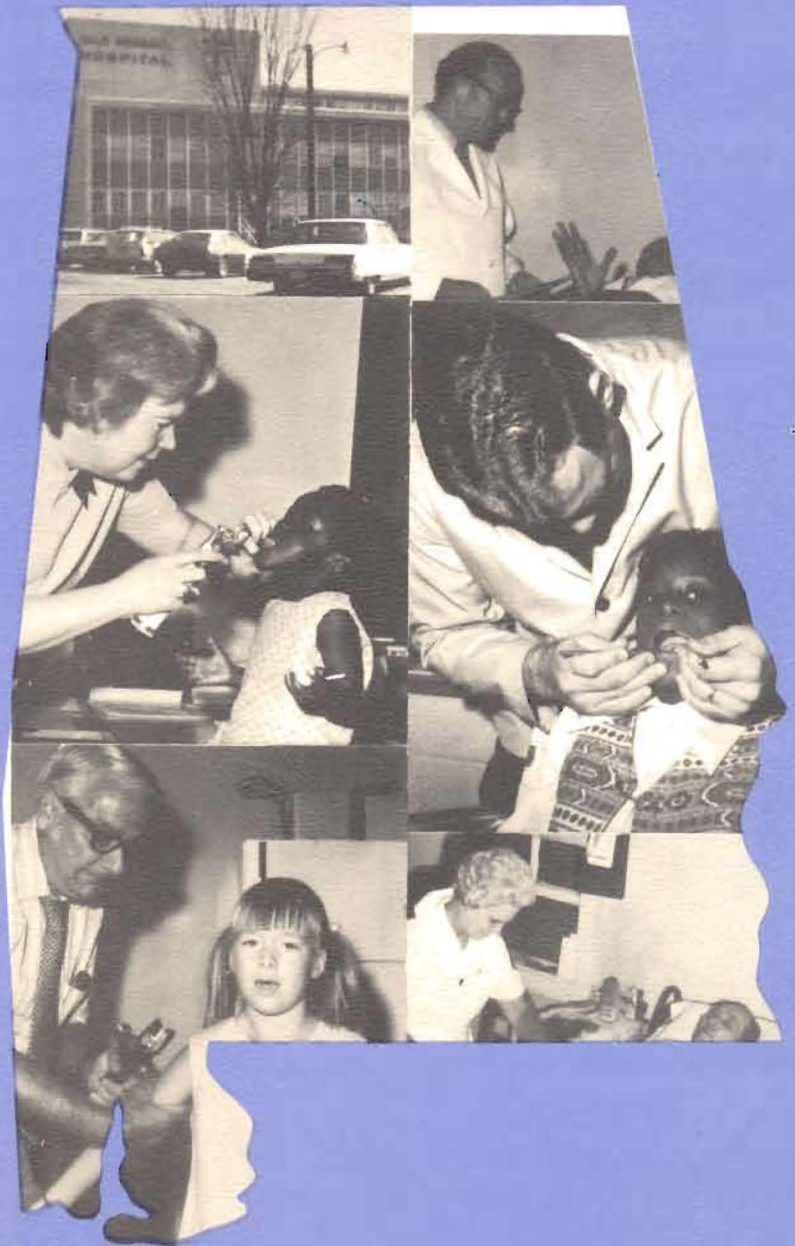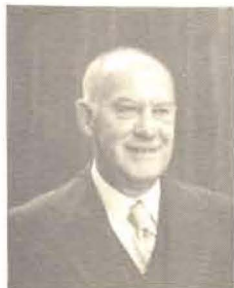# FY '77

ALABAMA MEDICAID

MEDICAL SERVICES ADMINISTRATION

George C. Wallace, Governor
State of Alabama

Jack E. Worthington, Commissioner
Medical Assistance

Jack W. Gwin, Medical Services Administrator

Robert H. Holzworth, M.D., Chief of Medical Services

Patricia A. Norrell, Confidential Assistant

State of Alabama

Medical Services Administration

JACK E. WORTHINGTON
Commissioner

PATRICIA A. NORRELL
Confidential Assistant

2500 Fairlane Drive
Montgomery, Alabama 36130

CLAYTON H. SCHMIDT, M.D.
Chief of Medical Services

JACK W. GWIN
Medical Services Administrator

The Honorable George C. Wallace
Governor of Alabama
State Capitol
Montgomery, Alabama   36130

Dear Governor Wallace:

The recently completed fiscal year 1976-1977 marks the eighth
year of service of the Alabama Medicaid Program to the people
of Alabama -- seven of them under your outstanding leadership.
Although it is the newest of the major State agencies, it has
already made significant changes in health care and health con-
ditions for Alabama's growing population.

This annual report provides a measure of the health services
provided, as well as a measure of their cost. Few investments,
we believe, have paid so well for so many Alabamians.

We who spend public money are accountable to all; therefore,
this report is, for us, both a duty and a pleasure. It is
presented to you with appreciation for your personal guidance
and support of Medicaid during the past years.

Regards,

Jack E. Worthington, Commissioner
Medical Assistance

JEW/gd

ALABAMA MEDICAID

FISCAL YEAR 1977

James F. Adams, Associate Director
Management and Administrative Reporting Branch

Michael C. Murphy
Statistician

MEDICAL SERVICES ADMINISTRATION

MONTGOMERY, ALABAMA

Jack E. Worthington, Commissioner
Medical Assistance

TABLE OF CONTENTS

LIST OF ILLUSTRATIONS

Source numbers below each plate refer to the sources of data as listed in the bibliography which appears at the end of this publication.

MAJOR EVENTS FOR MEDICAID IN FY '77

Alabama, in 1977, took several new steps in its continuing effort to solve Medicaid's financial problems. One of the major steps, taken in July, was to raise Medicaid to a higher level in the State's administrative hierarchy. With this change Medicaid ceased to be a division of the State Health Department and became a separate administrative entity, headed by a Commissioner of Medical Assistance—a newly created cabinet level post within the Governor's Office. Such rank was needed for an official who must work directly with the Legislature, the Medical Association, and other influential groups who want to help shape Medicaid policy.

Medicaid's Commissioner must weigh and reconcile the interests of three different groups: the patients, the taxpayers, and the providers. Only the providers are organized to any degree. If the other two are to be adequately represented, it must be through Medicaid's Commissioner, working in close cooperation with the Legislature and other interested organizations.

Public concern about Medicaid's rising costs tempts many people to hope for the impossible, and to demand that Medicaid's rising costs be stopped, or even reversed, by changes in administration and policy. Medicaid's administration and policy are not that influential. Health-care costs are rising outside Medicaid as well as inside. The most that Medicaid can do is to see that its costs lag behind the rising costs of private health-care. This, Alabama has already achieved. Further relief to the taxpayer will come only when the U.S. finds a way to halt the rise of all health-care costs—both private and public.

The Commissioner was appointed in July, during the final quarter of the year. In his first few weeks, he and the staff devised eight new cost containment measures, designed to keep and widen the gap between Medicaid health-care costs, and health-care

PLATE 1

COST CONTAINMENT MEASURES AND THEIR RESULTS

		Estimated Annual Savings	
		FY'78	FY'79
1.	Austere administrative actions	$ 230,000	$ 266,000
2.	Medical Care Division of P&S transferred to MSA	225,000	225,000
3.	Discontinued payment for Part A Medicare deductibles and co-insurance (2 months)	700,000	-0-
4.	Automation of Third Party collection	300,000	500,000
5.	Validation of Buy-In Premiums	1,569,000	1,750,000
6.	Changed reimbursement system for drug claims	266,000	266,000
7.	Demonstration projects requested	2,000,000	5,000,000
8.	Implementation of MMIS	3,000,000	7,000,000
	TOTAL	$8,290,000	$15,007,000

Source: No. 14

MEDICAID EXPENDITURES
Per month and per year

PLATE 2

MILLIONS PER MONTH

$256
$241
$225
$217
$202
$182
$162
$114

1974 1975 1976 1977 1978 1979
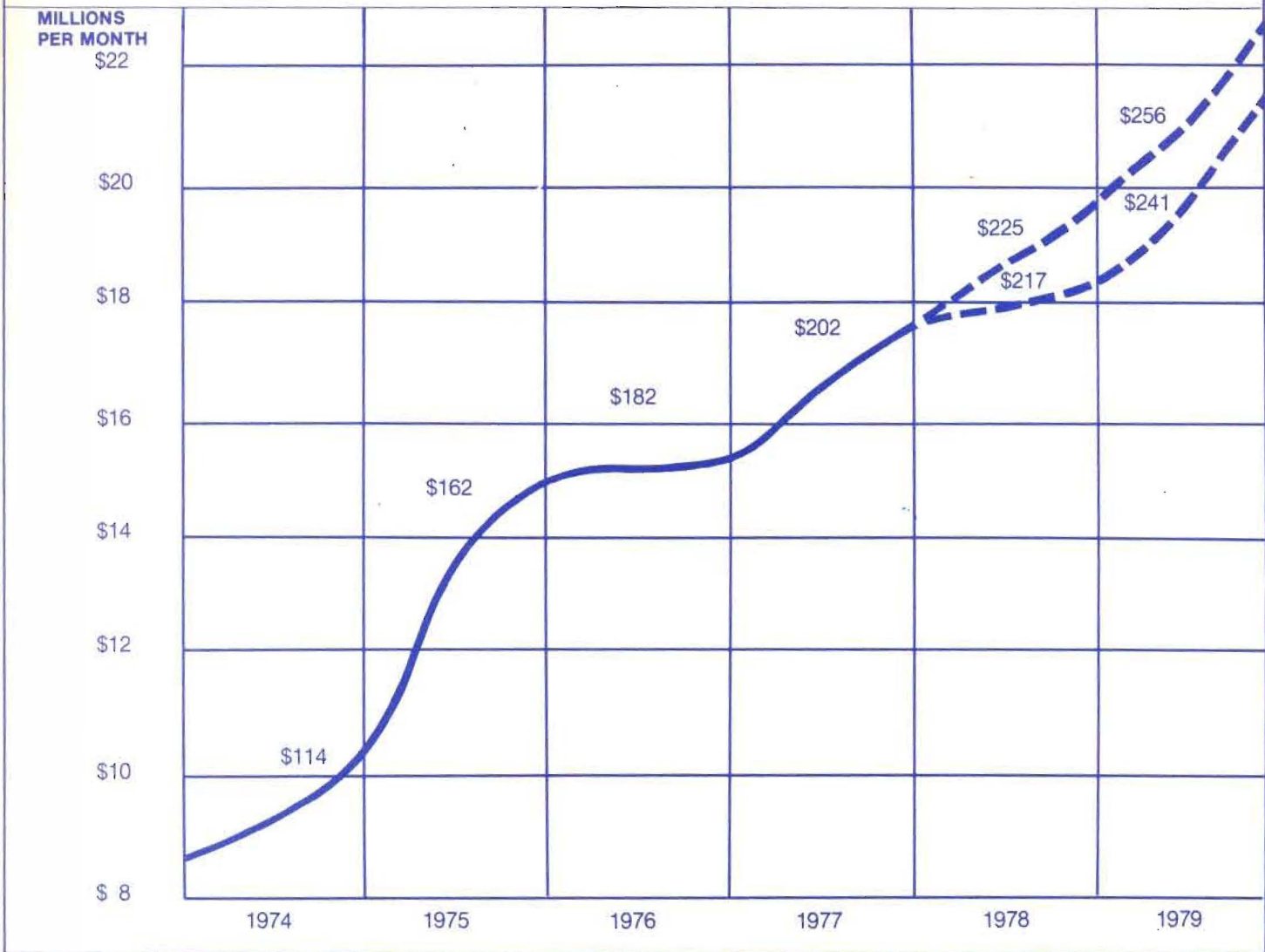
Source: Nos. 2, 3, 4, 10, 14

costs in general. Plate 1 lists these measures, and estimates the savings they can bring through 1979.

Plate 2 shows how the projected savings could slow, but not halt, Medicaid's rising budget needs for the next two years.

The two dotted lines show two different cost projections for fiscal '78 and '79. One projection shows budget estimates before, the other after, the cost containment measures were devised.

In addition to policy and procedural changes, Medicaid has also made organizational changes to promote efficiency. A diagram of the new structure is printed on the inside of the back cover of this report.

A third event of this year was an increased effort to detect and halt fraud and abuse. Medicaid conducted 67 field investigations (up from 27 the preceding year) and 541 routine inspections. Those investigated included physicians, optometrists, hospitals, nursing homes, and pharmacists, as well as recipients. The search uncovered payments totaling $942,000 which had been collected fraudulently or under questionable circumstances. At year's end, $118,000 had been recovered, and collection action was pending on the balance. Eleven providers and recipients were indicted and four others were terminated from further participation in Medicaid. Of the eleven indicted, five have been convicted, and the others are awaiting trial. In other cases, various kinds of administrative sanction were deemed sufficient—peer review, temporary suspension, or recoupment action. For specific details, see Plate 3.

Medicaid service has been available in Alabama for eight years. In these years it has brought the greatest change in health conditions that Alabama has ever seen in a single decade. Medicaid has provided to 10% of our population the first chance they ever had for adequate and timely health care. The results will be cumulative.

FY '77   PLATE 3
INVESTIGATIONS

PEOPLE INVESTIGATED	RESULTS OF INVESTIGATION
Physicians	3 were ousted from the Medicaid program 1 of those ousted was indicted in Federal Court on 83 counts of mail fraud 2 remained with the program but were required to make refunds of money
Nursing Homes	3 were indicted for fraud; of these, 1 was convicted and 2 were ousted from the program
Pharmacists	3 were indicted for fraud; of these, 2 were convicted and ousted from Medicaid, the third was suspended 41 were required to make refunds
Ambulance Services	1 was required to make a refund
Recipients	4 were indicted; of these, 2 were convicted and received 1 year suspended sentences and were placed on 1 year probations, 1 was required to refund money

Source: No. 16

MEDICAID'S IMPACT

Medicaid not only influences the health of Alabama's citizens, it produces economic benefits—both direct and indirect.

The direct economic benefits include the jobs and payrolls in health care industries. Indirect benefits include jobs and payrolls in other fields. Increasing the number of health care workers means increased demand for food, clothing, shelter, and all other goods and services.

A widely used study of the multiplier effect in Alabama* concludes that the effects of new expenditures by service industries are such that Medicaid's expenditure of $202,000,000 in FY'77 was sufficient to have created more than 30,000 jobs—nearly 20,000 in the health field, and more than 10,000 in other fields. The total payroll for these workers would run to $220,000,000 for the year, which is 9% more than the total amount spent by Medicaid for all purposes.

The two economic benefits cited above
    increases in employment
    increases in payrolls
in turn, stimulate several other economic benefits
    increases in construction work
    increases in retail and wholesale sales
    increases in taxes collected.

A study now in progress at the University of Alabama in the Center for Business and Economic Research will, when completed, enable us to measure all of these indirect economic benefits in greater detail than can be measured by the study cited in the footnote below.

The economic effects of Medicaid are felt in all 67 counties, though it is not spread evenly. Plate 4 shows how much was spent per eligible in each county this year. The median county is Lawrence, where Medicaid payments averaged $413 per eligible. Most of the urban counties fall above this median, but there are two notable exceptions—Mobile and Madison.

Plate 5 tells the dollar amount spent in each county, and gives selected details about eligibles, providers, and services received.

*The Structure of the Alabama Economy: An Input-Output Analysis, by Wayne C. Curtis; First Printing February, 1972; published by the Agricultural Experiment Station at Auburn University.

FY '77 COUNTY IMPACT — Year's expenditure per eligible	PLATE 4
County	**Dollars Per Eligible**
Lamar	$845
Tallapoosa	801
Winston	734
Russell	711
St. Clair	666
Covington	630
Cullman	623
Morgan	623
Clay	621
Franklin	613
Montgomery	597
Randolph	593
Walker	581
Jefferson	581
DeKalb	557
Shelby	534
Dale	531
Colbert	524
Elmore	500
Tuscaloosa	499
Baldwin	496
Lauderdale	495
Marshall	487
Crenshaw	478
Etowah	475
Monroe	468
Calhoun	456
Escambia	449
Clarke	442
Cherokee	437
Houston	428
Chambers	425
Marion	417
Lawrence	413
Butler	403
Coffee	395
Mobile	386
Macon	378
Madison	376
Barbour	367
Limestone	365
Blount	358
Pike	355
Hale	350
Dallas	338
Cleburne	333
Talladega	333
Lee	328
Jackson	324
Chilton	303
Marengo	293
Pickens	288
Fayette	282
Bibb	278
Perry	262
Autauga	230
Sumter	230
Washington	226
Coosa	215
Choctaw	206
Geneva	195
Conecuh	174
Wilcox	134
Greene	129
Henry	91
Bullock	85
Lowndes	55

Source: Nos. 6, 9, 13, 18, 24

COUNTY IMPACT

Payments, eligibles, recipients, providers

County	Payments	Eligibles	Nursing Home Care		Hospital Care	
			Recipients	Providers	Recipients	Providers
Autauga	$ 790,000	3,430	129	2	330	1
Baldwin	2,555,000	5,143	466	4	900	3
Barbour	1,641,000	4,487	262	2	868	1
Bibb	· 444,000	1,579	87	1	242	1
Blount	965,000	2,714	167	1	600	1
Bullock	226,000	2,641	32	1	150	1
Butler	1,541,000	3,835	271	2	890	2
Calhoun	4,932,000	10,836	655	5	4,100	4
Chambers	1,978,00	4,720	287	4	1,420	2
Cherokee	647,000	1,490	93	1	820	1
Chilton	850,000	2,794	148	2	520	1
Choctaw	764,000	3,709	67	1	930	1
Clarke	1,800,000	4,099	201	2	1,420	3
Clay	959,000	1,537	186	2	260	1
Cleburne	361,000	1,073	62	1	180	1
Coffee	1,478,000	3,727	205	2	1,080	3
Colbert	2,436,000	4,634	323	3	2,010	2
Conecuh	569,000	3,250	91	1	420	1
Coosa	345,000	1,611	60	1	0	0
Covington	3,050,000	4,841	428	4	2,360	4
Crenshaw	1,303,000	2,717	210	1	650	1
Cullman	2,969,000	4,802	549	3	1,620	2
Dale	1,678,000	3,179	296	2	750	1
Dallas	3,801,000	11,337	337	4	3,000	3
DeKalb	2,750,000	4,931	552	3	800	1
Elmore	2,140,000	4,243	391	3	700	2
Escambia	2,155,000	4,820	302	2	1,500	3
Etowah	4,640,000	9,792	726	5	2,700	3
Fayette	498,000	1,771	64	1	450	1
Franklin	2,019,000	3,302	315	4	1,150	2
Geneva	633,000	3,244	88	1	327	1
Greene	464,000	3,562	54	1	400	1
Hale	1,249,000	3,569	213	2	550	1
Henry	234,000	2,572	0	0	300	1
Houston	3,295,000	7,735	261	2	3,300	2
Jackson	1,403,000	4,336	185	2	1,200	2
Jefferson	35,629,000	61,608	3,583	33	39,000	17
Lamar	1,833,000	2,163	408	2	500	1
Lauderdale	2,971,000	6,047	445	5	1,800	2
Lawrence	1,681,000	4,072	224	1	1,400	2
Lee	1,731,000	5,266	172	1	1,700	1
Limestone	1,672,000	4,589	292	2	1,000	2
Lowndes	227,000	4,132	0	0	0	0
Macon	2,195,000	5,827	282	2	2,000	2
Madison	5,103,000	13,601	442	4	6,300	3
Marengo	1,535,000	5,245	168	2	1,200	1
Marion	1,210,000	2,901	182	3	900	3
Marshall	2,748,000	5,640	469	3	1,700	3
Mobile	14,781,000	38,417	1,716	13	15,113	5
Monroe	1,690,000	3,585	307	2	500	1
Montgomery	10,901,000	18,403	1,192	9	11,000	4
Morgan	4,433,000	7,133	714	5	2,000	5
Perry	1,000,000	3,811	181	2	140	1
Pickens	1,384,000	4,809	225	2	420	2
Pike	1,712,000	4,840	234	1	1,400	1
Randolph	1,445,000	2,433	249	2	1,500	2
Russell	1,746,000	4,509	237	2	1,500	1
St. Clair	1,968,000	2,967	430	4	450	1
Shelby	2,015,000	3,768	321	2	1,000	1
Sumter	978,000	4,255	68	1	900	2
Talladega	3,432,000	10,360	395	3	3,300	2
Tallapoosa	3,941,000	4,915	714	6	1,980	2
Tuscaloosa	6,805,000	13,682	808	5	6,000	3
Walker	4,190,000	7,212	667	5	3,100	2
Washington	454,000	2,015	73	1	500	1
Wilcox	659,000	4,908	98	1	320	1
Winston	1,443,000	1,959	278	2	380	1

Source: Nos. 6, 9, 13, 24

PLATE 5

Physicians' Care		Pharmaceuticals		Dental Care Providers	Home Health Providers	EPSDT Clinics Providers	Other Types Of Care Providers
Recipients	Providers	Recipients	Providers				
422	5	3,788	6	2	1	1	4
1,585	29	2,222	24	9	1	1	17
2,070	11	3,107	8	1	1	1	8
176	2	·790	4	2	0	1	6
965	5	2,462	6	3	1	1	6
263	3	1,511	3	0	1	1	3
1,654	7	2,425	7	3	1	1	8
6,034	80	5,682	36	8	1	4	32
2,496	18	2,957	21	0	1	1	10
845	3	1,414	8	2	1	1	5
815	6	2,432	6	0	1	1	6
1,816	5	2,260	6	0	1	1	7
3,149	11	4,381	10	6	1	1	12
725	6	1,404	6	0	2	1	2
134	1	865	4	1	1	1	2
1,700	22	2,007	6	2	1	1	19
2,841	34	4,473	11	1	1	1	7
137	3	985	4	2	1	1	6
703	1	329	4	1	1	1	1
4,150	47	6,426	20	4	1	1	17
1,280	3	1,655	4	1	1	1	5
1,271	16	4,495	22	3	1	1	12
814	31	2,533	7	5	2	1	6
7,074	47	4,870	14	16	1	1	19
1,206	12	4,327	18	6	1	1	10
1,921	13	3,342	15	5	1	1	14
2,327	2	3,572	8	3	1	1	21
5,325	86	7,076	32	17	1	1	25
878	4	1,469	6	1	1	1	6
2,050	12	3,190	10	3	1	1	9
1,179	5	2,998	9	1	1	1	8
1,477	4	1,982	2	1	0	1	3
2,368	4	1,595	7	1	1	1	2
676	4	1,107	11	4	1	1	6
6,277	63	5,495	27	10	2	1	29
1,949	17	3,636	15	7	1	1	16
41,327	891	19,410	181	95	6	2	161
1,042	4	2,795	6	0	0	1	2
3,849	65	3,381	19	13	1	1	20
2,197	8	3,497	4	4	0	1	6
3,115	48	2,161	20	5	2	1	13
920	12	2,203	13	7	0	1	9
1,912	4	1,371	3	3	1	1	1
3,659	19	2,969	6	2	1	2	11
9,302	175	5,450	36	26	1	1	47
3,179	7	3,164	10	1	1	1	7
1,362	8	3,353	14	4	1	1	8
2,021	25	6,557	40	11	1	2	19
22,034	321	12,673	88	46	2	2	69
1,142	7	1,776	8	8	1	1	13
16,743	202	9,874	37	26	3	1	73
4,023	76	5,143	27	19	2	1	25
1,036	3	2,353	4	2	1	1	4
2,127	4	2,750	9	2	0	1	9
2,035	12	3,075	8	2	1	1	12
1,064	6	2,176	8	2	1	4	31
1,097	32	2,116	14	3	1	1	6
531	5	1,038	11	2	1	1	4
2,029	7	2,556	12	7	1	1	11
3,000	8	2,624	2	1	1	2	8
6,593	30	7,004	28	7	1	2	22
2,760	24	4,387	17	2	1	2	15
11,548	107	7,094	34	12	3	1	26
3,527	27	5,034	28	12	1	1	19
486	3	449	2	0	1	1	3
829	4	1,024	6	1	1	1	3
1,503	5	2,053	10	3	1	1	4

REVENUE,
EXPENDITURES
AND PRICES

26.9%
STATE FUNDS

FEDERAL FUNDS
73.1%

$202,141,487
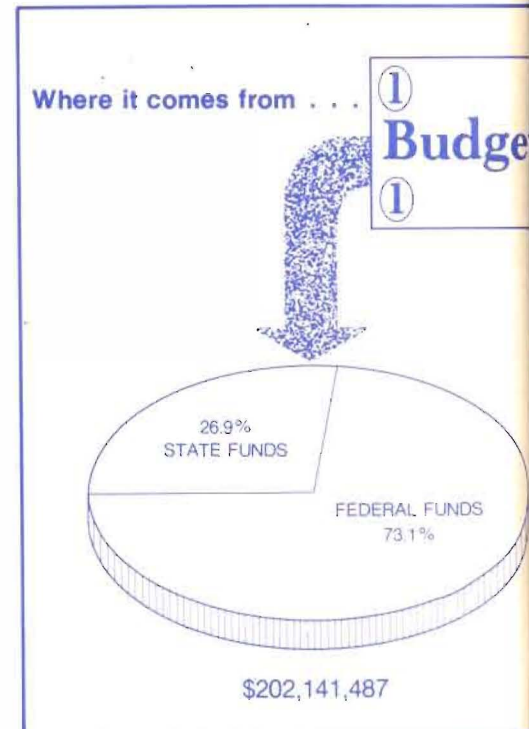
Source: Nos. 10, 20

SOURCES OF MEDICAID REVENUE	PLATE 7
Federal Funds	$147,805,035
State Funds	54,577,463
Total Revenue	$202,382,498

FY'77   PLATE 8
COMPONENTS OF FEDERAL FUNDS

	Dollars	Matching Rate
Professional staff costs	$ 659,449	75.00%
Licensure and certification costs	405,729	100.00%
Family planning administration	90,208	90.00%
Other staff costs	2,730,278	50.00%
Family planning services	1,252,903	90.00%
Other provider services	142,666,468	73.79%
Buy-in fees for "no-money" eligibles	0	0%
	$147,805,035	73.12%

FY'77   PLATE 9
COMPONENTS OF STATE FUNDS

	DOLLARS
Encumbered balance forward	$ 1,758,966
Basic appropriations	47,700,000
Supplemental appropriations	4,300,000
Transferred from Industrial Relations	420,000
Reimbursement from Pensions & Security	356,018
From revenue sharing	42,303
Imprinter rental	176
	$54,577,463
Encumbered	241,011
	$54,336,452

FY '77   PLATE 10
MEDICAID'S PORTION OF TOTAL STATE REVENUES (Bond Revenues Excluded)

	State Revenues	Federal Funds	Total Current Revenues
All Revenues of Alabama's State Government	$3,019,114,414	$481,990,747	$3,501,105,161
Medicaid Program	54,336,452	147,805,035	202,141,487
All Other Programs	2,964,777,962	334,185,712	3,298,963,674

Source: Nos. 7, 10

PLATE 6

① Where it goes . . .

Dollar

Long Term Care
43%

Other Care 6%

6%

Medicare Buy-In Insurance

Drugs 9%

10% Physicians

Hospitals 26%

$202,141,487
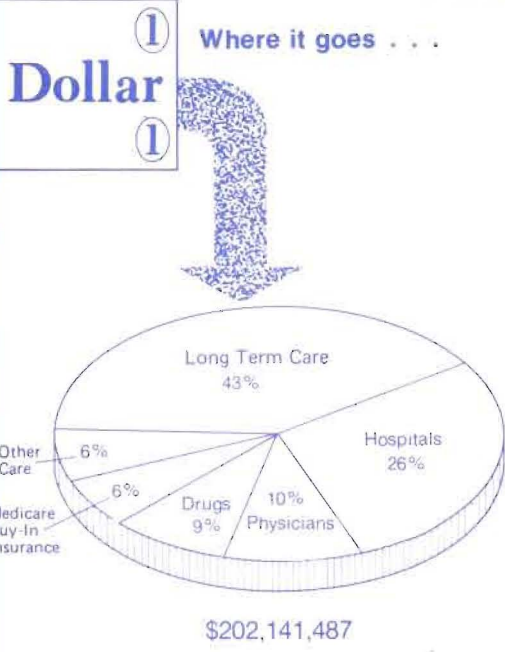
In FY'77, Medicaid paid $195,295,705 for health care services for Medicaid recipients. This net cost would have been $1,517,448 more had it not been for refunds and recoveries from third parties.

FY '75-'77   PLATE 11

EXPENDITURES
By type of service

SERVICE	PAYMENTS	Percent Of Payments By Service FY '77	Percent Of Payments By Service FY '76	Percent Of Payments By Service FY '75
Skilled Nursing Care	$54,091,147	27.70% ⎫ 43.4%	29.49%	28.70%
Intermediate Nursing Care	30,657,762	15.70% ⎭	15.00%	13.74%
Hospital Inpatients	44,721,460	22.90% ⎫ 25.7%	21.40%	20.40%
Hospital Outpatients	5,464,123	2.80% ⎭	3.00%	2.00%
Physicians' Services	19,711,181	10.09%	10.10%	12.50%
Medicare Buy-In Insurance	10,822,388	5.54%	6.00%	6.70%
Drugs	17,859,247	9.15%	8.79%	10.50%
Dental Services	3,538,844	1.81%	1.70%	1.70%
Lab & X-Ray	3,465,501	1.77%	2.00%	1.30%
Family Planning Care	1,063,487	.54%	.60%	.90%
Eye Care	1,188,310	.61%	.80%	.80%
Screening	1,113,496	.57%	.50%	.40%
Home Health	1,136,831	.58%	.35%	.30%
Transportation	115,724	.06%	.05%	.04%
Hearing Care	96,387	.05%	.02%	.02%
Other Care	249,817	.13%	.20%	
Total For Medical Care	$195,295,705	100.00%	100.00%	100.00%
Administrative Costs	6,845,782			
Net Payments	$202,141,487			

Source: Nos. 3, 4, 10, 20

PAYMENTS

By category, sex, race, age group

BY CATEGORY

AGED 52%

DISABLED 23.5%

DEPENDENT 23.5%

BLIND 1%

BY SEX

FEMALES 72%

MALES 28%

BY RACE

WHITES 61%

NON-WHITES 39%

BY AGE GROUP

65 & OLDER 56%

21-64 29%

6-20 11%

0-5 5%
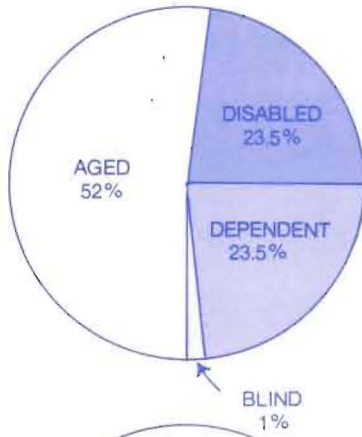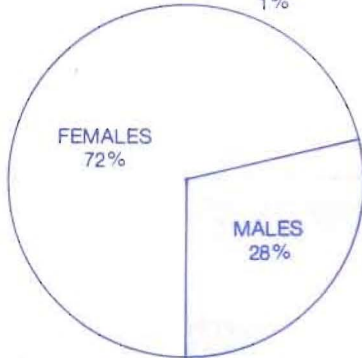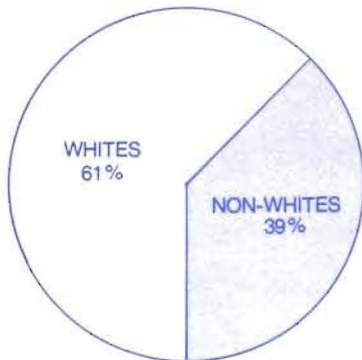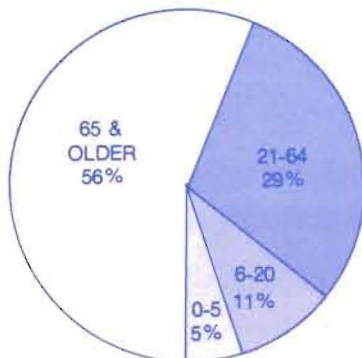
The percentage of the money spent on each category, sex, race, and age group never changes much in one year. But, over a period of years certain trends have become visible, and in FY'77 these trends continued. Specifically, the groups who spend the most money—the females, the whites, and the aged—continued to have their relative shares reduced by a small amount.

PAYMENTS

By county

more than $3 million

$2 million to $3 million

less than $2 million
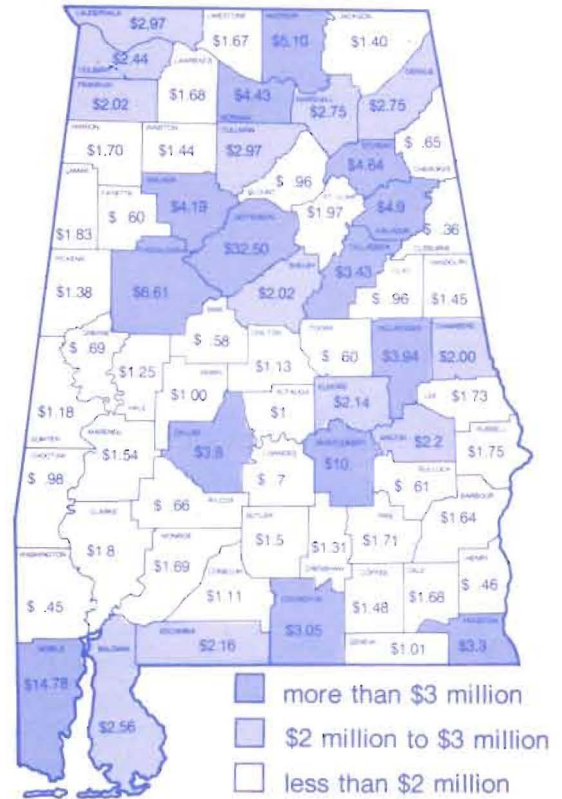
Prices

One of the many different factors which contribute to rising medical care costs is the price of each unit of medical service. Plate 14 shows the average unit price per quarter of each of the six major health care services paid for by Medicaid. Also depicted are the money and percent changes from the first quarter to the fourth quarter.

Continuing the trend of the past several years, prices for these medical services climbed, with the single largest increase being that of $24.16 for hospital inpatient days. Next came the price of physicians' visits, which showed a hike of $3.98 over the first quarter figure. Nursing home care, both skilled and intermediate, had relatively small increases. This was important because nursing home care consumes nearly half of Medicaid's budget. Medicaid-imposed price ceilings accounted primarily for the slower growth of nursing home prices.

FY '77

PLATE 14

PRICES
Unit price per service, by quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Change From 1st Qtr.	
					Dollars	Percent
Nursing Home Days						
Skilled	$ 16.61	$ 17.29	$ 17.49	$ 17.10	+ $ .49	+ 3.0%
ICF	14.72	15.29	15.53	14.83	+ $ .11	+ 0.7%
Inpatient Days	111.13	141.93	144.34	135.29	+ $24.16	+ 21.7%
Physicians' Visits	13.21	13.54	15.90	17.19	+ $ 3.98	+ 30.1%
Prescriptions	5.09	5.09	5.22	5.22	+ $ .13	+ 2.6%
Outpatient Visits	17.66	17.81	22.57	19.00	+ $ 1.34	+ 7.6%

Source: Nos. 19, 22, 23

POPULATION AND ELIGIBLES

Population

As shown in Plate 15, the population of Alabama grew from 3,444,165 in 1970 to about 3,709,000 in 1977. This amounts to an annual increase of about 38,000, or 1.1% per year.

Changes in population and economic conditions affect Medicaid. Any growth in the total population means that there are more people who might become eligible. This is especially true if the greatest amount of population growth takes place in those parts of the population which are heavily represented in the Medicaid eligibles. Changes in the relative size of various age groups in the population also have an effect. The national and state trend toward a larger percentage of the population over the age of 65 means more aged will be eligible. Economic conditions as well affect the Medicaid program. During slow economic periods more people are likely to go on welfare, thus qualifying for Medicaid benefits.

FY '70-'77   PLATE 15

POPULATION

Eligibles as percent of Alabama population, by year, 1970 to 1977.

Year	Population	Monthly Average Eligibles	Percent
1970	3,444,165*	Not Available	Not Available
1971	3,477,373 est.	299,679	8.61
1972	3,510,581 est.	291,437	8.30
1973	3,543,789 est.	303,344	8.55
1974	3,577,000**	303,310	8.47
1975	3,615,000**	323,887	8.96
1976	3,665,000**	324,920	8.87
1977	3,709,000 est.	331,891	8.95

* U.S. Bureau of Census count.
** U.S. Bureau of Census official estimate.
Source: Nos. 4, 8

CY'76   PLATE 16

POPULATION

1976 population estimates, by county

Source: No. 8

20% or more
12% to 19%
less than 12%

	-1- Current Counts	-2- Cumulative Counts	-3- Monthly Averages
Oct.	327,940	327,940	327,940
Nov.	329,742	335,595 est.	328,841
Dec.	331,544	343,250 est.	329,742
Jan.	333,346	350,905 est.	330,643
Feb.	335,148	358,560 est.	331,544
Mar.	336,953	366,215 est.	332,445
Apr.	333,564	373,870 est.	332,605
May	332,161	381,525 est.	332,549
June	330,759	389,180 est.	332,350
July	330,467	396,835 est.	332,162
Aug.	330,836	404,490 est.	332,041
Sept.	330,239	413,134	331,891

Source: No. 18

Eligibles

To get a complete picture of eligibility one needs to make three kinds of counts:

current counts,

cumulative counts,

average counts.

Each type of count has a different use with the most useful and most informative being the monthly average for the whole year. This is the number that should be used for making comparisons between eligibles in different states, different years, or different sexes, races, ages, or categories. The monthly average was about 332,000, an increase of nearly 7,000 over last year's figure of 325,000.

The cumulative count shows that during the year 413,134 persons were eligible and remained eligible for at least one month. But in no single month did the number run this high. The highest count was March's 336,953. (See Plate 19.)

	First Month	Number Added During Year	Total Number For Year	Number Dropped During Year	Final Month	Average Number Per Month	Annual Turnover Rate
ALL CATEGORIES	327,940	85,194	413,134	82,895	330,239	331,891	24.5%
AGED, Category 1	114,713	4,558	119,271	16,137	103,134	109,856	8.6%
BLIND, Category 2	2,098	130	2,228	280	1,948	1,991	11.9%
DISABLED, Category 4	41,943	21,474	63,417	8,005	55,412	49,153	29.0%
DEPENDENT, Categories 3 & 7	169,186	59,032	228,218	58,473	169,745	170,891	33.5%
MALES	118,879	33,339	152,218	27,916	124,302	122,601	24.2%
FEMALES	209,061	51,855	260,916	54,979	205,937	209,290	24.7%
WHITES	121,108	34,184	155,292	33,334	121,958	122,537	26.7%
NONWHITES	206,832	51,010	257,842	49,561	208,281	209,354	23.2%
AGE 0 - 5	44,173	6,263	50,436	6,108	44,328	44,572	13.2%
AGE 6 - 20	101,267	26,552	127,819	27,897	99,922	101,425	26.0%
AGE 21 - 64	58,406	44,953	103,359	26,447	76,912	68,170	51.6%
AGE 65 & Over	124,094	7,426	131,520	22,443	109,077	117,724	11.7%

Source: No. 18

Plate 20 shows how this year's eligibles were divided in regard to category, sex, race, and age. It also shows the number in each group at the beginning and the end of the year, monthly averages and cumulative (unduplicated) counts for each group for the whole year. The average and cumulative counts allow three more measures to be calculated for each group:

number of new eligibles added in the year,
number of old eligibles dropped in the year,
the turnover rate.

Annual Turnover Rate: There is a constant turnover among Medicaid eligibles which, in Alabama, has averaged about 23% per year. The annual turnover measures the rate at which "old" eligibles were replaced by "new" eligibles during the year.

Each category, sex, race, and age group has a different turnover rate, as shown in Plate 20. For several years the disabled and dependent categories have had the highest turnover rates, while the aged and the blind have had the lowest rates.

Annual Changes in the Number of Eligibles: The total number of Alabama citizens eligible for Medicaid increased 6,637 in FY'77. Plate 22 shows that the number of eligibles changed each year during the past five years, and that between FY'73 and FY'77 monthly averages rose more rapidly than

yearly totals. Specifically, from FY'76 to FY'77 the monthly average for all categories rose form 324,920 to 331,899, an increase of 2.1%; however, during the same time the yearly totals rose from 406,497 to 413,134 for a 1.6% increase.

FY '77	PLATE 21
ELIGIBLES	
Year's total	
Distribution by category, sex, race, and age	

All Categories	100.0%
Aged, Category 1	28.9%
Blind, Category 2	0.5%
Disabled, Category 4	15.4%
Dependent, Categories 3 & 7	55.2%
Males	36.8%
Females	63.2%
White	37.6%
Nonwhites	62.4%
Age 0 - 5	12.2%
Age 6 - 20	31.0%
Age 21 - 64	25.0%
Age 65 & Over	31.8%

Source: No. 18

FY '73-'77						PLATE 22
ELIGIBLES						
By category						
Monthly average						
Annual number						
		FY'73	FY'74	FY'75	FY'76	FY'77
MONTHLY AVERAGES	AGED, Category 1	117,713	118,757	115,942	109,108	109,856
	BLIND, Category 2	2,014	2,190	2,150	2,047	1,991
	DISABLED, Category 4	20,290	27,613	39,604	45,846	49,153
	DEPENDENT, Categories 3 & 7	163,327	154,750	166,191	167,919	170,891
	ALL CATEGORIES	303,344	303,310	323,887	324,920	331,891
YEARLY TOTALS	AGED, Category 1	131,041	138,453	132,735	125,648	119,271
	BLIND, Category 2	2,206	2,574	2,461	2,352	2,228
	DISABLED, Category 4	24,157	38,010	52,219	60,111	63,417
	DEPENDENT, Categories 3 & 7	211,302	201,723	218,043	218,386	228,218
	ALL CATEGORIES	368,706	380,760	405,458	406,497	413,134

Source: Nos. 4, 18

19

FY '77   PLATE 23
ELIGIBLES
By category, sex, race, age
Total MME used by each group
Average MME used by each person

	Total MME Used In Year	Average MME Per Person
ALL ELIGIBLES	3,982,699	9.6
AGED, Category 1	1,318,272	11.1
BLIND, Category 2	23,892	10.7
DISABLED, Category 4	589,836	9.3
DEPENDENT, Categories 3 & 7	2,050,699	9.0
MALES	1,471,212	9.7
FEMALES	2,511,487	9.6
WHITES	1,470,444	9.5
NONWHITES	2,512,255	9.7
AGE 0-5	534,864	10.6
AGE 6-20	1,217,100	9.5
AGE 21-64	818,040	7.9
AGE 65 & Over	1,412,695	10.7

Source: No. 18

Man-Months and Expected Duration of Eligibility: Although 413,134 people were eligible for Medicaid in FY'77 only about three-fourths were eligible all year. The others ranged from one month of eligibility to eleven months.

To find the total amount of time all these people were eligible in FY'77, one should add the total number of eligibles in each of the twelve months. Thus, the total number of man-months of eligibility (MME) used by the entire group all year was 3,982,699, producing an average of 9.6 MME per person.

Plate 23 shows the total number of MME used by each category, sex, race, and age group, and gives the average number of MME used by each group.

The number of months a group takes for 100% turnover also discloses the number of months the average member of that group will remain eligible. Plate 24 shows that the expected duration of eligibility varies from one group to another.

FY '75-'77   PLATE 24
ELIGIBLES
Annual changes in expected duration of eligibility

	EXPECTED DURATION OF ELIGIBILITY			
	Based On Turnover In FY'75	Based On Turnover In FY'76	Based On Turnover In FY'77	Percent Change FY'76-FY'77
ALL ELIGIBLES	48 Months	48 Months	49 Months	+ 2.1%
AGED, Category 1	83 Months	80 Months	140 Months	+75.0%
BLIND, Category 2	83 Months	81 Months	101 Months	+24.7%
DISABLED, Category 4	38 Months	39 Months	41 Months	+ 5.1%
DEPENDENT, Categories 3 & 7	38 Months	40 Months	36 Months	−10.0%
MALES	43 Months	47 Months	50 Months	+ 6.4%
FEMALES	50 Months	49 Months	49 Months	No Change
WHITES	46 Months	46 Months	45 Months	− 2.2%
NONWHITES	49 Months	49 Months	52 Months	+ 6.1%
AGE 0-6	40 Months	25 Months	91 Months	+264.0%
AGE 7-20	40 Months	49 Months	46 Months	− 6.1%
AGE 21-64	38 Months	39 Months	23 Months	−41.0%
AGE 65 & Over	75 Months	90 Months	103 Months	+14.4%

Source: Nos. 4, 18

RECIPIENTS

Of the 413,134 people deemed eligible for Medicaid in FY'77, only 81.5% actually received Medicaid benefits. These 336,722 people are called "recipients." The other 18.5%, though eligible for benefits, incurred no medical bills paid for by Medicaid.

Plate 25 shows monthly counts in Column 1 and cumulative counts in Column 2, and thus reveals how much the cumulative total increased each month. Column 3 includes the running monthly averages, with the September figure being the monthly average for FY'77. By comparing this figure of 148,837 to the corresponding figure for FY'76 (158,625), it becomes apparent that there was a 6.2% decrease in the number of persons receiving Medicaid services each month.

FY '77   PLATE 25
RECIPIENTS
All categories
Three ways to count the number of recipients

	-1-	-2-	-3-
	Current Counts	Cumulative Counts	Monthly Averages
Oct.	152,997	152,997	152,997
Nov.	152,424	177,616	152,710
Dec.	132,406	202,235	145,942
Jan.	140,379	226,854	144,551
Feb.	154,864	251,473	146,614
Mar.	153,972	276,092	147,840
Apr.	145,148	286,197	147,456
May	168,460	296,302	150,081
June	150,687	306,407	150,149
July	137,922	316,512	148,926
Aug.	167,120	326,617	150,580
Sept.	129,671	336,722	148,837

Source: No. 19

FY '77   PLATE 26
RECIPIENTS
By category, sex, race, age
Number of recipients and nonrecipients during year

	Total Recipients In Year	Non-Recipients	Recipients As A Percent Of Eligibles
AGED, Category 1	116,203	3,068	97.4%
BLIND, Category 2	1,878	350	84.3%
DISABLED, Category 4	53,331	10,086	84.1%
DEPENDENT, Categories 3 & 7	165,310	62,908	72.4%
MALES	115,967	36,251	76.2%
FEMALES	220,755	40,161	84.6%
WHITES	123,947	31,345	79.8%
NONWHITES	212,775	45,067	82.5%
AGE 0-20	128,465	49,790	72.1%
AGE 21-64	76,892	26,467	74.4%
AGE 65 & Over	131,365	155	99.9%
ALL CATEGORIES	336,722	76,412	81.5%

Source: No. 20

RECIPIENTS

By category, sex, race, age
Monthly counts
Year's total
MMS per category, and per recipient

PLATE 27

	Recipients First Month	Recipients Final Month	Recipients Average Month	Total Man-Months Of Medical Service	Total Recipients During Year	MMS Per Recipient
AGED, Category 1	72,563	58,026	66,479	797,744	116,203	6.87
BLIND, Category 2	1,031	948	1,013	12,162	1,878	6.48
DISABLED, Category 4	28,499	27,313	29,204	350,454	53,331	6.57
DEPENDENT, Categories 3 & 7	50,904	43,384	52,141	625,690	165,310	3.78
MALES	*N/A	*N/A	*N/A	*N/A	115,967	*N/A
FEMALES	*N/A	*N/A	*N/A	*N/A	220,755	*N/A
WHITES	*N/A	*N/A	*N/A	*N/A	123,947	*N/A
NONWHITES	*N/A	*N/A	*N/A	*N/A	212,775	*N/A
AGE 0-20	*N/A	*N/A	*N/A	*N/A	128,465	*N/A
AGE 21-64	*N/A	*N/A	*N/A	*N/A	76,892	*N/A
AGE 65 & Over	*N/A	*N/A	*N/A	*N/A	131,365	*N/A
ALL CATEGORIES	152,997	129,671	148,837	1,786,050	336,722	5.30

Source: Nos. 19, 20

Although the monthly average number of recipients dropped from the previous year, the cumulative total increased by more than 16,000 persons. This indicates that though there were more recipients, they were using their Medicaid cards less often.

To determine more precisely the frequency with which recipients availed themselves of Medicaid services, a unit of measure called man-months of medical service (MMS) is used. The total number of MMS that Medicaid pays for in a month is equal to the number of recipients that month, regardless of the dollar amount spent on each recipient. The total MMS Medicaid paid for all year is found by adding the MMS paid for in each of the twelve months.

The total MMS used by the 336,722 recipients in FY'77 was 1,786,050. (See Plate 27.) This represents an average of 5.30 MMS per recipient, down 10.6% from the 5.39 MMS per recipient in FY'76. With the exception of the dependent categories, all groups showed a decline in average MMS per recipient. The largest downturn was noted in the aged category, dropping 26.7% from last year's 9.37.

USE AND COST

FY '75-'77 USE Utilization rate by category			PLATE 28
	FY '75	**FY '76**	**FY '77**
AGED, Category 1	87.8%	87.6%	97.4%
BLIND, Category 2	86.0%	79.5%	84.3%
DISABLED, Category 4	80.9%	80.7%	84.1%
DEPENDENT, Categories 3 & 7	73.0%	73.3%	72.4%
ALL CATEGORIES	78.9%	78.9%	81.5%

Source: Nos. 4, 18, 20

Use

Three measures of use are significant:
   utilization rate,
   frequency of service rate,
   ratio of actual use to potential use.

Utilization Rate: This rate is calculated by dividing the number of recipients by the number of eligibles. The result is the percent of the eligibles who received medical care during the year. This year, as usual, the rate was approximately four persons out of five, with 81.5% being the exact figure. (See Plate 28.)

FY '75-'77 USE Frequency-of-service rate (MMS per recipient)			PLATE 29
	FY'75	**FY'76**	**FY'77**
AGED, Category 1	7.51MMS	9.37MMS	6.87MMS
BLIND, Category 2	2.59MMS	7.35MMS	6.48MMS
DISABLED, Category 4	5.54MMS	7.63MMS	6.57MMS
DEPENDENT, Categories 3 & 7	3.81MMS	3.66MMS	3.78MMS
ALL CATEGORIES	5.37MMS	5.93MMS	5.30MMS

Source: Nos. 4, 19, 20

Frequency-of-Service Rate: Adding the number of recipients from each of the months in the fiscal year gives the number of man-months of Medicaid service. Then, dividing the total MMS by the year's unduplicated count of recipients gives the frequency-of-service rate.

MMS figures measure the number of months in which service was used rather than the number of services used. Therefore, the rate this year of 5.3 means that the average recipient received medical care during 5.3 months. (See Plate 29.)

FY '77 USE MMS per eligible Ratio of actual use to potential use	PLATE 30
AGED, Category 1	6.69MMS
BLIND, Category 2	5.46MMS
DISABLED, Category 4	5.53MMS
DEPENDENT, Categories 3 & 7	2.74MMS
ALL CATEGORIES	4.32MMS

Source: Nos. 16, 19, 20

Ratio of Actual Use to Potential Use: The maximum demand for medical care would exist if every eligible person asked for medical care every month. However, only about 80% of Medicaid's eligibles become recipients of medical services. These recipients ask for medical care on an average of only 5.3 months each. Subsequently, the actual demand for care is about 35% of the potential demand. A more precise measure of the ratio of actual use to potential use is provided by calculating the MMS per eligible. (See Plate 30.)

Cost

Cost per person can be measured in two ways, cost per eligible or cost per recipient. Cost per recipient is measured in all states and is the cost figure needed to compare Alabama costs to similar costs elsewhere.

Cost per eligible is not measured in other states and thus cannot be used for comparison. It is useful, however, for budgeting purposes. Data on costs per eligible help predict how much more money will be needed as the number of eligibles increases each year.

Cost Per Eligible: Plate 31 shows the variation in cost per eligible from one group to another. An aged person, for example, costs Medicaid nearly five times as much per year as a young eligible. The variations

in cost per eligible can be attributed to the fact that different groups use different kinds of services in different amounts.

In an aged eligible's period of eligibility, he costs nearly fourteen times as much as the younger eligible. In addition to using services more often and using more expensive services, the aged person remains eligible longer than the child.

Plate 31 shows the yearly cost per eligible for the past three years. The groups with the largest increase were the dependents (30%) and the age 21-64 group (30%), followed very closely by the aged (29%). The smallest increase came in the blind category (3%) which was the only group to actually drop in cost per eligible from the previous year. Plate 32 shows cost per period of eligibility.

FY '75-77

PLATE 31

COST

Annual changes in cost per eligible

	FY '75	FY '76	FY '77	Change From FY '75 TO '77
AGED, Category 1	$670	$759	$866	+29%
AGE 65 & Over	718	795	824	+15%
WHITES	622	693	770	+24%
DISABLED, Category 4	589	662	725	+23%
FEMALES	445	500	538	+21%
AGE 21-64	412	469	537	+30%
BLIND, Category 2	521	551	535	+3%
ALL ELIGIBLES	384	432	470	+22%
MALES	281	314	359	+28%
NONWHITES	237	272	291	+23%
DEPENDENTS, Categories 3 & 7	160	175	207	+30%
AGE 0-5	*N/A	156	201	*N/A
AGE 6-20	*N/A	143	162	*N/A

*Not Available
Source: Nos. 4, 20

	Cost Per MME	Cost Per Year	Cost Per Period of Eligibility
AGED, Category 1	$78	$866 for 11.1 MME	$10,920 for 140 MME
AGE 65 & Over	77	824 for 10.7 MME	7,931 for 103 MME
BLIND, Category 2	50	535 for 10.7 MME	5,050 for 101 MME
WHITES	81	770 for 9.5 MME	3,645 for 45 MME
DISABLED, Category 4	78	725 for 9.3 MME	3,198 for 41 MME
FEMALES	56	538 for 9.6 MME	2,744 for 49 MME
ALL ELIGIBLES	49	470 for 9.6 MME	2,401 for 49 MME
MALES	37	359 for 9.7 MME	1,850 for 50 MME
AGE 0-5	19	201 for 10.6 MME	1,729 for 91 MME
AGE 21-64	68	537 for 7.9 MME	1,564 for 23 MME
NONWHITES	30	291 for 9.7 MME	1,560 for 52 MME
DEPENDENT, Categories 3 & 7	23	207 for 9.0 MME	828 for 36 MME
AGE 6-20	17	162 for 9.5 MME	782 for 46 MME

Source: Nos. 18, 20

Cost Per Recipient: Section 3 of plate 33 discloses that Medicaid averaged paying $1,209 for each disabled person who became a hospital patient, but only $187 per aged inpatient. The average that Medicaid paid for aged was low because Medicare paid the major part of the bill.

Over 90% of the aged people on Medicaid were also eligible for Medicare. Smaller percentages of Medicaid's blind and disabled qualified for Medicare.

For hospital care, Medicare paid for more than half of each bill. For five other services listed in Plate 33 Medicare also paid significant, but smaller, fractions of each bill, thus saving Medicaid millions of dollars. For this coverage Medicaid paid to Medicare a "buy-in" fee or premium of $7.70 (effective July 1, 1977) per month per person for each Medicaid eligible who was also on Medicare. Medicaid's total payment to Medicare for these buy-in premiums in FY'77 was $10,822,388. Medicare spent considerably more than $10.8 million in partial payments of medical bills incurred by Alabama citizens on Medicaid.

USE AND COST

Year's cost per service by category
Year's total number of recipients by service and category
Year's cost per recipient by service and category
Utilization rates by service and category

| | | SERVICES WHOSE COSTS ARE SHARED WITH MEDICARE | | | | | | | |
		PHYSICIANS' SERVICES	LAB & X-RAY	HOSPITAL+ INPATIENTS	HOSPITAL OUTPATIENTS	HOME HEALTH	TRANSPOR-TATION	DRUGS	NURSING HOMES, SKILLED++
	ALL CATEGORIES	$19,711,181	$3,465,501	$44,721,460	$5,464,123	$1,136,831	$115,724	$17,859,247	$54,091,147
	Category 1 Aged	3,884,483	576,455	5,107,224	697,127	607,186	4,415	10,531,202	46,694,463
SECTION	Category 2 Blind	190,781	33,035	402,409	42,656	18,596	2,092	161,215	147,399
1	Category 4 Disabled	5,475,070	1,116,623	16,559,861	1,716,544	482,019	55,624	4,742,871	7,239,603
	Categories 3 & 7 Dependent Children	5,446,506	913,609	11,949,415	1,907,412	8,006	13,399	1,078,357	2,001
YEAR'S									
COST	Category 3 Dependent Adults	4,714,341	825,779	10,702,551	1,100,382	21,024	40,194	1,345,602	7,681
SECTION	ALL CATEGORIES	232,205	156,924	67,842	86,910	2,234	*N/A	237,639	15,261
2	Category 1 Aged	76,287	44,571	27,293	18,408	1,249	*N/A	90,711	13,392
	Category 2 Blind	1,416	911	437	521	32	*N/A	1,505	44
YEAR'S	Category 4 Disabled	38,203	25,363	13,701	14,691	822	*N/A	41,456	1,816
TOTAL	Categories 3 & 7 Dependent Children	82,648	62,602	15,764	37,699	58	*N/A	72,003	1
NUMBER OF									
RECIPIENTS	Category 3 Dependent Adults	33,651	23,477	10,647	15,591	73	*N/A	31,964	8
	ALL CATEGORIES	$ 84.89	$22.08	$ 659.20	$ 62.87	$506.86	*N/A	$ 75.15	$3,544.40
SECTION	Category 1 Aged	50.92	12.93	187.13	37.87	486.14	*N/A	116.10	3,486.74
3	Category 2 Blind	134.73	36.26	920.84	81.86	581.13	*N/A	107.12	3,349.98
	Category 4 Disabled	143.32	44.03	1,208.66	116.84	586.40	*N/A	114.41	3,986.57
YEAR'S	Categories 3 & 7 Dependent Children	65.90	14.59	758.02	50.60	138.03	*N/A	14.98	2,001.00
COST PER									
RECIPIENT	Category 3 Dependent Adults	140.10	35.17	1,005.22	70.58	288.00	*N/A	42.10	960.13
SECTION	ALL CATEGORIES	56.2%	38.0%	16.4%	21.0%	0.54%	*N/A	57.5%	3.694%
4	Category 1 Aged	64.0%	37.4%	22.9%	15.4%	1.05%	*N/A	76.1%	11.228%
	Category 2 Blind	63.6%	40.9%	19.6%	23.4%	1.44%	*N/A	67.5%	1.975%
UTILIZATION	Category 4 Disabled	60.2%	40.0%	21.6%	23.2%	1.30%	*N/A	65.4%	2.864%
RATES	Categories 3 & 7 Dependents	51.0%	37.7%	11.6%	23.4%	0.06%	*N/A	45.6%	0.004%

Source: Nos. 18, 19, 20

+ Includes patients in mental hospitals
+ + A small part of the cost of skilled care is paid by Medicare, but the amount is insignificant.

*Not Available
**Less Than 0.01 Percent

PLATE 33

SERVICES WHOSE COSTS ARE NOT SHARED WITH MEDICARE							ALL SERVICES		
NURSING HOMES, ICF	DENTAL CARE	FAMILY PLANNING	OTHER PRACTITIONERS	OTHER CARE	SCREENING	MEDICARE BUY-IN	PAID FOR ENTIRELY BY MEDICAID	PAID FOR BY MEDICAID & MEDICARE	MEDICAID'S TOTALS
$30,657,762	$3,538,844	$1,063,487	$1,284,697	$249,817	$1,113,496	$10,822,388	$120,680,885	$74,614,820	$195,295,705
24,271,939	43	0	560,211	88,187	0	9,154,363	91,300,408	10,876,890	102,177,298
192,116	2,573	1,195	5,145	1,923	0	0	511,566	689,571	1,201,137
6,185,006	115,892	32,917	261,533	95,877	0	1,668,025	20,341,724	25,405,741	45,747,465
0	3,357,637	300,546	287,174	19,066	1,113,496	0	6,158,277	20,238,347	26,396,624
8,701	62,699	728,829	170,634	44,764	0	0	2,368,910	17,404,271	19,773,181
9,090	41,402	12,349	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	336,722
7,595	1	0	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	116,203
44	20	13	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	1,878
1,448	1,319	322	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	53,331
0	39,473	5,155	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	123,510
3	589	6,859	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	41,800
$3,372.69	$85.48	$86.12	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	$579.99
3,195.78	43.00	0	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	879.30
4,366.27	126.65	91.92	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	639.58
4,271.41	87.86	102.23	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	857.80
0	85.06	58.30	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	213.72
2,900.33	106.45	106.26	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	473.04
2.20%	10.02%	4.5%	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	81.5%
6.37%	**	0.0%	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	97.4%
1.97%	0.90%	0.9%	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	84.3%
2.28%	2.08%	0.8%	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	84.1%
**	17.55%	8.0%	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A	72.4%

LONG-TERM CARE

In terms of people served, the nursing home program is small. This year 1 eligible in 20 used nursing home care.

In terms of expenditure, it is the largest program. This year 43% of Medicaid funds went for nursing home care.

In the past five years, Medicaid's annual expense for nursing home care has risen from $34.4 million to $84.7 million — an increase of 146%. Plate 34 shows the annual steps by which this increase took place. Plate 34 also shows the factors that caused the increase:

more patients (up 58%)
more months of service (up 32%)
higher prices per month (up 86%)

In terms of dollars, 1977 cost $50.3 million more than 1973. Of this amount, $34.3 million (68%) is attributable to rising prices. The other $16 million (32%) is attributable to increased use.

FY '73-'77

PLATE 34

LONG-TERM CARE PROGRAM

Patients, months, and cost

	Number Of Nursing Home Patients (Year's Unduplicated Total)	Average Length Of Stay During Year	Total Months Paid For By Medicaid	Average Cost Per Month To Medicaid	Total Cost To Medicaid
1973	15,409	7.67 months	118,128	$291	$34,399,101
1974	16,858	7.63 months	128,604	$346	44,539,709
1975	20,042	6.80 months	136,320	$490	66,849,071
1976	21,094	7.16 months	150,948	$514	77,576,985
1977	24,351	6.43 months	156,516	$541	84,748,904
% Change Since 1973	+58%	−16%	+32.5%	+86%	+146%

Source: Nos. 1, 2, 3, 4, 18, 20

LONG-TERM CARE PROGRAM

· PLATE 35

The number and percent of beds used by Medicaid

	Nursing Home Beds In Existence At End Of Year	Medicaid Patients		Percent Of Beds Used By Medicaid	Number Of Beds Not Used By Medicaid In Average Month
		Monthly Average	Yearly Unduplicated Total		
1973	14,011	9,844	15,409	70%	4,167
1974	15,636	10,717	16,858	69%	4,919
1975	18,089	11,360	20,042	63%	6,729
1976	18,752	12,579	21,094	67%	6,173
1977	18,997	13,043	24,351	69%	5,954

Source: Nos. 1, 2, 3, 4, 12, 19, 20

The nursing home industry has grown rapidly since Medicaid came into existence, and Medicaid has become its principal customer. In Alabama, more than two-thirds of its business comes from Medicaid. Plate 35 shows the growth rate during the past four years, during which time 4986 new beds were added — an average of 104 a month. Plate 35 also shows how many beds Medicaid used each year.

A recent survey made by the Alabama Department of Public Health concluded that the then existing number of 18,997 beds was inadequate and should be increased by 2610 more beds.

Such surveys are made each year and a review of the past six surveys shows that the need for beds is not fixed. No matter how fast new beds are built, the need seems to grow as fast, or faster, than the supply, for the gap between supply and demand has not diminished. In late 1971 the need was found to be for 1602 new beds. By FY'77, though 7648 new beds had been built, the shortage had not diminished but had worsened, to 2610.

It seems unlikely that the health of Alabama's aged poor has deteriorated this rapidly since 1971. The growing demand for nursing home care needs to be explained. It is no longer possible to make Medicaid budget plans, on the assumption that the total demand for nursing home care will be determined entirely by health conditions, and that Medicaid's share of this total can be controlled by changing the maximum income permitted for Medicaid patients.

LONG-TERM CARE PROGRAM
Recipients, by sex, by race, by age

	SKILLED	ICF	TOTAL	PERCENT
All Recipients	15,261	9,090	24,351	100.0%
By Sex				
Female	11,260	6,333	17,593	72.2%
Male	4,001	2,757	6,758	27.8%
By Race				
White	12,341	7,282	19,623	80.6%
Nonwhite	2,920	1,808	4,728	19.4%
By Age				
65 & Over	13,561	7,864	21,425	88.0%
21-64	1,426	1,153	2,579	10.6%
6-20	149	41	190	0.8%
0-5	125	32	157	0.6%

Source: No. 20

LONG-TERM CARE PROGRAM
Age of patients in September, 1977

Age Group	Number	Percent
100 & over	92	.7%
95 - 99	420	3.2%
90 - 94	1,442	11.0%
85 - 89	2,728	20.8%
80 - 84	2,491	19.0%
75 - 79	2,019	15.4%
70 - 74	1,456	11.1%
65 - 69	800	6.1%
21 - 64	1,613	12.3%
0 - 20	52	.4%
Total	13,113	100.0%

Source: No. 26

Plates 36, 37, and 38 show who the recipients were this year — in terms of sex, race, and age — and show how much was spent on each group.

Plate 39 shows monthly changes in the number of beds and the number of Medicaid patients. The fact that the monthly average (13,043) is only about

LONG-TERM CARE PROGRAM
Payments, by sex, by race, by age

	SKILLED	ICF	TOTAL	PERCENT
All Recipients	$54,091,147	$30,657,762	$84,748,909	100.0%
By Sex				
Female	42,312,907	21,709,351	64,022,258	75.5%
Male	11,778,240	8,948,411	20,726,651	24.5%
By Race				
White	45,364,085	24,587,381	69,951,466	82.5%
Nonwhite	8,727,062	6,070,381	14,797,443	17.5%
By Age				
65 & Over	47,133,872	25,446,772	72,580,644	85.6%
21-64	5,531,565	4,931,015	10,462,580	12.4%
6-20	859,429	180,143	1,039,572	1.2%
0-5	566,281	99,832	666,113	0.8%

Source: No. 20

LONG-TERM CARE PROGRAM
Beds in existence, by month
Beds used by Medicaid, by month

	SKILLED CARE BEDS			ICF BEDS			ALL BEDS		
	Number In Existence	Number Used By Medicaid	Percent Used By Medicaid	Number In Existence	Number Used By Medicaid	Percent Used By Medicaid	Number In Existence	Number Used By Medicaid	Percent Used By Medicaid
Oct. '76	13,244	8,300est	62.7%	5,508	4,750est	86.2%	18,752	13,050est	69.6%
Nov.	13,155	8,305	63.1%	5,551	4,754	85.6%	18,706	13,059	69.8%
Dec.	13,275	8,082	60.9%	5,593	4,756	85.0%	18,868	12,838	68.0%
Jan. '77	13,297	8,297	62.4%	5,621	4,792	85.3%	18,918	13,089	69.2%
Feb.	13,287	8,161	61.4%	5,636	4,825	85.6%	18,923	12,986	68.6%
Mar.	13,353	8,086	60.6%	5,556	4,839	87.1%	18,909	12,925	68.4%
Apr.	13,371	7,972	59.6%	5,556	4,984	89.7%	18,927	12,956	68.5%
May	13,389	8,006	59.8%	5,597	4,978	88.9%	18,986	12,984	68.4%
June	13,449	8,013	59.6%	5,597	5,153	92.1%	19,046	13,166	69.1%
July	13,400	7,891	58.9%	5,525	5,277	95.5%	18,925	13,168	69.6%
Aug.	13,474	8,087	60.0%	5,623	5,395	95.9%	19,097	13,482	70.6%
Sept.	13,374	7,299	54.6%	5,623	5,514	98.1%	18,997	12,813	67.4%

Sources: Nos. 12, 22

one-half the yearly total (24,351) suggests that the turnover rate is close to 100% in a year. It also suggests that the average length-of-stay will be close to half a year. Plate 40 shows what these two measures (average length-of-stay and annual turnover rate) turned out to be when calculated. The same plate shows how these two measures have changed in recent years. It should be remembered, however, that these measures are averages. Though it is true that the average patient currently stays only 6.4 months, there are still large numbers who live permanently in nursing homes, staying five or ten years, or longer. Information is needed on whether the number of permanent residents is declining or increasing. The answer will have a large impact on Medicaid's expenditures in coming years.

LONG-TERM CARE PROGRAM
Number of recipients

	SKILLED			ICF			TOTAL		
	FY'75	FY'76	FY'77	FY'75	FY'76	FY'77	FY'75	FY'76	FY'77
Monthly average	7,410	8,110	8,042	3,950	4,469	5,001	11,360	12,579	13,043
Yearly total	13,323	13,932	15,261	6,719	7,162	9,090	20,042	21,094	24,351
Average length of stay	6.7	7.0	6.3	7.1	7.5	6.6	6.8	7.2	6.4
Annual turnover rate	79.8%	71.8%	89.8%	70.1%	60.3%	81.8%	76.4%	67.7%	86.7%

Source: Nos. 4, 20, 22

HOSPITAL PROGRAM

One eligible in six became a hospital inpatient this year. One in four became an outpatient.

For four years in a row outpatients have outnumbered inpatients.

Inpatients: When Medicaid's hospital inpatients are compared to all hospital inpatients in Alabama, several conclusions emerge:

1. The hospital admission rate for Medicaid eligibles (182 per 1000) is higher than the admission rate for all Alabamians. (See Plate 41.) The reason is that Medicaid eligibles contain a high percentage of the aged and disabled.

2. The average days-per-stay for Medicaid patients (7.4 days) is longer than the average of all hospital patients in Alabama. (See Plate 41.) Again, the reason is that the Medicaid population is older and more disabled than the population as a whole.

3. The average cost-per-day for Medicaid patients ($133) is lower than for all patients (See Plate 42.)

4. The average cost-per-stay for Medicaid patients ($984) is also lower than for all patients.

The fact that Medicaid patients spend relatively more time in hospitals, and at less cost, has several causes. It is difficult to be sure what all the causes are, and impossible to measure the relative influence of each cause. Part of the credit should be given to Medicaid's policies and administration. Medicaid has struggled hard to prevent waste and to keep costs down.

FY '77

PLATE 41

HOSPITAL PROGRAM

Medicaid patients compared to all Alabama patients in regard to use of hospital beds

	Total Number	Hospital Admissions	Hospital Days	Admissions per 1000 People	Average Days per Stay
Medicaid Eligibles	412,150	74,976	554,514	182	7.4
All Alabama Patients	3,676,000	642,452	4,445,930	175	6.9

Source: Nos. 6,18,20

FY '77   PLATE 42
HOSPITAL PROGRAM
Cost for Medicaid patients compared to costs for
other hospital patients

	Cost per Day	Days per Stay	Cost per Stay	Cost per Patient*
All U.S. Hospital Patients	$186	6.95	$1293	not available
All Alabama Hospital Patients	$156	6.91	$1078	not available
Alabama Medicaid Patients				
paid by Medicaid	$ 73		$ 538	$ 659
paid by Medicare	60		446	546
Total	$133	7.40	$ 984	$1205

*The average Medicaid hospital inpatient had 1.224 hospital stays in FY '77.
Source: Nos. 15,20

In spite of the fact that Medicaid has kept its hospital costs below average, it has not been able to escape a steep and continuous rise in such costs. Ten years ago (1967) hospital inpatients, on an average for the whole United States, paid $49 a day. By 1975 it was up to $101 a day. As 1977 ended the average daily cost had reached $186.

Medicaid has not been immune from rising hospital costs. In the past five years Medicaid's annual cost per inpatient has doubled—rising from $327 to $659 (See Plate 43.)

At the same time that costs have risen, use has also risen, but not as steeply. The number of patients rose by about 10,000. Average days-per-stay have fluctuated; in '77 it was unusually high. The combined effect of price rises and increases in use more than doubled Medicaid's budget for inpatient care since 1973—from $18 million to almost $45 million a year. (See Plate 43.)

FY '73-'77   PLATE 43
HOSPITAL PROGRAM
Use and cost trends for the past five years

	FY '73	FY '74	FY '75	FY '76	FY '77
Number of inpatients	56,213	59,126	61,833	67,187	67,842
Number of hospital stays	74,218	73,801	82,825	88,438	83,059
Number of hospital days	453,554	440,444	523,562	520,502	614,289
Days per stay	6.11	5.97	6.32	5.88	7.40
Cost to Medicaid	$18,396,930	$19,580,499	$26,479,182	$32,215,062	$44,721,460
Cost per patient	$327	$331	$428	$479	$659

Source: Nos. 1, 2, 3, 4, 20

HOSPITAL PROGRAM
Outpatients

	FY '73	FY '74	FY '75	FY '76	FY '77
Number of outpatients	66,994	69,129	86,206	93,335	86,910
Percent of eligibles using outpatient service	18%	18.2%	21.3%	23%	21%
Annual cost of outpatient care	$2,321,066	$2,754,182	$3,741,689	$4,846,291	$5,464,123
Cost per patient	$35	$40	$43	$53	$63

Source: No. 20

Outpatients: This year, for the first time in any year, Medicaid's number of outpatients declined. The percent of eligibles using outpatient services also declined, and this too was for the first time. Plate 44 gives details on how those two counts have changed during the past five years. The cost of outpatient care did not decline. The price per visit (see Plate 14 on page 15) rose more than the number of visits declined. Therefore, Medicaid's cost for this service continued to rise.

Even though the use of outpatient service declined, it remained true that among Medicaid eligibles there were more outpatients than inpatients.

Alabama's Supply of Hospital Beds: As FY'77 began, Alabama had 18,189 hospital beds. According to studies made by the Alabama State Board of Health, this number, if it were properly distributed, would be more than needed. The total need could be met with only 17,316 beds. But, in fact, the beds are not properly distributed and when the survey was made there were still 20 counties with a shortage.

Two of the 20 counties—Coosa and Lowndes—have no general hospitals, and no hospital beds, so their shortage is not directly measureable. To make it indirectly measureable, the State Board in the study mentioned above assumed that most people in Coosa

HOSPITAL PROGRAM
Hospital use and need for all Alabama

	Alabama's Population	Hospital Admissions	Patient Days In Hospitals	Existing Hospital Beds	Needed Beds
1971	3,448,000	567,455	4,101,868	16,977	18,807
1972	3,486,000	584,698	4,175,318	17,705	18,287
1973	3,514,000	618,439	4,317,649	18,214	19,270
1974	3,784,000	611,817	4,325,570	18,002	16,170
1975	3,590,000	609,381	4,190,450	18,278	16,989
1976	3,640,000	642,452	4,445,930	18,189	17,316

Source: Nos. 6, 8, 20

County used hospitals in Tallapoosa County, and that most Lowndes County patients used Montgomery hospitals.

Aside from these two counties that have no beds, the worst shortage was found in Lamar County, which had 45 beds and needed 70. The smallest shortage was in Chambers County, which had 159 beds and needed 161. The largest shortage, but not the worst, was in Mobile, which needed 187 more beds to meet its total need of 1892 beds.

The number of beds needed in a county is measured by the number of days that patients stay in a hospital. Thus, two counties with approximately the same number of people—such as Cherokee and Choctaw—may have very different needs for beds. In Cherokee County, approximately 14% of the population was hospitalized in 1976 and the average length of stay was 6.68 days. In Choctaw in the same year only 11% were hospitalized, and the average length of stay was 6.47 days. As a result, Choctaw, with 17,100 people needs 48 hospital beds (they now have 65) and Cherokee, with 18,200 people, needs 76 beds (they now have 60.)

Plate 45 shows how hospital use and construction have changed in the past five years.

Plate 46 shows how hospital beds are distributed among the counties. The measure used is the number of beds per 1000 people. By this measure there are 50 counties which have a below-average number. The average for the state is 5.49 beds per 1000 people. This measure, however, does not take into account that need varies from county to county.

To see how each county's supply compares to its need, look at Plate 47. By this measure, only 20 counties have fewer beds than they need.

Note that two counties—Mobile and Marion—need more beds even though they already have an above-average ratio of beds to population.

FY'76   PLATE 46
HOSPITAL PROGRAM
Beds per 1,000 people

■ Above the State Average

5.49 beds per 1,000 people is the average for all Alabama

□ Below the State Average
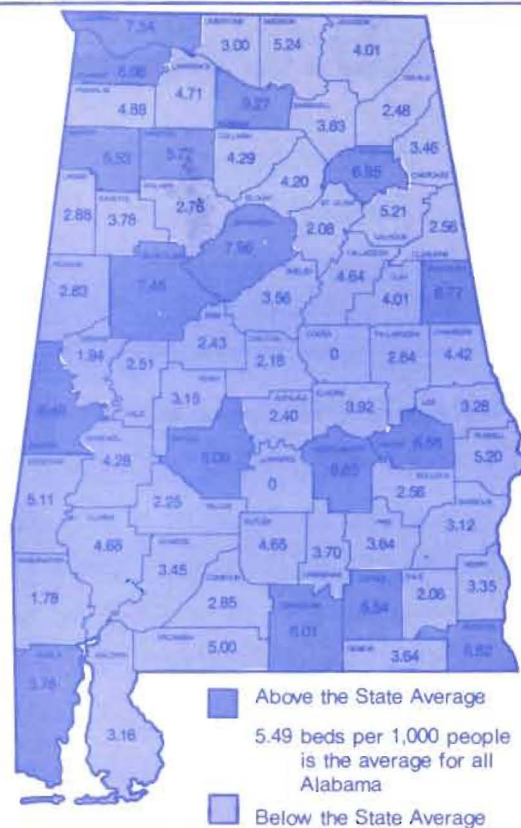
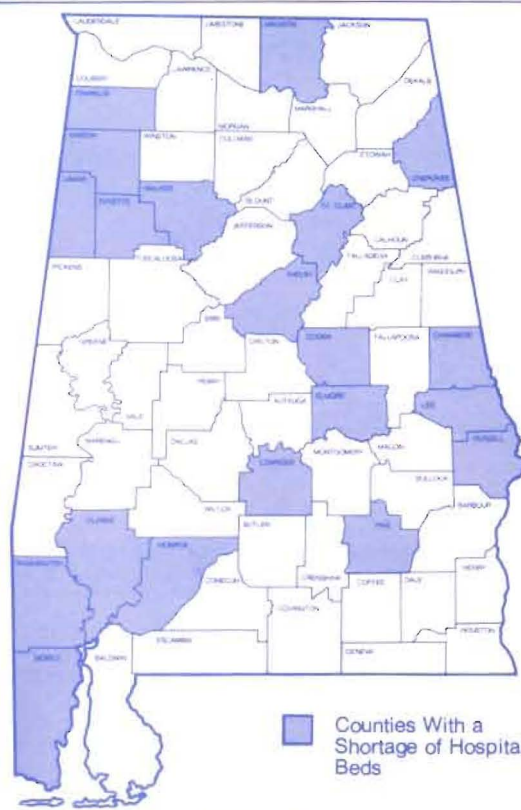FY'76   PLATE 47
HOSPITAL PROGRAM
Counties with a shortage of hospital beds

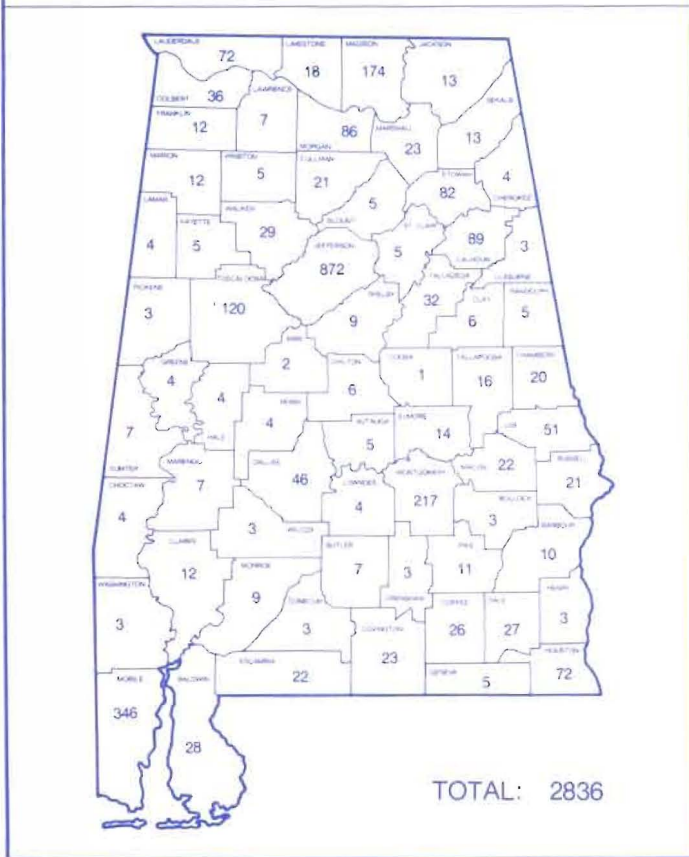
□ Counties With a Shortage of Hospital Beds

Source: Nos. 6, 8

35

PHYSICIANS' PROGRAM

Among Medicaid eligibles, 55 persons in 100 saw a physician this year.

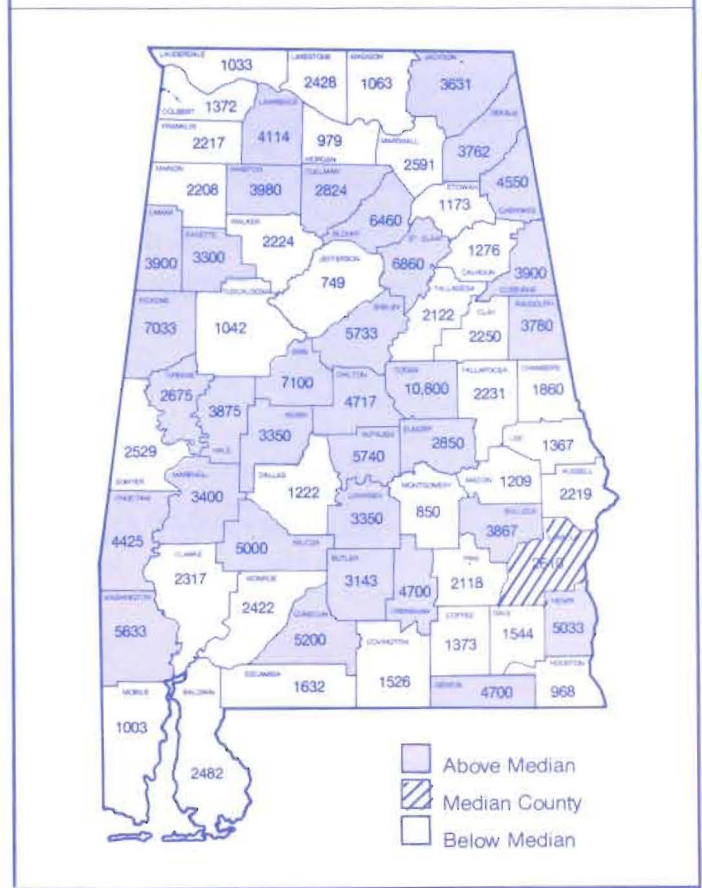Medicaid paid physicians an average of $85 for each patient.

FY '77   PLATE 48
PHYSICIANS' PROGRAM
Number of physicians providing direct patient care, by county

TOTAL: 2836

Source: No. 5

FY '77   PLATE 49
PHYSICIANS' PROGRAM
Number of people per physician, by county

Above Median
Median County
Below Median

Source: Nos. 5, 8

In Alabama doctors of medicine or osteopathy initiate most medical care. They either provide it directly or prescribe or arrange for additional health benefits. These benefits may include drugs, nursing care, laboratory tests or devices. Physicians may also admit patients to medical institutions and direct the medical care therein. According to the Alabama Health Data System there were 2,836 doctors offering direct patient care in Alabama as of June, 1977. This figure does not include physicians in teaching, research, public health, administration, etc.

Physicians in Alabama may participate in the Medicaid Program as general practitioners or specialists. In the EPSDT Program, physicians must sign agreements with the Medical Services Administration to provide child screening services because of cost limitation; however, in the other programs, physicians are not required to sign agreements. They may provide medically necessary care to any eligible person. During FY'77 more than two-thirds of the Medicaid recipients in Alabama received physicians' services.

PHYSICIANS' PROGRAM

Use and cost

PLATE 50

	COST PER RECIPIENT PER YEAR, FOR PHYSICIANS' SERVICES				
	FY'73	FY'74	FY'75	FY'76	FY'77
Aged	$ 49	$ 40	$ 56	$ 50	$51
Blind	$ 85	$ 95	$138	$130	$135
Disabled	$127	$107	$148	$132	$143
Dependent Children	$ 46	$ 43	$ 55	$ 49	$ 66
Dependent Adults	$108	$105	$139	$123	$140
ALL CATEGORIES	$ 64	$ 58	$ 82	$ 75	$ 85

	NUMBER OF MEDICAID RECIPIENTS TREATED BY PHYSICIANS				
	FY'73	FY'74	FY'75	FY'76	FY'77
Aged	96,628	87,905	89,620	84,428	76,287
Blind	1,613	1,618	1,643	1,505	1,416
Disabled	17,547	19,273	30,507	36,425	38,203
Dependent Children	58,832	70,203	76,152	74,226	82,648
Dependent Adults	33,423	37,029	39,785	39,649	33,651
ALL CATEGORIES	208,043	216,038	237,707	236,233	232,205

	PERCENT OF ELIGIBLES WHO BECAME RECIPIENTS OF PHYSICIANS' CARE				
	FY'73	FY'74	FY'75	FY'76	FY'77
Aged	63%	63.5%	67.5%	67.2%	64.0%
Blind	64%	62.9%	66.8%	64.0%	63.6%
Disabled	59%	50.7%	58.4%	60.0%	60.2%
Dependents	37%	53.2%	53.2%	52.1%	51.0%
ALL CATEGORIES	51%	56.7%	58.6%	58.1%	56.2%

Source: Nos. 4, 18, 20

For Medicaid, physicians' care costs less per person for the aged than it costs for other categories.(See Plate 50.)This surprising situation is explained by the fact that most of Medicaid's aged also have Medicare coverage. Medicare pays the larger part of their bills for physicians' care.

The total number of recipients of physicians' care decreased by about 4,000 from the previous year. The disabled and dependent children categories, however, showed increases.

PHARMACEUTICAL PROGRAM

The total number of prescriptions used by Medicaid patients declined for the second year in a row.

FY '75-'77   PLATE 51
PHARMACEUTICAL PROGRAM
Types of provider by number

TYPE OF PROVIDER	NUMBER		
	FY'75	FY'76	FY'77
In-State Retail Pharmacies	950	964	983
Institutional Pharmacies	32	35	33
Dispensing Physicians	5	4	6
Out-of-State Pharmacies	36	41	44
Health Centers and Clinics	0	0	2
TOTAL	1,023	1,044	1,068

Source: 13

Modern medical treatment relies heavily on the use of drugs. Drugs are used against pain, infection, allergies, chemical imbalances, dietary deficiencies, muscle tension, high blood pressure, vascular diseases, and many other health problems. Illnesses which cannot be treated by drugs usually require hospitalization or surgery. Drugs have advantages over these alternative treatments and modern medicine has been very successful in finding medicines which make the more expensive alternatives unnecessary.

FY '75-'77   PLATE 52
PHARMACEUTICAL PROGRAM
Eligibles, expenditures, and claims compared

	All Categories	Category 1 Aged	Category 2 Blind	Categories 3 & 7 A F D C	Category 4 Disabled
ELIGIBLES (Average Per Month)					
FY '75	323,887	115,942	2,150	166,191	39,604
FY '76	324,920	109,108	2,047	167,919	45,846
FY '77	331,891	109,856	1,991	170,891	49,153
EXPENDITURES (Per Year)					
FY '75	$16,451,118	$10,383,504	$168,151	$2,413,783	$3,485,680
FY '76	15,622,432	8,462,672	148,413	3,338,529	3,772,818
FY '77	17,859,247	10,531,202	161,215	2,423,959	4,742,871
# OF RX (Per Year)					
FY '75	3,683,311	2,317,857	35,615	593,601	736,238
FY '76	3,304,746	1,994,745	29,743	517,192	763,066
FY '77	3,237,535	1,900,369	27,966	513,042	796,158
RX PER ELIGIBLE (Per Year)					
FY '75	11	20	17	4	19
FY '76	10	18	15	3	17
FY '77	10	17	14	3	16
COST PER ELIGIBLE (Per Year)					
FY '75	$51	$90	$78	$15	$88
FY '76	48	78	73	19	83
FY '77	54	96	81	14	96

Source: 16, 18, 19, 21

PHARMACEUTICAL PROGRAM
Use and Cost

Month	Number of Drug Recipients	Recipients as a % of Eligibles	Number of Rx	Rx per Recipient	Price Per Rx	Cost per Recipient	Total Cost to Medicaid
October	99,749	30%	274,602	2.75	$5.44	$14.97	$ 1,493,033
November	99,623	30%	276,565	2.78	5.44	15.09	1,503,749
December	97,704	29%	274,695	2.81	5.46	15.34	1,498,391
January	94,902	28%	262,765	2.77	5.44	15.05	1,428,740
February	100,084	30%	260,304	2.60	5.46	14.20	1,421,596
March	106,684	32%	299,125	2.80	5.43	15.22	1,623,405
April	99,412	30%	270,350	2.72	5.54	15.07	1,498,391
May	98,894	30%	269,276	2.72	5.60	15.26	1,509,106
June	97,449	29%	264,862	2.72	5.64	15.32	1,493,033
July	93,873	28%	254,428	2.71	5.73	15.52	1,457,315
August	99,820	30%	288,283	2.89	5.56	16.05	1,601,974
September	92,232	28%	243,025	2.63	5.47	14.43	1,330,514
ALL YEAR	237,639	58%	3,238,280	13.63	$5.52	$75.15	$17,859,247

Source: 18,19, 21

This year, as in all previous years, approximately 60% of Alabama's Medicaid eligibles had at least one prescription filled. The only other medical service used by as many eligibles was physicians' care.

Physicians writing prescriptions for Medicaid patients have a choice of approximately 3000 drugs in more than 50 therapeutic categories. These drugs are listed in the Alabama Drug Code Index (ADCI). Additions are made to the ADCI periodically to keep the drug list correct and effective.

Southeastern states spend more per year per recipient on drugs than do states in other parts of the country. The reason is not known, but opinion among qualified people is that drugs are more often used as an alternative to institutional care in the southeast.

The total number of prescriptions used by Medicaid patients declined this year—for the second year in a row. The decline started when co-pay was introduced in the drug program near the end of FY'76. This year the number was down to approximately 3.2 million prescriptions. (See Plate 52.) Two years ago, in FY'76, the year's total was 3.6 million.

This decline in the total has had two causes. The number of drug users has declined slightly (1%), and the number of prescriptions per recipient per year has declined substantially (12%).

The decline in use was more than offset, however, by an increase in price. The average price per prescription rose 16%—from $4.74 to $5.52. (See Plate 53.)

The combined effect of lower use and higher prices was that the average monthly cost per recipient rose 10%—from $13.77 to $15.13 per month.

FAMILY PLANNING

This year, for the second year in a row, the number seeking family planning help from physicians increased sharply. The total increase in the two years is 740%

Medicaid purchases family planning services provided by the Statewide Family Planning Project, Bureau of Maternal and Child Health, State Health Department, in clinics under its supervision. These services include physical examination, Pap smears, pregnancy and V.D. testing, counseling, oral contraceptives, other drugs, supplies and devices, and referral for other needed services. The Medicaid Family Planning Program cooperates with the Statewide Family Planning Project and the Bureau of Nursing in training programs designed to upgrade quality and quantity of services available through the clinics. Medicaid also pays for family planning services provided by physicians, pharmacists, hospitals and other private providers.

Plate 54 provides a breakdown by age and race of recipients who received family planning services from physicians. This count excludes recipients who did not see physicians but sought family planning help from clinics, hospitals, or pharmacists. The total number of family planning services provided by physicians increased by approximately 59% over FY'76.

FY '77   PLATE 54

FAMILY PLANNING PROGRAM

Physicians' services, by race and age of recipient
Type of procedure

TYPE OF PROCEDURE	UNDER AGE 16		AGE 16-18		AGE 19-20		AGE 21 & UP		TOTAL	
	White	Nonwhite	White	Nonwhite	White	Nonwhite	White	Nonwhite	White	Nonwhite
Vasectomy	0	0	0	0	0	0	4	0	4	0
Vas Ligation	0	0	0	0	0	0	0	0	0	0
Saline Abortion	5	11	6	15	4	34	11	77	26	137
Suction Abortion	8	40	14	81	27	134	77	459	126	714
Salpingectomy	0	0	0	0	0	0	6	27	6	27
Salpingoplasty	0	0	0	0	0	0	0	2	0	2
Tubal Ligation	0	0	0	0	0	0	42	140	42	140
Ligation of Tubes	0	0	0	0	0	0	35	104	35	104
Tubal Insufflation	0	0	0	0	0	0	0	0	0	0
Tracheloplasty	0	0	0	0	0	0	0	1	0	1
Hysterectomy	0	0	0	0	0	0	11	37	11	37
Supracervical Hysterectomy	0	0	0	0	0	0	0	0	0	0
Vaginal Hysterectomy	0	0	0	0	0	0	5	11	5	11
IUD Insertion	1	22	6	40	8	62	39	230	54	354
Initial Office Visit	2	26	2	55	4	69	54	306	62	456
Follow-Up Office Visit	25	262	39	598	53	754	274	2,590	391	4,204
Lab	13	262	53	553	49	785	249	3,055	364	4,655
Other Procedures	3	41	8	52	11	74	181	770	203	937
TOTAL	57	664	128	1,394	156	1,912	988	7,809	1,329	11,781

Source: No. 21

In March 1973, federal law made family planning services a required part of all Medicaid programs. To insure that the new family planning programs be given priority, the federal government agreed to pay 90% of the cost. Before this time Alabama Medicaid had offered some family planning services as incidental parts of its pharmaceutical and physicians' programs, but until then there was no separate program. Using the additional funds, Alabama launched its full scale family planning program, including clinic services, counseling, patient education, supplies and devices, sterilization, and abortion.

In April 1974, federal regulations prohibited Medicaid's paying for sterilization of persons under 21 years of age and those mentally incompetent to give informed consent, and required that persons eligible for sterilization procedures wait a minimum of 72 hours after the giving of informed consent before the surgery was performed. Medically necessary surgical procedures having a secondary effect of sterilization are not subject to age and mental

FY '77	PLATE 55
FAMILY PLANNING PROGRAM Recipients by age, sex, and race	

	RECIPIENTS
Total	12,349
Male	26
Female	12,323
White	1,397
Nonwhite	10,952
Age 0-5	0
Age 6-20	5,231
Age 21-64	7,118
Age 65 & Over	0

Source: No. 20

capacity restrictions which pertain to nontherapeutic sterilization for family planning purposes.

During 1976, a federal law was passed prohibiting the use of Medicaid funds for abortions. A United States District Court judge issued a preliminary injunction barring enforcement of the ban and directed DHEW to continue to provide Medicaid reimbursement for abortions. This injunction was subsequently dissolved and, in August 1977, DHEW issued a policy statement regarding payment for abortions for Medicaid recipients. Basically, this policy states that payment may be made: (1) for abortions where the attending physician has certified that it is necessary because the life of the mother would be endangered if the fetus were carried to term; (2) when severe and long-lasting physical health damage to the mother would result if the pregnancy were carried to term; and (3) for treatment of rape and incest victims if reported to a law enforcement agency within sixty days of the incident.

EPSDT PROGRAM

Nearly half the children screened in Alabama need treatment.

EPSDT offers persons, from birth through age 20, preventive care with periodic examinations and referral and treatment when needed.

EPSDT (Early and Periodic Screening, Diagnosis and Treatment) is a program of preventive medicine. It is designed to provide preventive health services and early detection and treatment of diseases so that young people can receive medical care before health problems become chronic and disabling. It offers these services to all Medicaid eligibles under age 21.
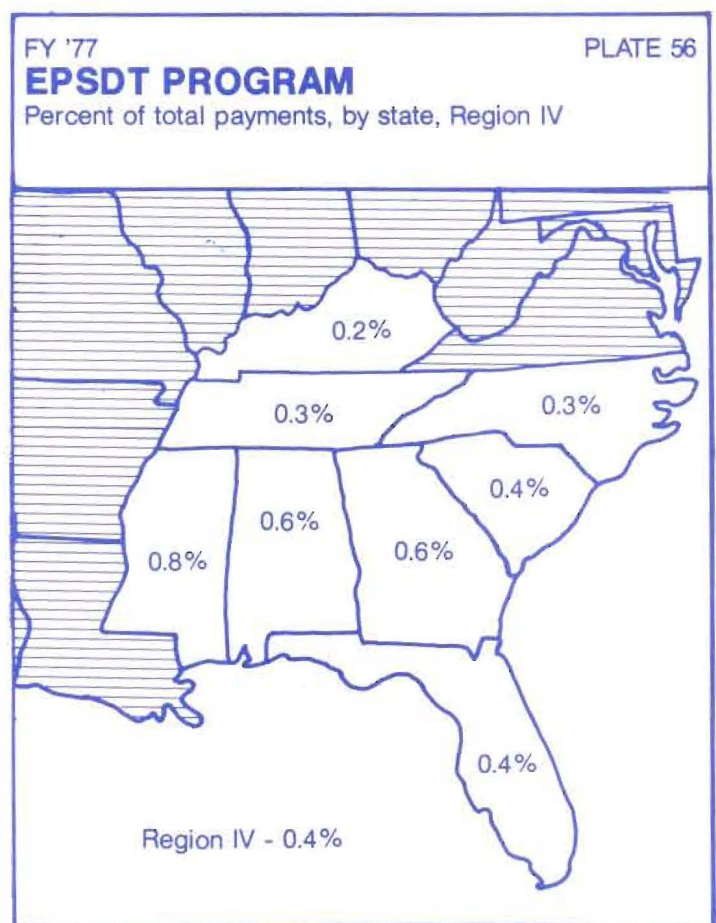
Each year since FY'72, there have been approximately 175,000 eligibles in this age group. Medicaid's goal is to screen each one at periodic intervals from birth until he reaches age 21 if he remains eligible during all these years. These checkups are scheduled to occur at ages 2, 4, 6, 9, 13 and 17 years.

Approximately a fourth of those screened were in age group 0-5 and the remainder were in age group 6-20. Hypertension, rheumatic fever, other abnormal heart conditions, diabetes, neurological disorders, veneral disease, skin problems, anemia, urinary tract infections, visual and hearing problems, and child abuse are among the health problems discovered and treated.

County health departments do most of the screening examinations that Alabama Medicaid pays for. However, several physicians, community health centers, Head Start centers, and child development centers have entered the program during the year and have made significant contributions to the screening program in several counties.

The state and local offices of the Department of Pensions and Security made a tremendous contribution to the EPSDT program during the year through their outreach efforts, person-to-person contacts, provision of social services, and help with follow-up of referrals to assure that children and young people in need of medical or dental services were able to receive them on a timely basis.

The cost of screening is relatively small, accounting for less than 1% of the money Medicaid spends. In Alabama the exact percentage this year was .6%. (See Plate 56.) This percentage is above average for the southeastern states that comprise Medicaid's Region IV. This gives an indirect measure of the emphasis Alabama places on the EPSDT Program. More exact comparisons are not available.

FY '77   PLATE 56

EPSDT PROGRAM

Percent of total payments, by state, Region IV

0.2%

0.3% 0.3%

0.4%

0.6%

0.8% 0.6%

0.4%

Region IV - 0.4%

Source: No. 17

Plate 57 tells the number of children screened in each county this year, and how this year's count compares with last year's. The total screened increases in Alabama each year. We are rapidly approaching the goal set by Congress of seven screenings for each child before his 21st birthday.
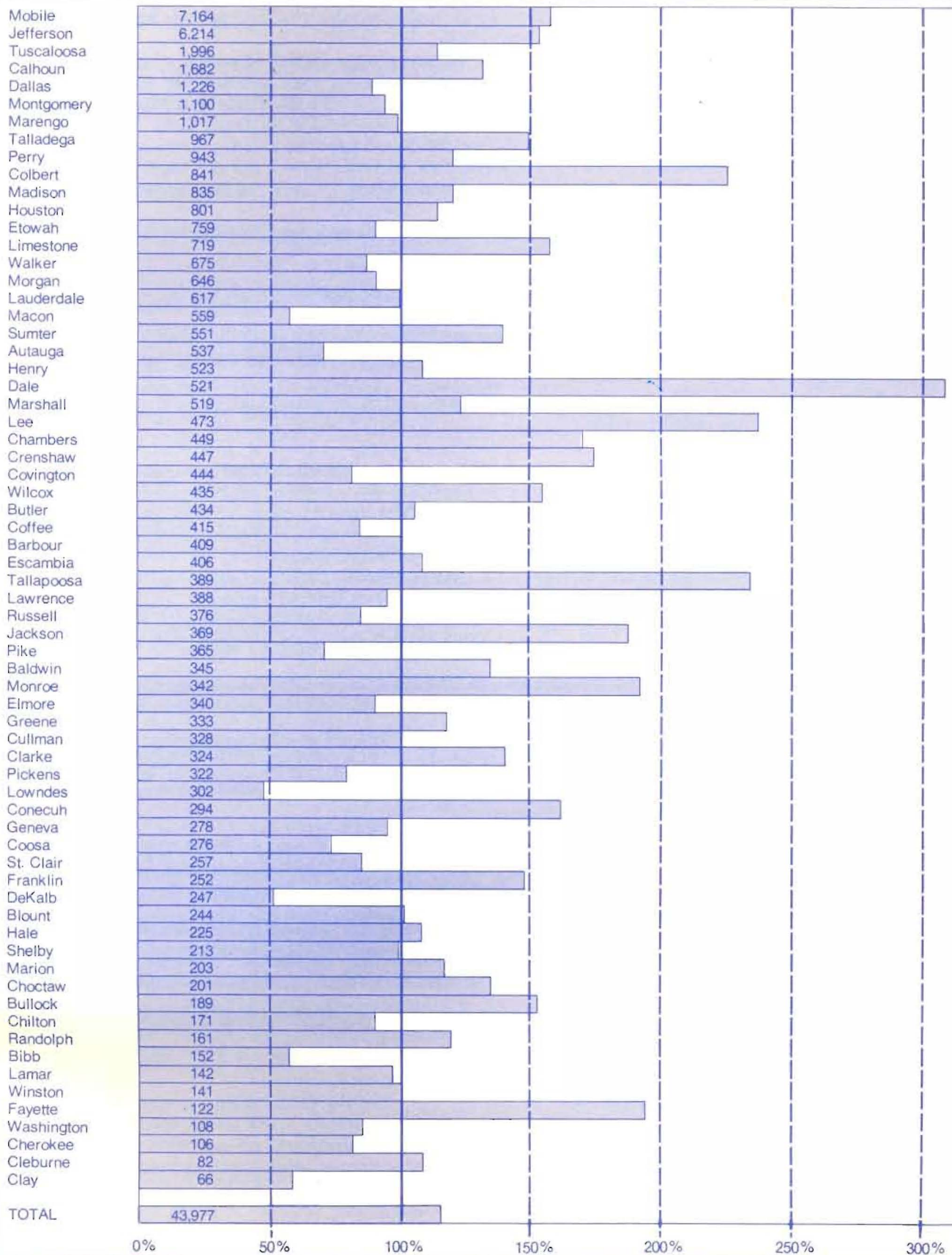
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EPSDT PROGRAM
Number of screenings, by county
Number of screenings as a percent of FY'76 screenings

County	Number
Mobile	7,164
Jefferson	6,214
Tuscaloosa	1,996
Calhoun	1,682
Dallas	1,226
Montgomery	1,100
Marengo	1,017
Talladega	967
Perry	943
Colbert	841
Madison	835
Houston	801
Etowah	759
Limestone	719
Walker	675
Morgan	646
Lauderdale	617
Macon	559
Sumter	551
Autauga	537
Henry	523
Dale	521
Marshall	519
Lee	473
Chambers	449
Crenshaw	447
Covington	444
Wilcox	435
Butler	434
Coffee	415
Barbour	409
Escambia	406
Tallapoosa	389
Lawrence	388
Russell	376
Jackson	369
Pike	365
Baldwin	345
Monroe	342
Elmore	340
Greene	333
Cullman	328
Clarke	324
Pickens	322
Lowndes	302
Conecuh	294
Geneva	278
Coosa	276
St. Clair	257
Franklin	252
DeKalb	247
Blount	244
Hale	225
Shelby	213
Marion	203
Choctaw	201
Bullock	189
Chilton	171
Randolph	161
Bibb	152
Lamar	142
Winston	141
Fayette	122
Washington	108
Cherokee	106
Cleburne	82
Clay	66
TOTAL	43,977

0%   50%   100%   150%   200%   250%   300%

TERMINOLOGY

MEDICAID and MEDICARE

Medicaid and Medicare are two governmental programs which exist to pay for health care for two different, but overlapping, groups of Americans.

Medicaid buys medical care for several low-income groups, including people of all ages.

Medicare buys medical care for most aged people, including some people from all income groups. Many aged people who have low incomes are eligible for both Medicaid and Medicare, and those who are eligible for both can get both a Medicaid card and a Medicare card. For these people Medicare pays most of their medical bills, and Medicaid pays the balance, or most of it.

Medicaid is administered by the state governments, and thus there is not one Medicaid program, but 54, (Puerto Rico, Guam, the Virgin Islands, and Washington, DC, run the total to 54). All 54 programs are different.

Medicare is administered by the federal government, and the coverage provided is uniform throughout the nation.

ELIGIBLES and RECIPIENTS

Eligibles, in this report, are people who have Medicaid cards and thus are eligible for health care services paid for by Medicaid.

Recipients, in this report, are people who used their Medicaid eligibility this year, and actually received one or more medical services for which Medicaid paid all or part of the bill.

PROVIDERS

All physicians, dentists, hospitals, nursing homes, and other individuals or businesses that provide medical care are called providers.

CATEGORY

In normal usage the word "category" is used interchangeably with "kind" or "type." In Medicaid's usage, "Category" has a special meaning. In Medicaid there are four major bases for eligibility, and the eligibles in each of the resulting groups form a "Category," with a capital C. In this book when eligibles are grouped by age, race, or sex, the divisions that result are spoken of as different groups of eligibles or different kinds of eligibles but never as different categories.

The four major categories are: Category 1—aged people with low incomes,
Category 2—blind people with low incomes,
Category 4—disabled people with low incomes,
Category 3—low-income families with dependent children.

PAYMENTS, CHARGES, EXPENDITURES, PRICES, and COST

A **charge** is the amount of money the provider asks for a service when he submits his bill to Medicaid.

A **payment** is the amount Medicaid pays for a service. Medicaid rules limit payments, so sometimes a provider cannot be paid as much as he asks.

Price, in this report, means "average unit price" or the average price Medicaid paid this year for a unit of care, such as:

1 day in a hospital	$107.25
1 day in a skilled nursing home	16.54
1 visit to a physician	14.86
1 prescription	5.11

Cost, in this report, means "average cost per person." Examples of different contexts in which this term is used include: average cost per eligible for hospital care per month,
average cost per recipient for hospital care per month,
average cost per eligible for prescriptions per year.

Expenditures, in this report, is a more inclusive term than payments. Payments, as stated above, means the amount paid for medical care. The term expenditure also includes money spent for administration.

HEALTH CARE SERVICES

Medicaid pays for the following health care services:

nursing home care,	hospital care,
physicians' services,	dental services,
eye care, including glasses,	hearing care, including hearing aids,
drugs,	laboratory work and X-rays,
family planning services,	screening and referral services (EPSDT),
home health care,	transportation required for medical purposes.

BUY-IN INSURANCE

Many Medicaid eligibles are also eligible for Medicare. As Medicare eligibles they get Medicare hospital insurance without payment. Medicare insurance to cover physicians' bills, however, must be paid for. It costs $7.70 a month. Medicaid buys this insurance for all Medicaid eligibles whose applications are approved by Social Security. Medicaid calls this insurance "buy-in insurance."

Appendix B

SOURCES OF DATA USED IN THIS PUBLICATION

PUBLISHED MATERIALS

1. Alabama Department of Public Health. Medical Services Administration. *Alabama Medicaid AFY'73*. Montgomery, Alabama. July 1974.

2. Alabama Department of Public Health. Medical Services Administration. *Alabama Medicaid AFY'74*. Montgomery Alabama. August, 1975.

3. Alabama Department of Public Health. Medical Services Administration. *Alabama Medicaid AFY'75*. Montgomery, Alabama. April, 1976.

4. Alabama Department of Public Health. Medical Services Administration. *Alabama Medicaid AFY'76*. Montgomery, Alabama. March, 1977.

5. Alabama Department of Public Health. *A Plan of Action for Selected Health Manpower: A Supplementary Manpower Report to Alabama Comprehensive Health Planning*. Montgomery, Alabama. October, 1977.

6. Alabama Department of Public Health. Bureau of Health Development. *Alabama Medical Facilities Plan, FY'78*. Montgomery, Alabama. January, 1978.

7. Alabama Department of Finance. *Annual Report. Fiscal Year Ending September 30, 1977*. Montgomery, Alabama. March, 1978.

8. U.S. Department of Commerce. Bureau of Census. *Current Population Reports*. Washington, D.C. September, 1977.

9. Alabama Department of Public Health. Bureau of Licensure and Certification. *Directory of Licensed Health Facilities*. 1977.

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10. MSA, Fiscal Division. Statements of Expenditures. October, 1977.

11. MSA, Long-Term Care Branch. Monthly Admission Report.

12. MSA, Long-Term Care Branch. Expiration Date Report.

13. MSA, Pharmaceutical Branch. Pharmacists Card File.

14. MSA. Material Assembled by Commissioner's Confidential Assistant for Presentation to Alabama's Finance Division. November, 1977.

15. Memorandum from William J. Ranieri, Executive Vice-President of the Alabama Hospital Association. March, 1978.

16. MSA, Memo of November 30, 1977 from Mr. Sutton to Mr. Forehand.

17. HCFA, Research and Statistics Office, Atlanta, Georgia. Compilation of Region IV Medicaid Statistics. January, 1978.

COMPUTER PRINTOUTS MADE FOR ALABAMA MEDICAID

18. Monthly, quarterly, and annual counts of eligibles.

19. SRS-NCSS-120 Statistical Report on Numbers of Recipients and Amounts of Assistance Under Public Assistance Programs (monthly).

20. SRS-NCSS-2082 Statistical Report on Medical Care: Recipients, Payments and Services (annual).

21. Family Planning Report by Provider (quarterly).

22. Monthly Disbursement Summary (monthly).

23. Provider Participation Summary (monthly).

24. Totals by County (annual).

25. Medicaid Eligibles by County (annual).

26. Nursing Home Roster (annual).
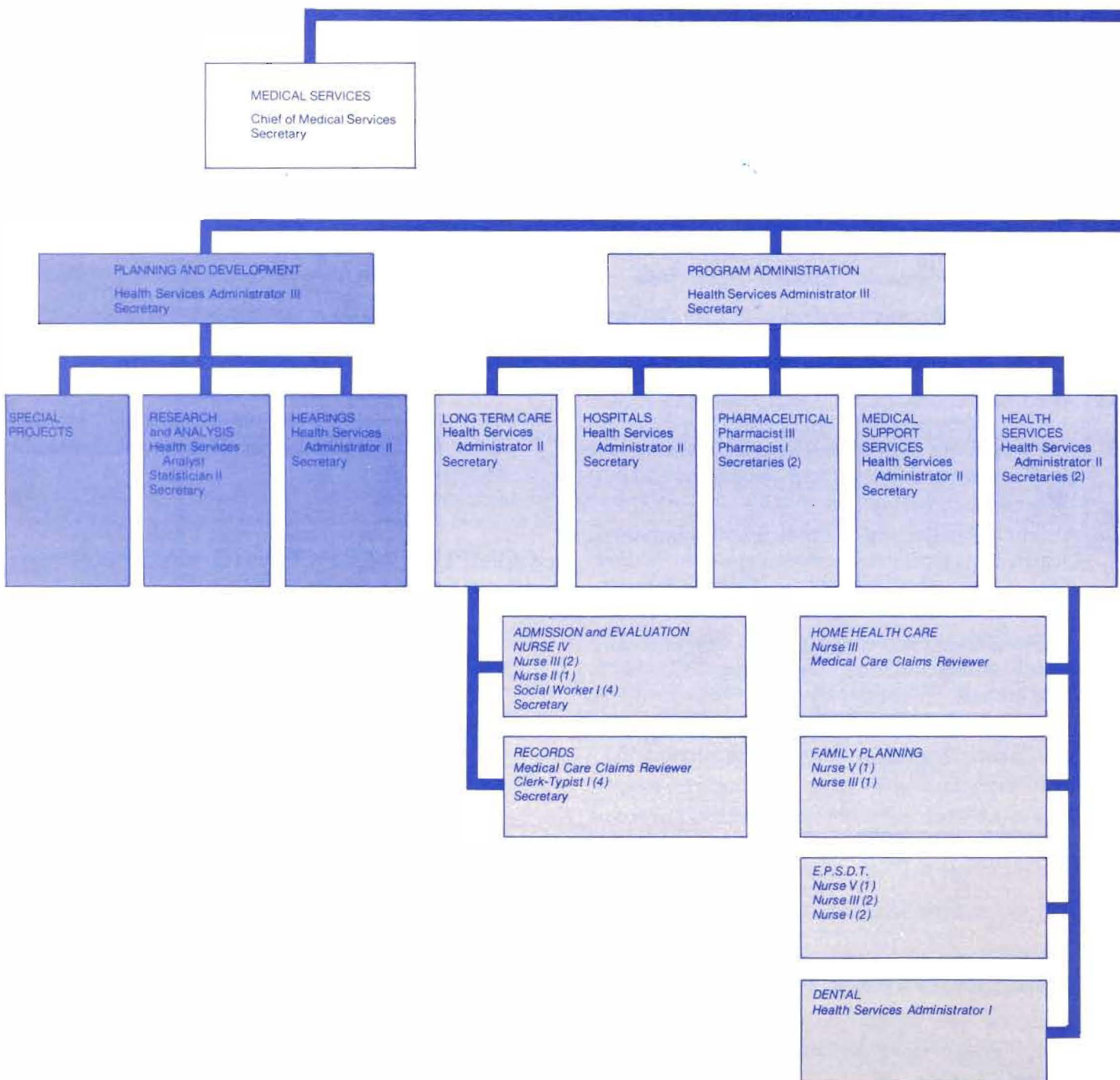
27. Provider Billing.

ALABAMA MEDICAID
(MEDICAL SERVICES ADMINISTRATION)

ORGANIZATION

MEDICAL SERVICES

Chief of Medical Services
Secretary

PLANNING AND DEVELOPMENT

Health Services Administrator III
Secretary

PROGRAM ADMINISTRATION

Health Services Administrator III
Secretary

SPECIAL PROJECTS

RESEARCH and ANALYSIS
Health Services
Analyst
Statistician II
Secretary

HEARINGS
Health Services
Administrator II
Secretary

LONG TERM CARE
Health Services
Administrator II
Secretary

HOSPITALS
Health Services
Administrator II
Secretary

PHARMACEUTICAL
Pharmacist III
Pharmacist I
Secretaries (2)

MEDICAL SUPPORT SERVICES
Health Services
Administrator II
Secretary

HEALTH SERVICES
Health Services
Administrator II
Secretaries (2)

ADMISSION and EVALUATION
NURSE IV
Nurse III (2)
Nurse II (1)
Social Worker I (4)
Secretary

HOME HEALTH CARE
Nurse III
Medical Care Claims Reviewer

RECORDS
Medical Care Claims Reviewer
Clerk-Typist I (4)
Secretary

FAMILY PLANNING
Nurse V (1)
Nurse III (1)

E.P.S.D.T.
Nurse V (1)
Nurse III (2)
Nurse I (2)

DENTAL
Health Services Administrator I

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┌─────────────────────────────┐
│      STATE OF ALABAMA        │
│     GOVERNOR'S OFFICE        │
└─────────────────────────────┘

┌──────────────────┐     ┌─────────────────────────────┐     ┌──────────────────┐
│ APPEALS COMMITTEE│═════│  MEDICAL SERVICES           │═════│ ADVISORY COUNCIL │
└──────────────────┘     │  ADMINISTRATION             │     └──────────────────┘
                         │                             │
┌──────────────────┐     │  Commissioner               │     ┌──────────────────┐
│ PROVIDER LIAISON │═════│  Confidential Assistant      │     │ LEGAL COUNSEL    │
│ COUNCIL          │     │  Secretaries (2)            │     └──────────────────┘
└──────────────────┘     └─────────────────────────────┘
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INTERNAL ADMINISTRATION
Medical Services Administrator
Secretary

EXTERNAL AFFAIRS

FISCAL ADMINISTRATION
Health Services Administrator III
Secretary

DATA PROCESSING—ELIGIBILITY ADMINISTRATION

FRAUD and ABUSE

GENERAL SUPPORT SERVICES
Health Services Adm II (1), I (1)
Switchboard Operator I
Stock Clerk I
Laborer (2)
Secretary

PERSONNEL
Personnel Technician II
Secretary

REIMBURSEMENTS and INELIGIBLE PAYMENTS
Health Services Administrator II
Accountant II
Secretary

FISCAL SUPPORT SERVICES
Acct II (1), I (1)
Secretary

COMPUTER MANAGEMENT SYSTEMS
Manager, Agency Information System
Secretary

INFORMATION SERVICES
Administrative Assistant I
Clerk Typist II (1), I (3)

ELIGIBILITY DETERMINATION
Welfare Adm I
Secretary

LEGAL
Attorney I (1)

FISCAL
Accountant II (1), I (2)
Account Clerk I
Secretary

MMIS and DATA SYSTEMS
Application Systems Analyst III (1), II (3), I (2)
Application Programmer III (1), II (2), I (1)
Systems Analyst I

QUALITY CONTROL
Welfare Administrator I
Case Work Reviewer (4)
Secretary

INVESTIGATIONS
Program Integrity Officer
Field Investigator II (6)
Secretary

CLAIMS REVIEW
Medical Care Claims Reviewer
Account Clerk I (1)

DATA PROCESSING OPERATIONS
Computer Systems Operator III

PLANS, POLICY, OPERATIONS
Case Work Reviewer (2)
Secretary

AUDIT
Medical Care Claims Administrator
Accountant III (3), II (8), I (2)
Secretary

THIRD PARTY
Health Services Adm II (1), I (1)
Medical Care Claims Reviewer (3)
Accountant I (2)
Account Clerk I (2)
Clerical (7)

DATA CONTROL
Clerk IV (1), II (2), I (3)
Clerk-Typist II (1), I (1)
Data Entry Operator II (1)
Medical Care Claims Reviewer (2)

NORTHERN REGION
Welfare Supervisor I
Case Work Reviewer (21)
Secretaries (8)

SOUTHERN REGION
Welfare Supervisor I
Casework Reviewer (20)
Secretaries (8)