Alabama Medicaid
2020 Budget Hearing

January 30, 2019

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COMMISSIONER
ALABAMA MEDICAID AGENCY
AGENDA

• Overview
• 2020 Budget
• Medicaid Initiatives
Medicaid Overview
Who Does Alabama Medicaid Serve?

FY 2017 by Date of Service

Disabled and Blind

Any Age

Determined by the Social Security Office and have automatic Medicaid eligibility.

% of Expenditures

$11,203
Per Member Per Year

Children

Age 0-18

Children in families below 146% of the Federal Poverty Rate.

% of Expenditures

$2,676
Per Member Per Year

Aged

Age 65 and Over

Adults who are in poverty. Almost all are also covered by Medicare.

% of Expenditures

$10,510
Per Member Per Year

Other Categories

Age 19-64

Other adults including pregnant women, parent caretakers, and family planning services.

% of Expenditures

$3,675
Per Member Per Year

Expenditures, dates of service, include claims, capitations, and access payments based on dates of service in FY 2017.

PMPY calculations not for the purpose of determining managed care rates and do not align to date paid numbers.
FY 2018 Medicaid Expenditure Analysis
Benefit Payments and Administrative Costs (in millions)

- **Hospital**: $2,292 (35%)
- **Nursing Home**: $965 (15%)
- **Pharmacy**: $783 (12%)
- **Physicians**: $550 (8%)
- **Mental Health**: $484 (7%)
- **Alternative Care**: $372 (6%)
- **Admin Costs**: $247 (4%)
- **Other**: $865 (13%)

**Total Expenditures**: $6.557 Billion
FY 2018 Medicaid Funding Analysis
State and Federal Funding (in millions)
FY 18 Source of Funds: $6.557 Billion

- Federal Funds: $4,625 (70%)
- General Fund: $665 (10%)
- Other State Share Sources: $1,162 (18%)
- BP Funds: $105 (1%)
- State Funds: $1,932 (30%)

Total Source: $6,557 Million
Monthly Average Eligibles 2012-2019*

- Fiscal Year to date through October, 2018
2020 Budget
Alabama Medicaid
2020 State Funding Need

General Fund Request  $715 Million
Total Funding Need    $821 Million
## Inflationary Increases
(In millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>2020 vs. 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Operations</td>
<td></td>
</tr>
<tr>
<td>Pharmacy including Clawback</td>
<td>6</td>
</tr>
<tr>
<td>Nursing Homes</td>
<td>6</td>
</tr>
<tr>
<td>Insurance</td>
<td>10</td>
</tr>
<tr>
<td>Other Program Cost (Health Support, Physician, LTC waivers)</td>
<td>4</td>
</tr>
<tr>
<td>Other “Hospital” Cost (Duals, OOS, FQHC, etc.)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Benefit Cost</strong></td>
<td><strong>27</strong></td>
</tr>
</tbody>
</table>
Factors Affecting 2020 Funding Need

- Carryforward
- Recurring Inflationary increases
- CHIP State Share Increase
- Increase in Program Costs
- FMAP changes – reduced state share requirement
  - Impact shared with existing state share funding, such as hospitals; other state agencies; and teaching hospitals
- Paybacks
- Provider funding
Medicaid Initiatives
Medicaid Initiatives

Integrated Care Network (ICN)
- Implemented October 1, 2018
- Moves the Long Term Care (LTC) population to a unique system of care management that will help prepare for the population growth in LTC that is expected due to the aging of baby boomers.
- ICN will be responsible for managing the population and determining if the recipient is better served with home and community-based services (HCBS) or in a nursing home.

Alabama Coordinated Health Network (ACHN)
- Single care coordination delivery system combining Health Home and Maternity programs while also serving the Plan First population – affects approximately 750,000 recipients
- Seven newly defined regions, based on major population centers
- Achieving quality benchmarks
- Request for Proposal released and responses are due in February
- Goal is October 1, 2019 implementation date.

Community Engagement
- Proposed 1115 work requirement waiver on Parent and Other Caretaker Relative (POCR) group has been filed with CMS and bi-weekly calls are occurring to move toward approval of the waiver.
Questions