Programs and Services

Alabama Medicaid provided $5.8 billion in medical benefits to more than one million enrollees in FY 2018. Recipients had at least one medical service, ranging from hospital care and doctor visits, to medications, transportation, or medical equipment. The Agency also provided an additional $484 million for hospital services for the indigent/uninsured in the form of Disproportionate Share Hospital (DSH) payments.

Hospitals

Almost 100 hospitals are enrolled to serve Alabama Medicaid recipients. Most hospitals have an average Medicaid occupancy rate of 14-18 percent. However, two hospitals (Children’s Hospital of Alabama and Women’s and Children’s Hospital in Mobile) have substantially higher Medicaid occupancy rates.

Pharmacy

The wide variety of drugs available today substantially impacts the Medicaid Pharmacy Program since federal regulations require that most drugs be covered. Children under age 21 receive pharmacy as a mandated service while pharmacy coverage for adults is optional.

In FY 2018, approximately 588,000 unique recipients received approximately 6.5 million prescriptions at a total cost of $709 million. Management tools, such as preferred drug formularies, prescription limits, maximum unit limits, and system edits, are used to limit the cost of the program.

A major component of the pharmacy budget is the Part D “clawback” which is a federally required payment made by the state to the federal government for Medicare Part D. Alabama paid approximately $74 million in FY 2018.

Pharmacies pay an assessment on each prescription filled to help fund drug benefits. Other funding sources for the program include the Agency’s federal and state drug rebate program which reduces the Agency’s General Fund need. The state share portion of drug rebates, paid by drug manufacturers, totaled approximately $125 million in 2018, or about 7 percent of total state share funding.

Hospitals

Hospitals are essentially self-funded. Hospital funding sources – including provider taxes, CPEs and IGTs – contributed $610 million, or 32 percent, to the Agency’s state share used to match federal dollars.

The Alabama Medicaid program reimbursed hospitals a total of $2.3 billion (including DSH payments) in FY 2018. Other costs in the hospital budget line include inpatient psychiatric services, ambulatory surgical centers, transplants, federally qualified health centers, and renal dialysis, among others.