Alabama Medicaid
2019 Budget Hearing

January 4, 2018

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COMMISSIONER
ALABAMA MEDICAID AGENCY
AGENDA

• Overview
• 2019 Budget
• Medicaid Cost Management
• Medicaid Moving Forward
• Federal Healthcare Unknowns
Medicaid Overview
Who Does Alabama Medicaid Serve?

FY 2016 by Date of Service

**Disabled and Blind**

Any Age

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

- % of Expenditures
  - $10,644
    - Per Member Per Year

**Children**

Age 0-18

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

- % of Expenditures
  - $2,556
    - Per Member Per Year

**Aged**

Age 65 and Over

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

- % of Expenditures
  - $10,440
    - Per Member Per Year

**Other Categories**

Age 19-64

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

- % of Expenditures
  - $3,456
    - Per Member Per Year
FY 2017 Medicaid Expenditure Analysis
Benefit Payments and Administrative Costs (in millions)

Total Expenditures
$6.490 Billion
FY 2017 Medicaid Funding Analysis
State and Federal Funding (in millions)

FY 17 Source of Funds: $6.490 Billion

Federal Funds
$4,544
70%

General Fund
$732
11%

Other State Share Sources
$1,214
19%

State Funds
$1,946
30%
Monthly Average Eligibles 2012-2018*

Alabama Medicaid Agency
Monthly Average Eligibles

- Fiscal Year to date through October, 2017
2019 Budget
Alabama Medicaid
2019 State Funding Need

- Total Funding Need $810 million
- Less Projected Carryforward $53 million
- General Fund Request $757 million
Factors Affecting 2019 Funding Need

• Carryforward
• Inflationary increases
  • Nursing Homes
  • Pharmacy
  • Medicare Part B Insurance
• FMAP changes – reduces state share requirement
  • Impact shared with existing state share funding, such as hospitals; other state agencies; and teaching hospitals
• Paybacks
• Provider funding
## FY 2019 Budget Request Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018 General Fund Need</strong></td>
<td>$773</td>
</tr>
<tr>
<td>Increase in General Fund Demand:</td>
<td></td>
</tr>
<tr>
<td>Inflation, utilization increases, new federal requirements</td>
<td>33</td>
</tr>
<tr>
<td>Increase in program costs</td>
<td>20</td>
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<tr>
<td>Decrease in General Fund Demand:</td>
<td></td>
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<tr>
<td>Increase in federal match</td>
<td>-10</td>
</tr>
<tr>
<td>Reduction in Paybacks</td>
<td>-6</td>
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<tr>
<td><strong>2019 State Funding Needed</strong></td>
<td>$810</td>
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<tr>
<td>Less carryforward</td>
<td></td>
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<tr>
<td>Actual cash carryover from 2017 operations</td>
<td>20</td>
</tr>
<tr>
<td>Projected cash carryover from 2018</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total 2019 Net Request</strong></td>
<td>$757</td>
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Medicaid Cost Management

- State Recoveries
- Automated Asset Verification
- Other Initiatives
Medicaid Moving Forward
Alabama Quality Outcomes

• 3\textsuperscript{rd} highest adult obesity rate in the nation
• 2\textsuperscript{nd} highest diabetes rate in the nation
• Newborns
  • Infants are significant drivers of Medicaid costs
  • Infant mortality rate: 9.1 per 1,000 births (5.9 nationally)
  • High rate (10.3\%) of low birth weight infants
• Highest opioid prescribing rate in the nation
  (1.21 prescriptions per person in the entire population of the state)
Quality Outcomes in Newborns

Alabama Medicaid Agency
Expenditures for Medical and Support Services
Fiscal Year 2016
By Age at the Date of Service
Medicaid Moving Forward

• Care Management Principles
• Personal Accountability
Medicaid Care Management Principles

Pivot Plan
• Case management system to achieve better healthcare outcomes with minimum initial cost
• Provider based structure
• Regionally based, regions based on major population centers
  • Replacing 6 current health homes and 14 maternity regions
• Populations may include Patient 1st, Maternity, Plan First and Health Home population, excludes long term care and duals

Integrated Care Networks (ICN)
• Statewide focus on managing long term care in the most cost effective manner

Goal of ICN and the Pivot plan is to redirect expenditures to achieve better outcomes

Personal Accountability
• Proposed 1115 work requirement waiver on Parent and Other Caretaker and Relative (POCR) group
• Possible increase in copayments
Federal Healthcare Unknowns

- CHIP reauthorization
- Possible changes to federal funding structure
- Possible impact on provider taxes
Questions