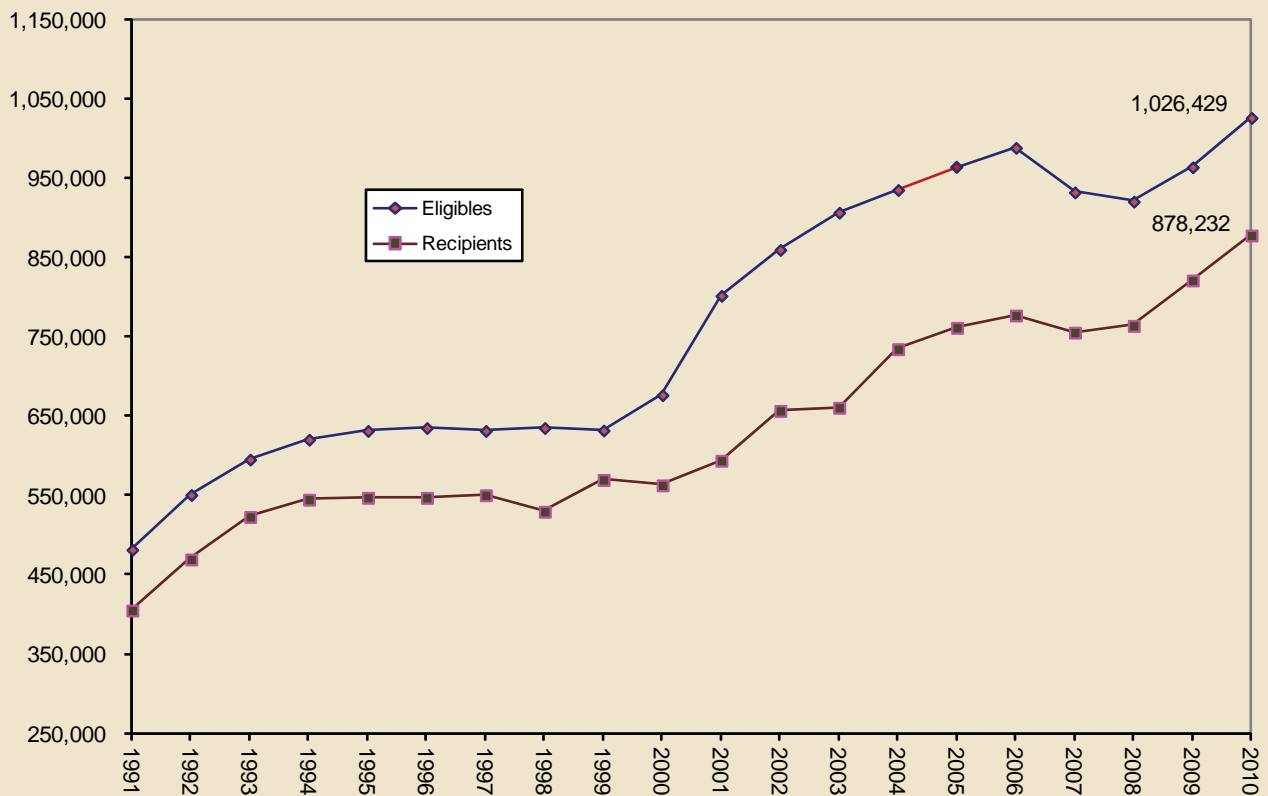
Eligibles are people who have Medicaid coverage.
Recipients are eligibles who actually receive a medical service.

Excludes SLMB/QI1 recipients. These individuals receive coverage of Medicare Part B premiums only.

UTILIZATION OF MEDICAID

1991 - 2010

Year	Eligibles	Recipients	Year	Eligibles	Recipients
1991	482,104	405,557	2001	802,215	594,326
1992	551,151	469,944	2002	860,107	657,216
1993	595,769	523,445	2003	906,948	661,102
1994	620,847	545,347	2004	935,539	734,905
1995	631,916	547,681	2005	963,600	761,903
1996	635,568	547,584	2006	988,678	777,374
1997	631,916	550,772	2007	932,521	755,856
1998	635,568	530,128	2008	920,937	764,420
1999	632,472	570,146	2009	964,171	821,602
2000	676,930	563,308	2010	1,026,429	878,232

Percent of Population Eligible for Medicaid by County

Lauderdale 18.5%	Limestone 17.2%	Madison 14.8%	Jackson 19.7%

Colbert 21.2%

19.2% Lawrence

Morgan 19.7%

Marshall 25.6%

25.4% DeKalb

26.1% Franklin

Marion 23.4%

22.2% Winston

Cullman 19.3%

Etowah 23.5%

Cherokee 21.0%

17.4% Blount

Walker 23.1%

21.9% St Clair

25.5% Calhoun

23.0% Cleburne

23.8% Lamar

22.0% Fayette

Jefferson 19.5%

Talladega

Pickens 26.8%

20.8% Tuscaloosa

7.7% Shelby

23.2% Clay

Randolph 22.9%

27.0%

Greene 38.8%

31.0% Hale

Bibb 20.9%

Chilton 22.0%

Coosa 19.8%

24.6% Tallapoosa

25.4% Chambers

35.7% Sumter

40.0% Perry

Autauga 16.8%

15.3% Elmore

14.8% Lee

Dallas 41.0%

Montgomery 24.4%

27.9% Macon

28.9% Russell

28.3% Marengo

Wilcox 43.4%

Lowndes 29.2%

Bullock 33.4%

Choctaw 24.2%

Clarke 25.6%

32.6% Butler

Crenshaw

Pike 26.7%

Barbour 24.5%

Washington 20.7%

Monroe 24.9%

Conecuh 32.1%

Covington 26.9%

29.0%

Coffee 20.6%

Dale 22.2%

Henry 23.4%

15.4%

Escambia 25.1%

Geneva 25.5%

Houston 26.4%

Mobile 23.7%

Baldwin

Percent of Eligibles based on Medicaid and UA Census data from the University of Alabama Center for Business and Economic Research

Programs and Services: What Medicaid Provides

Medicaid provides a wide range of covered services. Some recipients receive full coverage while others are eligible for limited services, such as pregnant women on Medicaid's SOBRA program. Thousands of health care providers throughout the state give care to eligible Alabama Medicaid recipients each year.

Patient 1st

The Patient 1st program is the cornerstone of Medicaid's health services and one of the initial building blocks of the Agency's transformation plans. Based on the medical home concept, Patient 1st links the Medicaid recipient with a physician or clinic that serves as the primary care provider to encourage a strong doctor/patient relationship.

Each month in FY 2010, an average of 477,992 Alabamians were enrolled in the Patient 1st program, including 392,099 children under age 21. In operation since 1997 and revamped in FY 2005, the Patient 1st program encourages appropriate use of the emergency room by Medicaid recipients and has increased the number of generic prescriptions written.

Recipients in the program benefit from patient education, in-home monitoring of chronic conditions, and a care coordination referral program for recipients who need assistance in using services appropriately.

Physicians participating in the Patient 1st program receive a monthly case management fee based on the components of the program that the physician uses to assist in the management of the recipient's health care needs.

Medical Services

Medicaid patients get medical care from a variety of sources. Primary care services are available through rural health clinics and Federally Qualified Health Centers (FQHCs) in addition to private offices and practices. Inpatient and outpatient services are provided by more than 100 acute care and specialty hospitals.

In addition to acute care services, some hospitals offer post hospital extended care and swing beds. Medicaid also covers mental health services for eligible children and adults, providing both community-based and inpatient services.

Covered medical services include preventive and well-child care through Medicaid's Early, Periodic, Screening, Diagnosis and Treatment (EPSDT) program, eye and hearing care, inpatient and outpatient hospital care, and doctor visits. Lab and X-ray services are diagnostic procedures provided in conjunction with other covered services while renal dialysis and transplant coverage extend and improve hundreds of lives each year.

Some services, including dental, are limited to children under the age of 21 who have full Medicaid coverage, while other services are limited to pregnancy-related care or family planning services. Some services, such as

---

FY 2010
HOSPITAL PROGRAM
OUTPATIENTS
Includes Claims Data Only

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Number of outpatient recipients	378,893	371,241	393,670	404,810	441,904
Percent of eligibles using outpatient services	38%	40%	43%	42%	43%
Annual expenditure for outpatient care	$66,433,329	$71,733,851	$71,721,298	$83,021,117	$93,399,145
Cost per patient	$175	$193	$182	$205	$211

Alabama Medicaid Agency

hospital days or doctor visits, are limited as well.

Medicaid also provides family planning services to help prevent or delay pregnancy; the Preventive Health Education program works to reduce unintended adolescent pregnancies while the Maternity Care Program serves pregnant women.

Ambulance and non-emergency transportation coverage is also available to help recipients receive the necessary medical care.

Long Term Care

A comprehensive program of long term care services is administered by the Alabama Medicaid Agency. This program offers eligible patients a range of care choices as well as increased opportunities to receive services at home or in the community.

These long term care services include home health services, private duty nursing, targeted case management, hospice care and durable medical equipment, as well as care in nursing and other long term care facilities.

In FY 2010, Alabama Medicaid paid for more than 6,179,000 nursing home bed-days of care at an

average daily cost of $141/day. Thousands of other recipients benefitted from hospice care, home health visits and access to supplies, appliances and durable medical equipment.

During FY 2010, more than 15,000 Alabama residents participated in one of seven waiver programs as an alternative to institutional care. The programs include the Elderly and Disabled, Intellectual Disabilities, HIV/AIDS, Technology Assisted, State of Alabama Independent Living (SAIL), Living at Home and the Alabama Community Transition (ACT) waivers.

FY 2010
LONG TERM CARE PROGRAM
ICF-MR
Includes Claims Data Only

Recipients	223
Total Payments	$34,861,353
Annual Cost per Recipient	$156,329

FY 2010
LONG TERM CARE PROGRAM
Patients, Days, and Costs

Year	Number of Nursing Home Patients Unduplicated Total	Average Length of Stay During Year	Total Patient-Days Paid for by Medicaid	Average Cost Per Patient/Per Day to Medicaid	*Total Cost to Medicaid
2008	26,549	242	6,437,501	$129	$832,682,281
2009	26,145	241	6,297,605	$139	$875,858,049
2010	25,421	243	6,179,912	$142	$874,469,195

*   Does not include enhancements.

** After application of patient assets.

Transportation Programs

Medicaid covers transportation to and from medical facilities for eligible recipients. Approved services include ambulance service for emergency and non-emergency situations as well as non-emergency transportation coordinated by the Agency's Non-Emergency Transportation (NET) Program.

The NET Program helps eligible recipients pay for rides for medical care that can be planned ahead of time. In FY 2010, Medicaid funded 462,118 rides for 42,569 recipients at a cost of $7,368,223.

Pharmacy Services

During FY 2010, the Pharmacy Services Division continued to seek out opportunities to further Medicaid's transformation transition. The program took advantage of several electronic systems and tools to aid providers in complying with Medicaid's Preferred Drug List (PDL), brand limit requirements and prior authorization and override programs.

In FY 2010, the brand limit remained at five brands per month. The number of prescriptions increased from the previous year to more than 8.6 million prescriptions dispensed at a cost of more $514 million while generic and over-the-counter utilization increased to nearly 79 percent, representing a substantial savings to taxpayers.

Additionally, the program continued its quality improvement efforts, including its Hemophilia Standard of Care Program as well as the Positive Antipsychotic Management Program.

Pharmacy Services relies on the Pharmacy and Therapeutics (P&T) Committee to review and recommend drugs to be included in the PDL, and the Drug Utilization Review (DUR) board to review prescription claims history and recommend prospective criteria to promote optimal pharmaceutical therapy.

FY 2010
PHARMACEUTICAL PROGRAM
Cost
Includes Claims Data Only

	Total Payments	Drug Rebates
2008	$444,414,452	$140,021,971
2009	$474,961,929	$155,712,772
2010	$514,256,682	$170,598,876

FY 2010
PHARMACEUTICAL PROGRAM
Use and Cost
Includes Claims Data Only

Year	Number of Prescription Recipients	Recipients As a % of Eligibles	Number of Prescriptions	Prescriptions Per Recipient	Price Per Prescription	Cost Per Recipient	* Total Cost to Medicaid
2008	507,343	55%	7,263,645	14.32	$61.18	$876	$444,414,452
2009	541,561	56%	7,844,949	14.49	$60.54	$877	$474,961,929
2010	578,734	56%	8,603,799	14.87	$59.77	$889	$514,256,682

* Does not reflect rebates received by Medicaid from pharmaceutical manufacturers. Does not include clawback.
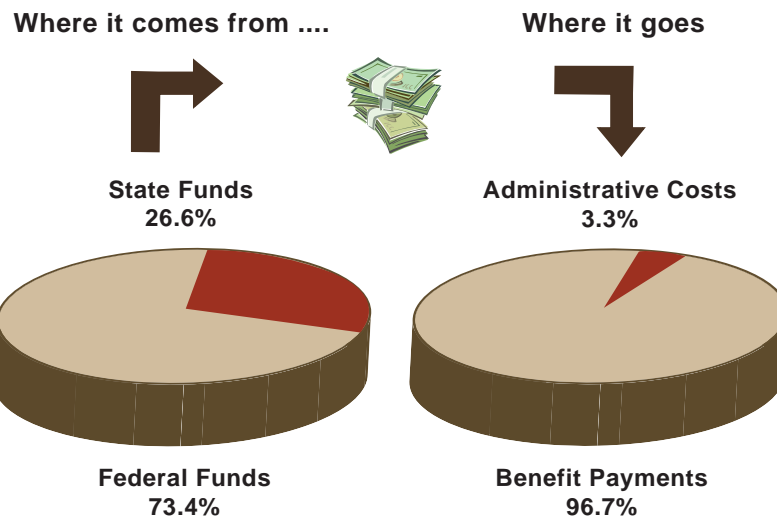 Prescriptions include initial prescriptions and all refills.
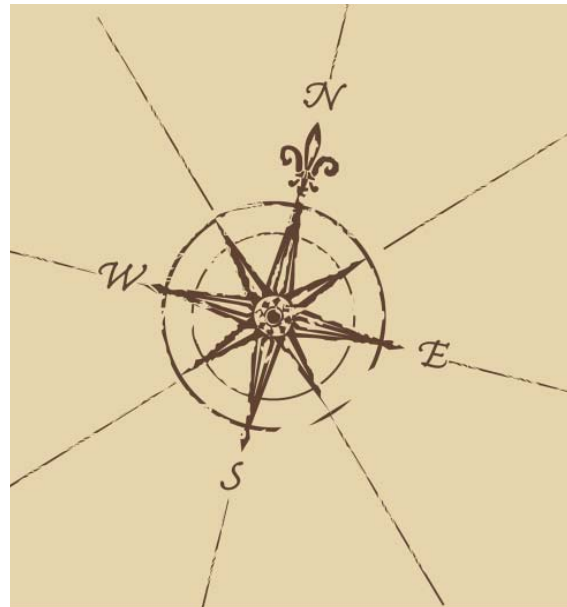
FY 2010

Revenue and Expenditures

In FY 2010, Medicaid paid $5,113,994,148 for health care services provided to Alabama citizens. Another $175,409,953 was spent to administer the Medicaid program. This means that approximately 97 cents of every Medicaid dollar went directly to providing care and services to recipients. During fiscal year 2010, the Agency's Federal Medical Assistance Percentage (FMAP) matching rate of approximately 68 federal/32 state was enhanced to a matching rate of about 78 federal/22 state due to the federal stimulus provisions of the American Reinvestment and Recovery Act of 2009 (ARRA). ARRA resulted in the state receiving an additional $377.1 million in federal funds to help run the program.

FY 2010

COMPOSITION AND DISBURSEMENT OF MEDICAID'S BUDGET

Where it comes from ....

Where it goes

State Funds
26.6%

Administrative Costs
3.3%

Federal Funds
73.4%

Benefit Payments
96.7%

FY 2010

FINANCIAL
Components of State Fund (net)

General Fund Appropriations	$314,967,819
Public Hospital Transfers	$703,432,424
Alabama Health Care	
Trust Fund, Certified	
Public Expenditures	
Other State Agencies	$251,492,097
State Drug Rebates	$38,828,121
Tobacco Funds	$36,925,675
Miscellaneous Receipts	$3,089,888
School Based Administrative Claiming	$21,627,419
Funds Carried Forward	$66,796,734
Total	$1,437,160,177

FY 2010

FINANCIAL

Sources of Medicaid Revenue

Federal Funds	$3,957,178,091
State Funds	$1,437,160,177
Total Revenue	$5,394,338,268

FY 2010
FINANCIAL
Expenditures
By Type of Services (net)

Service	Payments	Percent of Total Payments
Nursing Facilities	$872,633,303	17.0%
Hospital Care	$1,952,641,360	38.0%
Physicians	$393,671,379	7.7%
Pharmacy*	$535,822,134	10.4%
Health Support	$241,118,981	4.7%
Alternative Care	$384,075,482	7.5%
Mental Health Facilities	$34,859,102	0.7%
Mental Health Waivers	$275,738,103	5.4%
Mental Health Other	$123,205,822	2.4%
Health Insurance	$266,472,795	5.2%
Family Planning	$53,755,687	1.0%
Total For Medical Care	$5,133,994,148	100%
Administrative Costs	$175,409,953	3.30%
Net Payments	$5,309,404,101	96.70%

*Includes Part D State Contribution/Clawback

Alabama Medicaid Agency

Commissioner Carol Steckel, right, and Pharmacy Services Director Kelli Littlejohn, PharmD, provide answers to the Legislative Budget committee about Medicaid's budget. Steckel's presentation to the committee included an explanation of the effect of the Afforadable Care Act (contained in binder in the forground)on Medicaid and the state's budget.
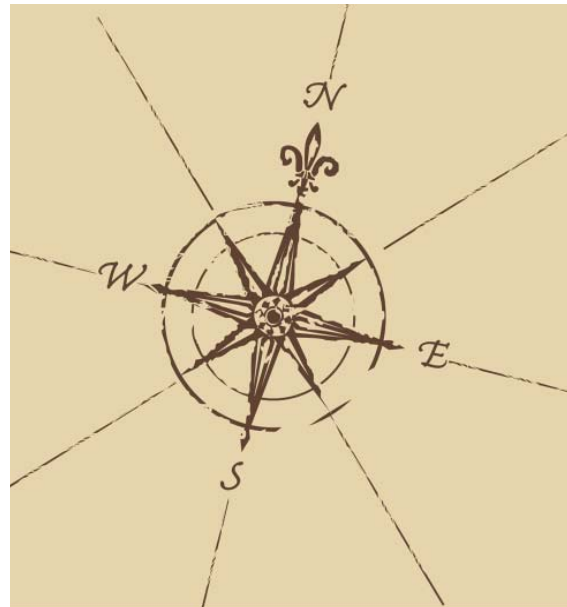
COLLECTIONS AND COST AVOIDANCE

COLLECTIONS

Third Party Liability	$27,743,186

> Includes reported and estimated third party collections by providers, retroactive Medicare recoupments from providers, and collections due to health and casualty insurance, estate recovery, and misspent funds resulting from eligibility errors.

Program Integrity Division

    Provider Recoupment

Medical Provider Recoupments Collected	$862,066
Pharmacy Recoupments Collected	$299,033

Pharmacy Program

    In-house precessed Claims Correction

$185,951

Fiscal Agent Liaison/Contract Monitoring Unit

Claims Correction	$8,168
Total Collections	**$29,098,404**

MEASURABLE COST AVOIDANCE

Third Party Claim Cost Avoidance Savings

Traditional Medicare Net Savings (includes Provider Payments/Costs Avoidance/Recoupments less premium cost of $245,820,370.00)	$739,490,040
Provider Reported Collections - Health and Casualty Insurance	$33,421,290
Medicare Advantage Capitated Program Net Savings	$12,363,582
Claims denied and returned to providers to file health/casualty	$136,447,025
Health Insurance Premium Payment Cost Avoidance	$205,519

Waiver Services Cost Avoidance

Elderly and Disabled Waiver	$390,144,684
State of Alabama Independent Living (SAIL) Waiver	$23,375,891
Intellectual Disabilities Waiver	526,979,209
Living at Home Waiver	$77,103,789
HIV/Aids Waiver	$6,299,328

Program Integrity Cost Avoidance

Pharmacy Cost Avoidance	$543,905
Provider Review Cost Avoidance	$3,321,149
Recipient Review Cost Avoidance	$489,387
Investigations Cost Avoidance	$2,074,139
Sanctioned Provider and Recipients	$1,676,803
Total Measurable Cost Avoidance	**$1,426,956,531**

FY 2010

Managing Medicaid's Assets

Maximizing all available taxpayer dollars for recipient services is an ongoing priority for the Agency. While all program areas seek to manage funds efficiently, two divisions specifically work to ensure that public funds are spent or managed in accordance with state and federal rules and regulations.

The Program Integrity Division is responsible for planning, developing and directing Medicaid's efforts to identify, prevent and prosecute fraud, abuse and/or misuse by providers, recipients or others. The Third Party Division saves taxpayers millions of dollars each year through coordination of benefits, cost avoidance activities and recoveries from liens, estates and recipients.

Program Integrity

Four units within this division work to detect, prevent and/or eliminate all forms of fraud and abuse to ensure that all available funds go to provide health care to those in need. Program Integrity staff verify that medical services are appropriate and rendered as billed to eligible recipients by qualified providers, that payments for those services are correct, and that all funds identified for collection are pursued.

The Provider Review Unit examines medical provider billing to assure proper claim payment and recovery of identified overpayments while the Pharmacy Audit Unit provides a similar function for pharmacy providers.

In FY 2010, reviews of 48 medical providers, and 424 pharmacies resulted in approximately $2.39 million in identified recoupments and $1.16 million in collected recoupments.

Sanctions against providers and recipients resulted in $1,676,803 in cost savings for the Agency. In all, 76 providers were suspended from participation as Medicaid providers due to sanctions by their licensing boards and/or the U.S. Department of Health and Human Services Office of Inspector General. These provider sanctions netted a cost savings of $1,265,926. Suspension of 132 recipients from the Medicaid program resulted in a cost savings of $410,877.

The Recipient Review Unit investigates recipients who appear to have abused or misused their Medicaid benefits. If inappropriate behavior is found, the recipient is placed in the Agency's Restriction Program for management of his or her medical care.

In FY 2010, the Recipient Review Unit conducted 1,401 reviews. As a result, 843 recipients were restricted or "locked-in" to one doctor and one drug store resulting in $489,387 in cost savings for the Agency.

The Investigations Unit conducts preliminary investigations of provider cases and full investigations of recipients cases based on referrals, including calls to the confidential hotline. Medicaid refers cases to local district attorneys or the Alabama Attorney General for legal action.

The Quality Control Unit reviews eligibility determinations for accuracy to ensure that only eligible individuals qualify for Medicaid. Alabama's quality control rate between October 2009 and March 2010 period was 0.8.

FY 2010 PROVIDER REVIEWS		
Medical Providers		48
Medical Provider Recoupments –	Identified	$1,858,066
Medical Provider Recoupments –	Collected	$862,066
Pharmacies		424
Pharmacy Recoupments –	Identified	$543,905
Pharmacy Recoupments –	Collected	$299,033

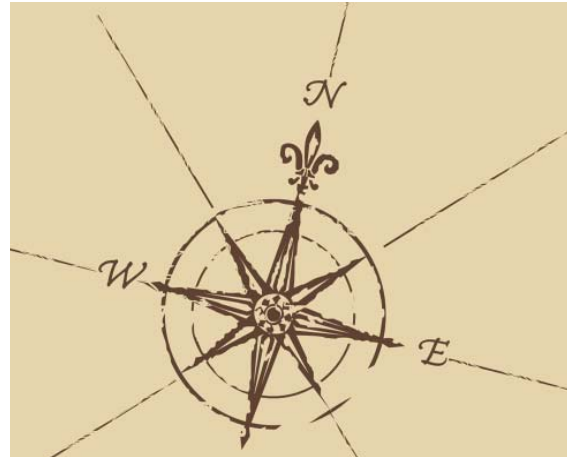| FY 2010 RECIPIENT REVIEWS	
Reviews Conducted	1,401
Restricted Recipients (unduplicated)	840
Recipient Review Cost Avoidance	$489,387

FY 2010 INVESTIGATIONS		
Provider & Recipient Recoupments –	Identified	$1,066,888
Provider & Recipient Recoupments –	Collected	$191,592

FY 2010 TAX INTERCEPT	
Receipts	$38,543

Third Party

Through its cost-avoidance and collection efforts, Medicaid's Third Party Division successfully saved Alabama taxpayers nearly $946 million during FY 2010. Through coordination of benefits, savings were achieved through a combination of 1) cost avoidance of claims where providers are required to file with the primary payer first, 2) direct billing by Third Party to primary payers, 3) payment of Medicare and health insurance premiums, 4) liens and estate recovery, and 5) recipient recoveries.

Medicaid also made premium payments to Medicare Advantage Plans for Medicaid enrollees, resulting in an avoidance of payment for Medicare deductibles and co-payments/coinsurance for certain Medicaid recipients.

FY 2010

Statistics and Summaries

Eligibles

Programs

Financial

Managing Medicaid's Assets

Alabama Medicaid Agency

FY 2010
COST PER ELIGIBLE
By Category, Gender, Race and Age
Includes Claims Data Only

By Category

All	$3,038
Aged	$19,363
Blind & Disabled	$7,394
MLIF	$2,299
Plan First	$338
QMB & SLMB	$2,158
SOBRA	$1,227

By Gender

Female	$3,033
Male	$3,047

By Race

African American	$2,533
American Indian	$1,994
Asian	$1,702
Hispanic	$1,234
Other	$1,302
Unknown	$5,666
White	$3,679

By Age

0-5	$1,349
6-20	$1,891
21-64	$3,772
65 & Over	$8,198
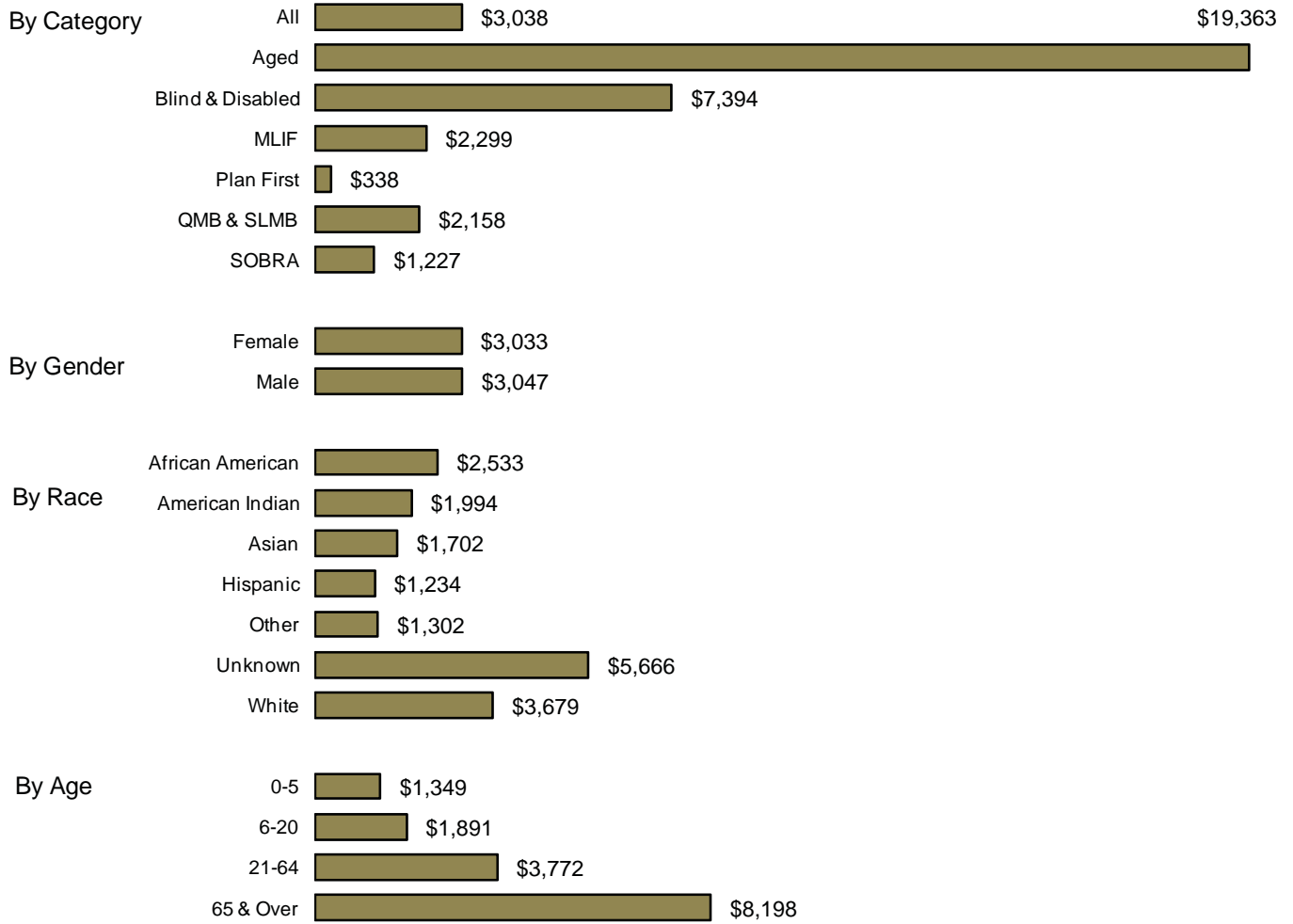
FY 2010
BY GENDER
Eligibles - Percent Distribution
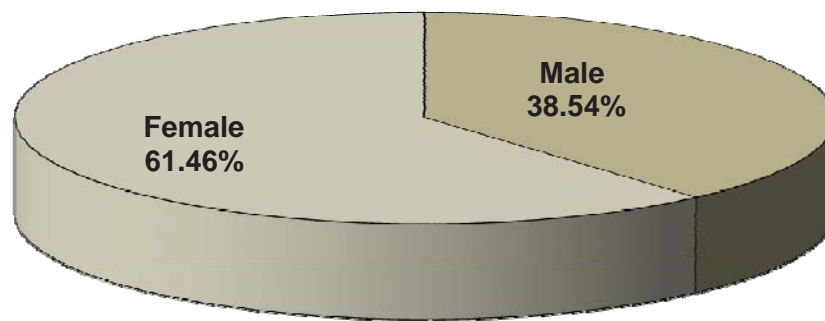
FY 2010
BY GENDER
Payment - Percent Distribution
Includes Claims Data Only

Alabama Medicaid Agency
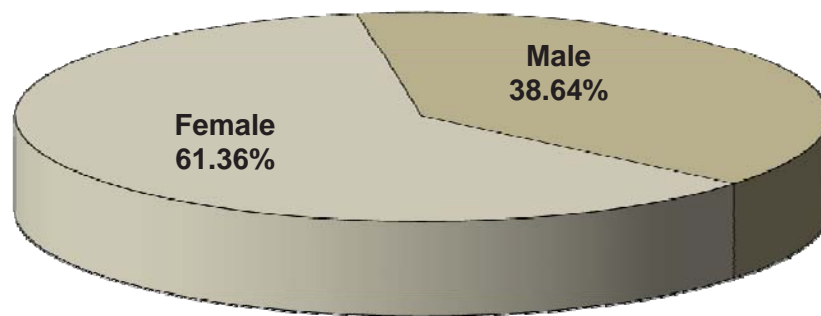
FY 2010
BY RACE
Eligibles - Percent Distribution

African American
45.05%

Other
0.84%

Hispanic
5.35%

Asian
0.64%

Unknown
2.20%

Am. Indian
0.29%

White
45.63%
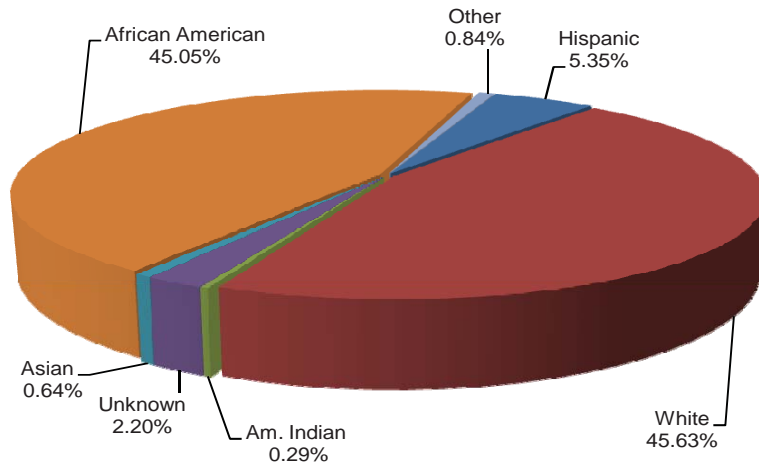
FY 2010
BY RACE
Payments - Percent Distribution
Includes Claims Data Only

African American
37.56%

Other
0.36%

Hispanic
2.17%

Asian
0.35%

Unknown
4.11%

Am. Indian
0.19%

White
55.26%
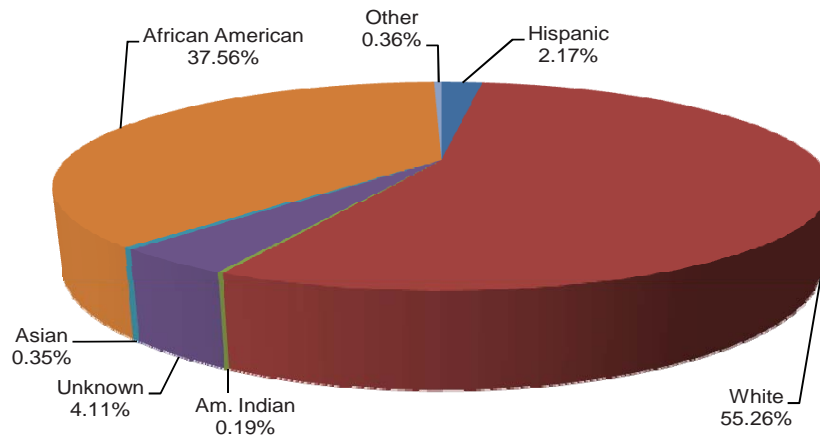
FY 2010
BY AGE
Eligibles and Payment
Percent Distribution
Includes Claims Data Only

By Age

Unduplicated totals of those who
qualified for Medicaid coverage

Age Group	Number
0 to 5	241,073
6 to 20	348,821
21 to 64	326,555
65 & Over	109,980
	1,026,429

Eligibles

65 and up	10.7%
	31.8%
21 to 64	
	34.0%
6 to 20	
	23.5%
0 to 5	

Payments

28.9%	
39.5%	
21.2%	
10.4%	
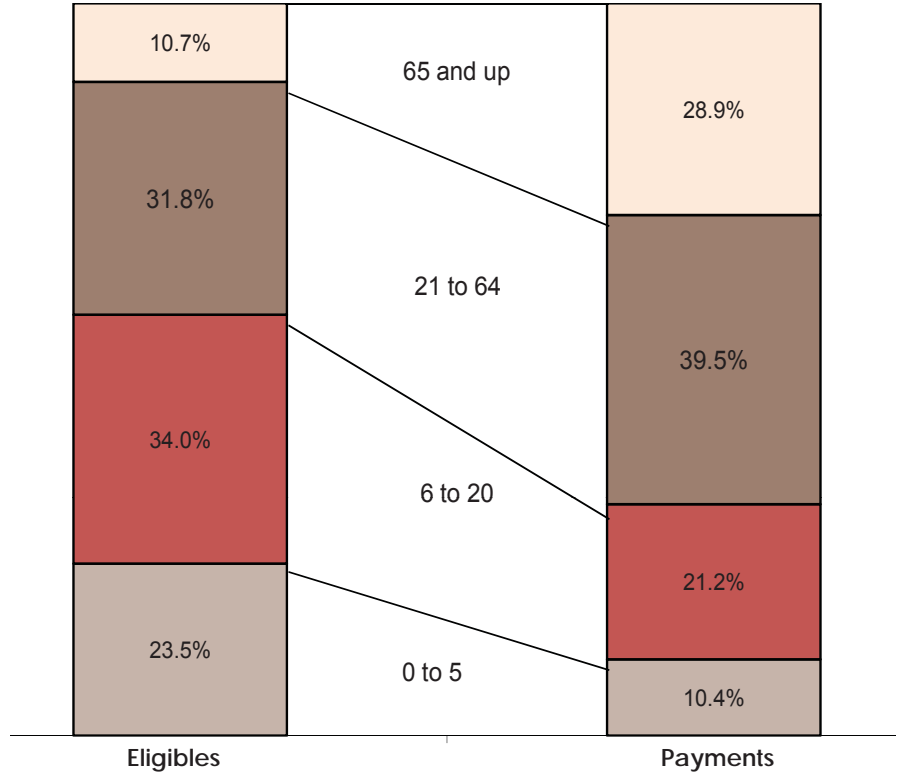
FY 2010
BY CATEGORY OF AID
Eligibles and Payment
Percent Distribution
Includes Claims Data Only
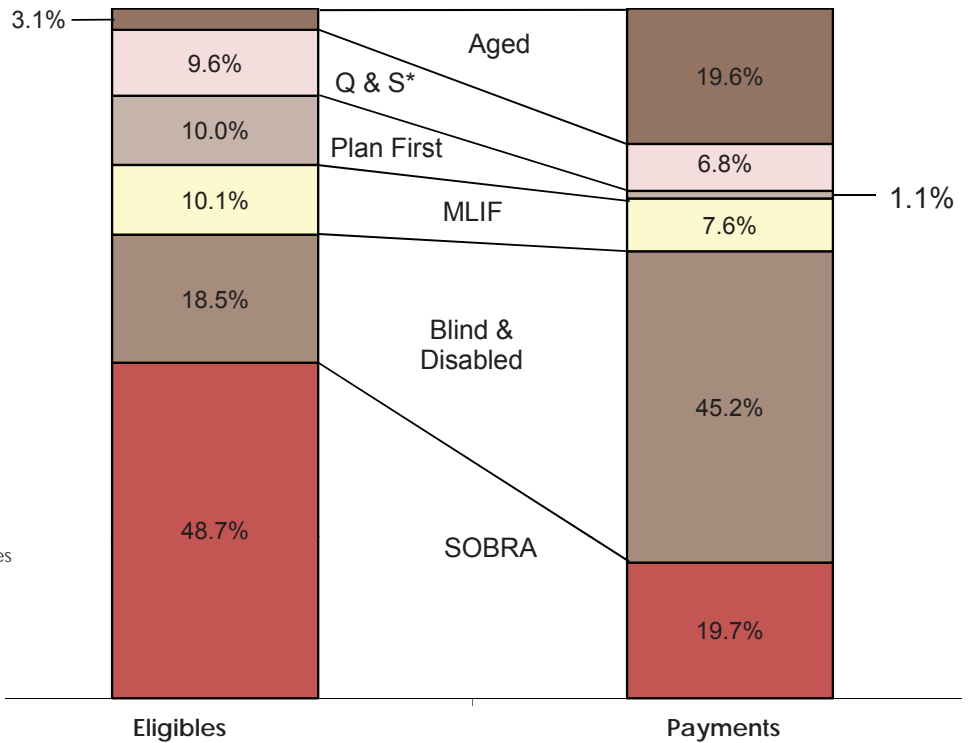
*Qualified Medicare Beneficiary and Specified
Low Income Medicare Beneficiary are Low-
Income Medicare beneficiaries and have
certain premiums, co-insurance, or deductibles
paid for by Medicaid.

Eligibles

3.1%
9.6%   Aged   Q & S*
10.0%   Plan First
10.1%   MLIF
18.5%   Blind & Disabled
48.7%   SOBRA

Payments

19.6%
6.8%
1.1%
7.6%
45.2%
19.7%

Alabama Medicaid Agency

FY 2010
MEDICAID ELIGIBLES BY CATEGORY AND COUNTY

COUNTY	MLIF	AGED	DISABLED	SOBRA	QMB	BLIND	SLMB	PLAN FIRST	TOTAL
Autauga	936	235	1,557	4,452	490	9	356	955	8,990
Baldwin	1,938	569	3,629	16,404	1,568	21	1,158	3,022	28,309
Barbour	1,070	280	1,533	3,517	495	10	291	602	7,798
Bibb	393	171	1,134	2,420	322	4	220	521	5,185
Blount	752	328	1,510	6,205	771	3	586	942	11,097
Bullock	468	190	852	1,876	229	3	112	330	4,060
Butler	834	315	1,286	3,012	415	4	254	663	6,783
Calhoun	3,895	738	5,504	12,734	1,654	52	1,050	2,959	28,586
Chambers	947	433	1,710	4,210	565	13	476	890	9,244
Cherokee	952	214	929	2,574	465	7	318	477	5,936
Chilton	1,042	247	1,503	5,575	660	7	457	941	10,432
Choctaw	347	193	850	1,585	284	5	157	407	3,828
Clarke	509	329	1,661	3,283	438	10	252	810	7,292
Clay	143	206	646	1,752	261	2	186	355	3,551
Cleburne	418	110	570	1,705	221	4	167	356	3,551
Coffee	1,141	419	1,601	4,689	570	7	350	803	9,580
Colbert	954	317	2,385	5,703	817	11	524	1,451	12,162
Conecuh	833	135	900	1,853	331	3	182	305	4,542
Coosa	106	64	592	1,181	242	4	171	238	2,598
Covington	987	485	1,706	4,875	792	7	471	937	10,260
Crenshaw	456	188	695	1,712	351	2	199	374	3,977
Cullman	889	727	2,858	8,753	1,183	11	914	1,447	16,782
Dale	1,901	323	2,114	4,872	625	7	360	1,032	11,234
Dallas	2,331	702	4,941	7,183	1,165	24	578	1,565	18,489
DeKalb	1,463	636	2,575	11,182	1,181	14	773	1,319	19,143
Elmore	1,142	415	2,527	6,114	670	14	477	1,143	12,502
Escambia	1,376	320	1,549	4,977	586	6	306	1,053	10,173
Etowah	2,133	825	4,968	11,833	1,625	15	1,213	2,282	24,894
Fayette	628	178	775	1,760	268	3	187	336	4,135
Franklin	799	289	1,332	4,965	582	5	396	635	9,003
Geneva	879	240	1,305	3,141	526	8	351	550	7,000
Greene	375	159	881	1,686	181	3	98	374	3,757
Hale	499	258	1,374	2,585	336	3	176	632	5,863
Henry	342	190	684	1,846	340	7	206	350	3,965
Houston	2,770	709	4,486	12,254	1,381	24	903	2,387	24,914
Jackson	993	437	1,937	5,800	838	14	582	1,072	11,673
Jefferson	11,352	3,603	28,319	61,760	7,667	130	5,381	13,462	131,674
Lamar	474	196	708	1,584	319	7	198	346	3,832
Lauderdale	1,152	587	3,276	8,251	1,223	10	819	2,287	17,605
Lawrence	784	224	1,217	3,377	486	6	325	767	7,186
Lee	2,438	410	3,380	10,890	909	20	674	2,190	20,911
Limestone	1,070	417	2,041	6,964	811	14	530	1,317	13,164
Lowndes	342	156	895	1,802	315	6	160	430	4,106
Macon	1,040	221	1,294	2,755	359	10	183	675	6,537
Madison	3,849	1,354	7,490	24,770	2,032	37	1,225	5,042	45,799
Marengo	492	270	1,523	2,631	450	7	190	604	6,167
Marion	676	319	1,223	3,639	583	4	417	697	7,558
Marshall	2,424	778	3,331	13,964	1,260	13	907	1,472	24,149
Mobile	10,245	2,500	16,034	50,707	4,874	90	3,353	11,207	99,010
Monroe	649	244	1,113	2,983	376	1	215	505	6,086
Montgomery	8,217	1,361	10,966	26,409	2,623	52	1,594	6,600	57,822
Morgan	1,887	744	4,018	12,837	1,134	28	709	2,369	23,726
Perry	499	233	1,170	1,760	317	3	127	406	4,515
Pickens	371	283	1,406	2,436	344	7	185	669	5,701
Pike	1,103	273	1,800	3,651	461	9	293	915	8,505
Randolph	457	221	942	2,853	374	4	279	546	5,676
Russell	2,456	429	2,581	6,829	673	15	515	1,574	15,072
St. Clair	1,752	314	2,080	7,702	816	15	627	1,455	14,761
Shelby	1,331	363	2,251	10,333	844	7	696	1,729	17,554
Sumter	624	245	1,230	1,884	267	7	115	580	4,952
Talladega	3,823	609	4,772	9,246	1,421	62	1,075	2,098	23,106
Tallapoosa	928	420	2,059	5,043	686	8	488	1,001	10,633
Tuscaloosa	2,806	1,038	7,858	17,616	1,584	39	1,041	4,531	36,513
Walker	1,314	586	3,813	7,636	1,065	12	837	1,601	16,864
Washington	308	161	829	1,831	266	3	152	404	3,954
Wilcox	656	214	1,664	2,144	304	5	137	513	5,637
Winston	478	263	1,204	2,782	542	3	365	487	6,124
Youth Services	0	0	0	242	0	0	0	0	242
STATEWIDE	**103,638**	**31,610**	**189,546**	**499,579**	**58,813**	**980**	**39,269**	**102,994**	**1,026,429**

Note: QMB, SLMB, and Plan First Eligibles do not receive full Medicaid. QMB and SLMB are Low-Income Medicare beneficiaries and have certain premiums, co-insurance, or deductibles paid for by Medicaid. Plan First eligibles receive family planning only services.

County	Benefit Payments	Eligibles	Payment Per Eligible	County	Benefit Payments	Eligibles	Payment Per Eligible
Autauga	$38,043,206	8,990	$4,232	Houston	$118,464,995	24,914	$4,755
Baldwin	$122,304,609	28,309	$4,320	Jackson	$63,490,053	11,673	$5,439
Barbour	$36,154,062	7,798	$4,636	Jefferson	$672,545,334	131,674	$5,108
Bibb	$22,478,769	5,185	$4,335	Lamar	$26,403,810	3,832	$6,890
Blount	$48,425,029	11,097	$4,364	Lauderdale	$96,745,085	17,605	$5,495
Bullock	$21,950,659	4,060	$5,407	Lawrence	$33,124,763	7,186	$4,610
Butler	$36,182,622	6,783	$5,334	Lee	$87,140,003	20,911	$4,167
Calhoun	$141,539,095	28,586	$4,951	Limestone	$62,773,896	13,164	$4,769
Chambers	$48,814,097	9,244	$5,281	Lowndes	$17,419,560	4,106	$4,242
Cherokee	$30,827,759	5,936	$5,193	Macon	$29,997,257	6,537	$4,589
Chilton	$41,706,457	10,432	$3,998	Madison	$216,510,561	45,799	$4,727
Choctaw	$20,021,970	3,828	$5,230	Marengo	$34,087,494	6,167	$5,527
Clarke	$35,589,678	7,292	$4,881	Marion	$42,547,462	7,558	$5,629
Clay	$22,356,480	3,551	$6,296	Marshall	$117,595,579	24,149	$4,870
Cleburne	$17,114,707	3,551	$4,820	Mobile	$474,484,166	99,010	$4,792
Coffee	$54,499,316	9,580	$5,689	Monroe	$30,871,258	6,086	$5,073
Colbert	$61,119,082	12,162	$5,025	Montgomery	$249,682,028	57,822	$4,318
Conecuh	$22,184,344	4,542	$4,884	Morgan	$132,753,631	23,726	$5,595
Coosa	$11,048,364	2,598	$4,253	Perry	$23,822,125	4,515	$5,276
Covington	$56,136,129	10,260	$5,471	Pickens	$29,053,166	5,701	$5,096
Crenshaw	$21,654,443	3,977	$5,445	Pike	$46,196,947	8,505	$5,432
Cullman	$87,186,512	16,782	$5,195	Randolph	$28,592,293	5,676	$5,037
Dale	$51,950,988	11,234	$4,624	Russell	$59,493,460	15,072	$3,947
Dallas	$87,057,862	18,489	$4,709	St. Clair	$73,212,535	14,761	$4,960
DeKalb	$96,800,007	19,143	$5,057	Shelby	$67,795,159	17,554	$3,862
Elmore	$76,970,102	12,502	$6,157	Sumter	$21,947,061	4,952	$4,432
Escambia	$45,333,301	10,173	$4,456	Talladega	$111,283,879	23,106	$4,816
Etowah	$152,203,728	24,894	$6,114	Tallapoosa	$58,733,280	10,633	$5,524
Fayette	$25,883,327	4,135	$6,260	Tuscaloosa	$244,170,978	36,513	$6,687
Franklin	$45,803,428	9,003	$5,088	Walker	$104,910,363	16,864	$6,221
Geneva	$34,237,929	7,000	$4,891	Washington	$20,073,086	3,954	$5,077
Greene	$14,742,425	3,757	$3,924	Wilcox	$23,377,121	5,637	$4,147
Hale	$26,422,115	5,863	$4,507	Winston	$35,576,476	6,124	$5,809
Henry	$20,383,395	3,965	$5,141	Youth Services	$3,993,286	242	$16,501
				TOTAL	**$5,133,994,149**	**1,026,429**	**$5,002**

FY 2010
PHYSICIAN PROGRAM
Use and Cost
Includes Claims Data Only

Age	Payments	Recipients	Cost per Recipient
0 to 5	$96,390,232	292,162	$330
6 to 20	$62,052,661	300,533	$206
21 to 64	$132,756,229	266,343	$498
65 and up	$10,344,756	102,569	$101
All Ages	$301,543,879	961,607	$314

FY 2010
LAB AND X-RAY PROGRAM
Use and Cost
Includes Claims Data Only

	Payments	Recipients	Annual Cost per Recipient
2008	$67,990,353	451,490	$150.59
2009	$68,383,202	474,417	$144.14
2010	$80,069,652	513,210	$156.02

Note: Includes Physician Lab and X-Ray

FY 2010
EYE CARE PROGRAM
Use and Cost
Includes Claims Data Only

	Payments	Recipients	Cost per Recipient
Optometric Service	$13,413,138	199,170	$67
Eyeglasses	$4,751,566	144,974	$33

FY 2010
LONG-TERM CARE PROGRAM
Recipients and Payments
by Gender, Race and Age

	Recipients	Payments	Cost Per Recipient
By Gender			
Female	18,435	$628,525,649	$33,837
Male	7,412	$247,390,266	$33,377
By Race			
African Am.	7,622	$267,314,346	$35,071
Am. Indian	8	$249,303	$31,163
Asian	59	$2,056,479	$34,856
Hispanic	46	$1,698,363	$36,921
Other	20	$648,158	$32,408
Unknown	379	$10,512,255	$27,737
White	17,713	$593,437,011	$33,503
By Age			
0-5	16	$787,951	$65,116
6-20	104	$6,642,563	$71,993
21-64	4,574	$157,155,233	$34,327
65-74	4,272	$144,645,613	$33,313
75-84	7,243	$244,614,580	$33,489
85 & Over	9,638	$322,069,975	$32,791

FY 2008 - 2010
LONG-TERM CARE PROGRAM
Number and Percent of Beds Used by Medicaid

Year	Licensed Nursing Home Beds	Medicaid Monthly Average	Percent Of Beds Used By Medicaid In An Average Month
FY 2008	26,957	16,607	63%
FY 2009	26,756	16,587	63%
FY 2010	26,046	16,445	64%

Alabama Medicaid Agency

FY 2010
TOTAL PAYMENTS
By County of Recipient

County	Amount
Lauderdale	$96.1
Limestone	$62.4
Madison	$215.1
Jackson	$63.1
Colbert	$60.7
Lawrence	$32.9
Morgan	$131.9
Marshall	$116.8
DeKalb	$96.1
Franklin	$45.5
Marion	$42.3
Winston	$35.3
Cullman	$86.6
Blount	$48.1
Etowah	$151.2
Cherokee	$30.6
Lamar	$26.2
Fayette	$25.7
Walker	$104.2
St Clair	$72.7
Calhoun	$140.6
Cleburne	$17.0
Jefferson	$668.0
Pickens	$28.9
Tuscaloosa	$242.5
Shelby	$67.3
Talladega	$110.5
Clay	$22.2
Randolph	$28.4
Bibb	$22.3
Chilton	$41.4
Coosa	$11.0
Tallapoosa	$58.3
Chambers	$48.5
Greene	$14.6
Hale	$26.2
Perry	$23.7
Autauga	$37.8
Elmore	$76.5
Lee	$86.6
Sumter	$21.8
Dallas	$86.5
Marengo	$33.9
Montgomery	$248.0
Macon	$29.8
Russell	$59.1
Wilcox	$23.2
Lowndes	$17.3
Bullock	$21.8
Choctaw	$19.9
Clarke	$35.3
Butler	$35.9
Crenshaw	$21.5
Pike	$45.9
Barbour	$35.9
Monroe	$30.7
Conecuh	$22.0
Coffee	$54.1
Dale	$51.6
Henry	$20.2
Washington	$19.9
Covington	$55.8
Geneva	$34.0
Houston	$117.7
Escambia	$45.0
Mobile	$471.3
Baldwin	$121.5

Note: Total claim payments (in millions) by recipient county extracted from Medicaid system query + apportion of payments not made through HP (Enhancements, DSH, Certified Public Expenditures Journal Vouchers, Health Insurance and Clawback).

FY 2010
MEDICAID PAYMENTS BY TYPE OF SERVICE
Nursing Home and Hospital

COUNTY	Hospital Payments *includes PHP Payments	Nursing Home Payments *includes Claims Data Only	COUNTY	Hospital Payments *includes PHP Payments	Nursing Home Payments *includes Claims Data Only
Autauga	$5,621,434.28	$5,157,429.22	Jackson	$12,598,796.86	$10,979,528.11
Baldwin	$17,453,010.76	$16,293,797.35	Jefferson	$82,418,340.36	$113,956,210.02
Barbour	$6,951,228.27	$6,689,312.29	Lamar	$3,520,864.19	$6,194,820.43
Bibb	$3,371,646.75	$3,958,892.91	Lauderdale	$11,946,606.91	$18,468,193.17
Blount	$7,165,846.95	$7,728,073.73	Lawrence	$5,008,477.41	$3,121,021.63
Bullock	$3,039,943.07	$4,891,258.10	Lee	$19,184,507.58	$9,864,561.10
Butler	$4,978,126.44	$8,080,102.52	Limestone	$10,459,664.39	$11,097,470.28
Calhoun	$22,035,027.59	$20,817,707.28	Lowndes	$2,081,259.15	$2,883,815.89
Chambers	$9,051,418.48	$12,794,401.58	Macon	$3,871,321.31	$6,503,582.52
Cherokee	$5,148,798.99	$6,878,737.71	Madison	$34,587,599.87	$32,179,498.66
Chilton	$7,371,168.71	$6,074,690.48	Marengo	$5,434,776.16	$6,299,780.35
Choctaw	$3,652,857.69	$3,831,605.53	Marion	$6,491,113.38	$9,886,941.68
Clarke	$6,157,683.55	$6,364,542.40	Marshall	$24,459,173.30	$20,940,432.50
Clay	$2,359,703.81	$6,879,202.88	Mobile	$55,407,626.61	$69,081,382.11
Cleburne	$2,446,212.83	$2,771,079.82	Monroe	$5,286,149.65	$6,767,101.35
Coffee	$7,957,448.91	$11,917,506.26	Montgomery	$30,727,630.64	$46,505,979.61
Colbert	$8,338,946.29	$9,303,654.07	Morgan	$19,276,547.18	$20,672,537.78
Conecuh	$4,169,664.82	$2,717,726.53	Perry	$2,731,476.11	$6,565,547.12
Coosa	$2,174,457.38	$1,791,370.65	Pickens	$5,790,296.96	$6,851,200.55
Covington	$11,005,086.63	$13,884,855.07	Pike	$5,529,923.52	$7,669,292.62
Crenshaw	$2,980,859.13	$4,452,036.56	Randolph	$4,632,489.04	$7,077,810.36
Cullman	$10,935,764.80	$18,916,690.03	Russell	$19,623,432.16	$10,349,315.51
Dale	$9,646,018.56	$8,541,492.04	St. Clair	$8,839,614.92	$10,951,053.57
Dallas	$12,122,648.26	$14,334,051.12	Shelby	$11,862,316.03	$11,496,100.24
DeKalb	$20,580,702.76	$17,154,695.59	Sumter	$5,274,460.44	$4,041,626.82
Elmore	$7,908,224.57	$11,346,034.84	Talladega	$19,810,839.54	$18,912,295.55
Escambia	$11,055,471.52	$8,475,752.36	Tallapoosa	$10,128,913.26	$15,796,258.02
Etowah	$20,451,953.14	$29,030,200.86	Tuscaloosa	$29,099,492.70	$27,773,866.32
Fayette	$3,853,411.33	$4,005,172.98	Walker	$14,173,061.49	$18,770,694.41
Franklin	$7,293,661.88	$10,040,463.18	Washington	$4,053,492.59	$3,739,581.06
Geneva	$5,794,054.48	$5,841,332.65	Wilcox	$3,140,513.51	$3,962,676.21
Greene	$2,606,810.55	$1,891,948.50	Winston	$4,807,082.78	$7,521,119.23
Hale	$4,706,833.98	$5,514,805.48	Youth Services	$913,230.61	$0.00
Henry	$2,340,604.44	$4,571,684.01	**STATEWIDE**	**$765,919,543.64**	**$875,915,915.18**
Houston	$20,021,721.42	$16,092,313.82			

Alabama Medicaid Agency
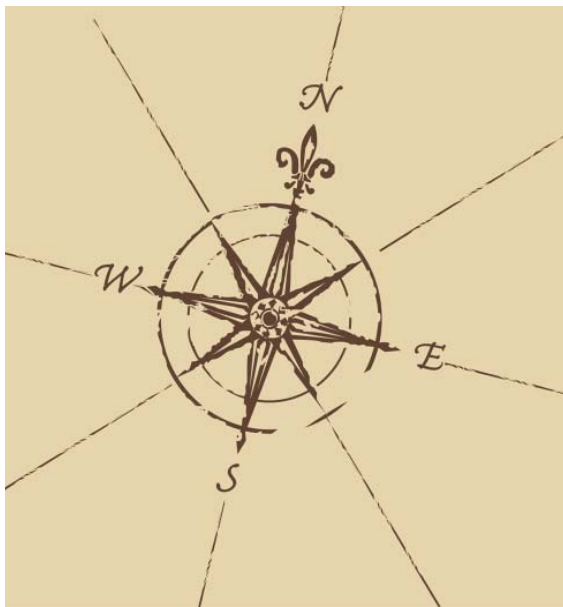
FY 2010

FY 2010 Annual Report

October 1, 2009 - September 30, 2010

Alabama Medicaid Agency

PO Box 5624 (501 Dexter Avenue)

Montgomery, AL 36103

For more Information, visit our website at www.medicaid.alabama.gov