Alabama Medicaid
Hospital Program

April 27, 2016

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COMMISSIONER
ALABAMA MEDICAID AGENCY
AGENDA

• Overview
• Expenditures
• Funding
Hospital Overview
FY 2015 Medicaid Hospital Expenditures by County

Counties without a hospital:
- Chilton
- Cleburne
- Coosa
- Henry
- Lamar
- Lowndes
- Macon
- Perry
Inpatient and Outpatient Expenditures by Race & Gender

Inpatient/Outpatient Expenditures By Race

- White 44%
- Black 41%
- Other 15%

Inpatient/Outpatient Expenditures By Gender

- Male 40%
- Female 60%
Hospital Overview

- General Hospitals
  - Private 46
  - Public 42
  - State Owned 3
  - TOTAL 91

- Among individual hospitals Medicaid occupancy ranges from 1% to 71%
  - Average Medicaid occupancy of private hospitals – 14%
  - Average Medicaid occupancy of public and state hospitals – 18%
Medicaid is Critical to Children in Alabama

• Highest hospital inpatient Medicaid occupancy rates
  • Children’s Hospital in Birmingham – 57%
  • Women’s and Children’s in Mobile – 71%
HOSPITAL REIMBURSEMENT PROCESS (PAID TWICE PER MONTH)

1. SUBMIT CLAIMS
2. SUBMIT INVOICE
3. SUBMIT FUNDING SOURCES
4. FEDERAL MATCHING FUNDS REQUEST
5. FEDERAL MATCHING FUNDS
6. TRANSFER FUNDS
7. DISBURSE FUNDS

FUNDING SOURCES:
- IGT's
- General Fund
- Hospital Taxes

State Share
- Federal Share

HOSPITALS

Medicaid Agency

Adjudication Fiscal Agent
Disbursement

CMS*

* Center for Medicare & Medicaid Services
Hospital Expenditures
FY 2015 Medicaid Funding Analysis
Benefit Payments and Administrative Costs (in millions)

Benefit Payments: $5.8 billion
96%

Hospitals $2,146
35%

Nursing Homes $945
16%

Mental Health $462
8%

Pharmacy $685
11%

Physicians $517
9%

Insurance $335
5%

Admin $257
4%

Other $726
12%

Benefit Payments: $5.8 billion
96%
Hospital Reimbursement

• Hospitals are paid on a per diem basis for inpatient claims and fee schedule for outpatient claims.
• These claim payments are less than costs.
• Hospitals are also paid supplemental payments (access payments) to increase the reimbursement for the difference between claim payments and costs.
• CMS approves this process and related amounts annually.
• Claim payments are made as they are incurred, supplemental payments are made quarterly.
## Total Inpatient/Outpatient Reimbursement 2015

<table>
<thead>
<tr>
<th></th>
<th>Claims Payments</th>
<th>Access Payments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Services</td>
<td>$715,790,508</td>
<td>$385,087,414</td>
<td>$1,100,877,922</td>
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<tr>
<td>Outpatient Services</td>
<td>138,958,021</td>
<td>194,325,046</td>
<td>333,283,067</td>
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<tr>
<td>TOTAL</td>
<td>$854,748,529</td>
<td>$579,412,460</td>
<td>$1,434,160,989</td>
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</table>
## Other Expenditures Categorized in the Hospital Budget Line

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017*</th>
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</thead>
<tbody>
<tr>
<td>Hospital Medicaid IP/OP</td>
<td>$1,434,160,989</td>
<td>$1,453,190,978</td>
<td>$80,152,053</td>
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<tr>
<td>Disproportionate Share Hospital (DSH)</td>
<td>480,211,247</td>
<td>478,299,211</td>
<td>480,211,247</td>
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<tr>
<td>Out of State Hospitals</td>
<td>20,013,916</td>
<td>19,911,784</td>
<td>20,000,000</td>
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<tr>
<td>IP/OP for Duals</td>
<td>40,096,148</td>
<td>40,000,000</td>
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<tr>
<td>FQHCs/RHCs</td>
<td>60,232,116</td>
<td>61,700,491</td>
<td>31,929,939</td>
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<tr>
<td>Inpatient Psychiatric Services</td>
<td>73,488,977</td>
<td>73,531,117</td>
<td>40,475,203</td>
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<tr>
<td>Renal Dialysis</td>
<td>12,149,671</td>
<td>12,271,167</td>
<td>3,904,072</td>
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<tr>
<td>Ambulatory Surgical Centers</td>
<td>3,363,769</td>
<td>3,442,345</td>
<td>173,838</td>
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<tr>
<td>Transplants</td>
<td>20,293,170</td>
<td>20,293,170</td>
<td>20,293,170</td>
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<tr>
<td>Medicaid Emergency Psychiatric Demo</td>
<td>2,078,328</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>$2,146,088,331</strong></td>
<td><strong>$2,162,640,263</strong></td>
<td><strong>$717,139,522</strong></td>
</tr>
</tbody>
</table>

*FY 2017 estimates based on RCO implementation
## Expenditures Categorized in the Hospital Budget Line

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<tr>
<th>Category</th>
<th>Total Expenditures</th>
<th>State Share</th>
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Hospital Funding
FY 2015 State Share Sources

- General Fund: $685 Million, 36%
- Hospital (Tax, IGT,CPE): $645 Million, 34%
- Other Provider Taxes: $113 Million, 6%
- Other State Entity IGTs: $309 Million, 16%
- Drug Rebates: $98 Million, 5%
- Other: $65 Million, 3%

Total State Share Approximately $1.915 Billion
Hospital Funding FY 2015

- Private hospitals pay provider tax – 5.5% of total net patient revenues – not just Medicaid revenue
  - $258 million

- Public/state hospitals pay state share of their invoices through Intergovernmental Transfers (IGTs)
  - $235 million

- Public/state hospitals also provide additional state share through Certified Public Expenditures (CPEs)
  - $152 million
Summary

• Hospitals are self funded

• Medicaid is vital to the hospital system in Alabama, particularly to the two hospitals for children

• Provider contributions have allowed Medicaid to maximize federal matching dollars to the extent possible so that General Fund dollars have not been needed to fund hospitals for many years

• Medicaid is vital to the health care system of Alabama