

Williamson: Alabama Medicaid is integral to state's healthcare system

Funding Alabama's Medicaid program is more than covering the costs of health care services for more than one million Alabamians. It is also about ensuring that the state's healthcare infrastructure can meet the needs of all citizens, not just for those on Medicaid, according to Dr. Don Williamson, chair of the Medicaid Transition Task Force.

Speaking December 10 to new legislators attending an orientation session, Williamson explained that without Medicaid, the state's health care system risks losing hospitals, physicians and essential services.

"Medicaid is an integral part of our healthcare system," he said. "Without Medicaid, Children's Hospital would close within 90 days because about 60 percent of their patient days are Medicaid. Rural hospitals would close. Primary care physicians and specialists would leave the state. If that happened, it wouldn't just affect Medicaid patients. It would also impact those who have Blue Cross or other private insurance as well."

The agency "per member" cost has historically been among the nation's lowest which has helped the program make ends meet. However, the Medicaid agency has little control over two of the program's major cost drivers: Enrollment and the economy which impacts the federal matching rate, Williamson said.

"Unless you fundamentally change Medicaid, the only long term solution is an economic solution," he said, explaining that reducing enrollment is directly related to improvement in the economy where more people are working and able to get private insurance.

Another issue for the agency is that the General Fund provides only about one-third of the money needed to match federal funds. The state historically has depended on provider pay cuts, provider taxes, certified public expenditures and intergovernmental transfers, among others, to balance the budget.

Williamson noted that the agency's greatest expense is for hospital care, which represented \$2.1 Billion last year. "A lot of states have reduced hospital costs. However in Alabama, not one dime for hospitals comes from the General Fund. Here, hospitals fund it 100 percent, so reducing hospital expenditures does not save money for the state," he emphasized.

Looking ahead to the legislative session that begins March 3, 2015, Williamson explained that to successfully implement the state-based managed care system passed into law in 2013 and updated in 2014, the agency will need to maintain the hospital funding model and fund the new Regional Care Organizations at an actuarially sound level.

"Historically Medicaid has survived by getting an appropriation that was less than what it would actually spend, and staff would look for ways to make it work," he said. "With RCOs, we can't do that."