Alabama Medicaid Agency
Annual Report FY 2008

Transformation Through Technology

BOB RILEY
Governor

Alabama Medicaid Agency

501 Dexter Avenue
P.O. Box 5624
Montgomery, Alabama 36103-5624
www.medicaid.alabama.gov
e-mail: almedicaid@medicaid.alabama.gov
Telecommunication for the Deaf: 1-800-253-0799
334-242-5000   1-800-362-1504

The Honorable Bob Riley
Governor of the State of Alabama
Alabama State Capitol
Montgomery, Alabama 36130

Dear Governor Riley:

From its inception, the Alabama Medicaid Agency has worked to help the state's most vulnerable citizens access basic health care services. During Fiscal Year 2008, nearly 1 million Alabama citizens turned to Medicaid for help in paying for hospital or nursing home care, physician care, lab tests, medicine and other medical services.

While the Alabama Medicaid Agency has a long tradition of efficient management, the events of this past year have laid the foundation for the continued transformation of our Agency from one that pays medical claims correctly and on time to one that is driven by information, accountability and results.

The highlight of the FY 2008 year was the implementation of the Q*Tool* electronic health record system and Q^{4}U, a care management program for recipients with asthma and diabetes, in 11 pilot counties. These two projects, part of the *Together for Quality* transformation initiative, moved the Agency closer to its goal of better health care at a lower cost. Implementation of a third component,Q_X, was the first of many opportunities to come for state agencies to share data on mutual clients.

While TFQ dominated the technology front, there were other technological strides as well. During FY 2008, Alabama joined only a handful of states in accepting electronic signatures (e-Signatures) on Medicaid eligibility applications, streamlining the eligibility process while eliminating unnecessary paper. Alabama Medicaid also launched a new claims processing and Medicaid Management Information System to process and pay provider claims. This new system, with a fully functional web portal and an NPI-compliant system, represented a major technological advancement that created a more streamlined reimbursement process for Medicaid enrolled providers while providing the reliability and flexibility needed by the state.

At the same time, there were many challenges during this year, to which the Alabama Medicaid Agency responded. Spurred by an increase in the state's infant mortality rate, the Agency announced a plan to revamp our maternity care program to increase the number of healthy babies born in Alabama.

Medicaid is a vital and essential part of Alabama's health care infrastructure and contributes substantially to the economic viability of the state. We greatly appreciate your ongoing support to the Alabama Medicaid Agency.

It is with great pride that I present the Alabama Medicaid Agency 36th Annual Report for Fiscal Year 2008.

Sincerely,

Carol H. Steckel
Commissioner

CAROL H. STECKEL, MPH
Commissioner

Table of Contents

Sections

Charts

MISSION:

To provide a system of financing health care for eligible Alabamians
in accordance with established statutes and Executive Orders.

VISION:

To play a key leadership role in ensuring availability and access
to appropriate health care for all Alabamians.

VALUES:

Respect
*We are a caring organization that treats each individual
with dignity, empathy, and honesty.*

Integrity
*Our stakeholders can depend on the quality, trustworthiness, and
reliability of our Agency's employees and representatives.*

Excellence
*We are committed to maximizing our resources to ensure the
residents of Alabama have access to quality health care.*
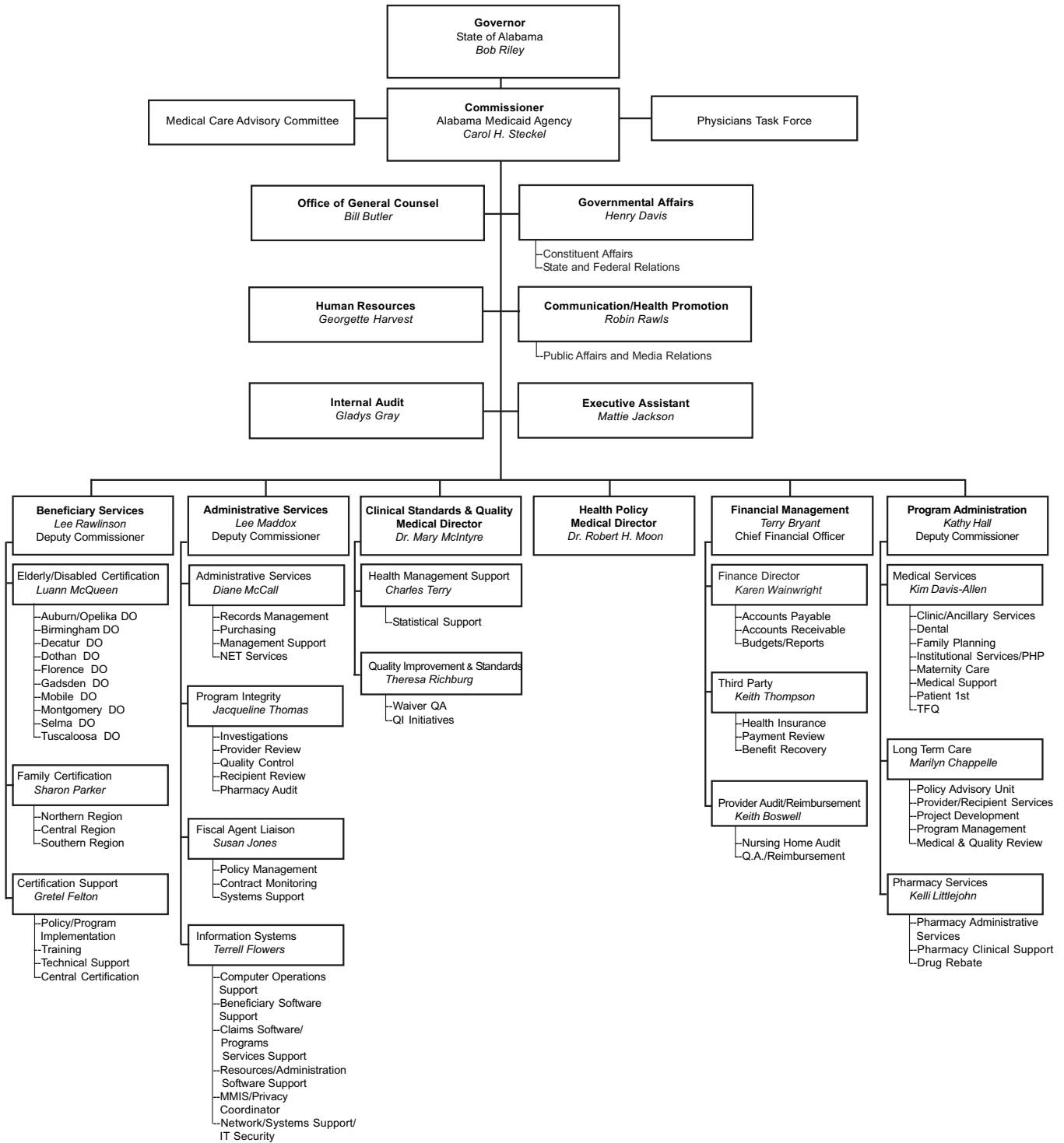
Teamwork
*Our success depends upon establishing and maintaining
effective collaborative partnerships.*

Innovation
*We willingly embrace new ideas and new ways of doing things to
effectively meet a changing health care environment.*

Alabama Medicaid Agency

Governor
State of Alabama
Bob Riley

Medical Care Advisory Committee

Commissioner
Alabama Medicaid Agency
Carol H. Steckel

Physicians Task Force

Office of General Counsel
Bill Butler

Governmental Affairs
Henry Davis
- Constituent Affairs
- State and Federal Relations

Human Resources
Georgette Harvest

Communication/Health Promotion
Robin Rawls
- Public Affairs and Media Relations

Internal Audit
Gladys Gray

Executive Assistant
Mattie Jackson

Beneficiary Services
Lee Rawlinson
Deputy Commissioner

- **Elderly/Disabled Certification**
  Luann McQueen
  - Auburn/Opelika DO
  - Birmingham DO
  - Decatur DO
  - Dothan DO
  - Florence DO
  - Gadsden DO
  - Mobile DO
  - Montgomery DO
  - Selma DO
  - Tuscaloosa DO

- **Family Certification**
  Sharon Parker
  - Northern Region
  - Central Region
  - Southern Region

- **Certification Support**
  Gretel Felton
  - Policy/Program Implementation
  - Training
  - Technical Support
  - Central Certification

Administrative Services
Lee Maddox
Deputy Commissioner

- **Administrative Services**
  Diane McCall
  - Records Management
  - Purchasing
  - Management Support
  - NET Services

- **Program Integrity**
  Jacqueline Thomas
  - Investigations
  - Provider Review
  - Quality Control
  - Recipient Review
  - Pharmacy Audit

- **Fiscal Agent Liaison**
  Susan Jones
  - Policy Management
  - Contract Monitoring
  - Systems Support

- **Information Systems**
  Terrell Flowers
  - Computer Operations Support
  - Beneficiary Software Support
  - Claims Software/ Programs Services Support
  - Resources/Administration Software Support
  - MMIS/Privacy Coordinator
  - Network/Systems Support/ IT Security

Clinical Standards & Quality
Medical Director
Dr. Mary McIntyre

- **Health Management Support**
  Charles Terry
  - Statistical Support

- **Quality Improvement & Standards**
  Theresa Richburg
  - Waiver QA
  - QI Initiatives

Health Policy
Medical Director
Dr. Robert H. Moon

Financial Management
Terry Bryant
Chief Financial Officer

- **Finance Director**
  Karen Wainwright
  - Accounts Payable
  - Accounts Receivable
  - Budgets/Reports

- **Third Party**
  Keith Thompson
  - Health Insurance
  - Payment Review
  - Benefit Recovery

- **Provider Audit/Reimbursement**
  Keith Boswell
  - Nursing Home Audit
  - Q.A./Reimbursement

Program Administration
Kathy Hall
Deputy Commissioner

- **Medical Services**
  Kim Davis-Allen
  - Clinic/Ancillary Services
  - Dental
  - Family Planning
  - Institutional Services/PHP
  - Maternity Care
  - Medical Support
  - Patient 1st
  - TFQ

- **Long Term Care**
  Marilyn Chappelle
  - Policy Advisory Unit
  - Provider/Recipient Services
  - Project Development
  - Program Management
  - Medical & Quality Review

- **Pharmacy Services**
  Kelli Littlejohn
  - Pharmacy Administrative Services
  - Pharmacy Clinical Support
  - Drug Rebate

Effective Date: February 1, 2008

Carol H. Steckel

Carol H. Steckel
Commissioner

FY2008

Medicaid Today

During FY 2008, the Alabama Medicaid Agency continued its efforts to transform itself from an agency efficient at managing its resources and paying claims correctly, to using technological know-how, national health care guidelines and the power of collaboration to create a health care system driven by information, accountability and results.

Although Alabama Medicaid Agency's implementation of a state-of-the-art electronic clinical support tool took center stage in FY 2008, there were other important milestones as well. The Agency implemented a new claims processing system and added e-Signature capability to its online application system.

The state of Alabama and Medicaid won major victories in drug pricing policy lawsuits against three pharmaceutical companies and promoted a program to identify developmental delays in children sooner. Also in FY 2008, the Alabama Legislature approved full funding for Medicaid in FY 2009, while federal actions continued the Patient 1st program and extended home and community-based services and family planning services to more Alabama citizens.

Together for Quality project transforms Alabama Medicaid program

The Agency's *Together for Quality (TFQ)* transformation initiative emerged in FY 2008 as one of the most important projects in the Agency's history. Almost immediately, the three-part initiative attracted national attention for its ability to bring a diverse group of partners together to design and implement the innovative

system to save money, reduce duplication and most importantly, fill in gaps that lead to better patient care.

The TFQ effort included the Q*Tool* electronic health record, Q^4U, a care management program for patients with chronic diseases such as asthma or diabetes, and Q_X, an electronic system for state agencies to exchange data on shared clients.

Together For Quality

Much of the year's work focused on continued development of the Q*Tool* electronic health record and the Q^4U coordinated care management components of the initiative.

In order to determine which component provides the best service for the patient, the components were piloted in a mix of urban and rural areas. Patient 1st physicians in 11 pilot counties began testing the effectiveness of the two components. Physicians in Bullock and Pike counties concentrated on Q^4U, the coordinated care component of the project, while physicians in Jefferson, Winston and Houston counties worked

strictly with *QTool*. Providers in Tuscaloosa, Lamar, Pickens, Calhoun, Talladega and Montgomery tested both components.

Implementation of *QTool* in July 2008 culminated more than a year's work to create a more patient-centered, coordinated health information system for the state. Physicians quickly discovered the value of having Medicaid and Blue Cross/Blue Shield claims information on past doctor visits, hospital stays, tests and medications when examining their Medicaid patients.

The Q[4]U component of the project was launched in February 2008, to help improve the quality of chronic disease patient care starting with asthma patients, and followed by diabetes patients in March 2008. The nine-county pilot program was designed to help these patients live healthier lives and stay out of the hospital and emergency room. During the first six months of Q[4]U, almost 400 asthma patients and almost 300 diabetes patients were enrolled in the program. Q*Tool* is the source for rules-based alerts for management of those patients. Early feedback for Q[4]U supported the value of the care management concept as a means to encourage patient compliance and partnership with the primary care physician to improve patient health outcomes.

Results from the initial pilot testing also set the stage for future expansion and enhanced capability of Q*Tool*. As FY 2008 ended, the Agency was planning expanded recipient education and outreach efforts to retain patients in the pilot program as well as efforts to streamline the process for physicians.

Work on Q_X, the third prong of the TFQ project's effort to develop standardized data exchange with other state health and human service agencies,

began in January 2008. Medicaid and the Alabama Department of Senior Services partnered on this component of the pilot project to test an online interface and data exchange on shared clients as well as a quality audit process and an inter-agency complaint information system.

Medicaid "fully funded" for FY09 following regular, special sessions

Legislative approval of the General Fund budget in May 2008, a supplemental appropriation and an allocation from the state's Children First Trust Fund enabled the Alabama Medicaid Agency to be fully funded through the end of the 2009 fiscal year. This funding level made it possible for the Agency to maintain existing levels of services for nearly 1 million Alabamians served by the Agency.

Governor Bob Riley signed the $2 billion General Fund budget, which included the Governor's recommended $149.6 million increase for Medicaid, during the closing hours of the 2008 regular legislative session. A $5.3 million supplemental appropriation for the 2008 fiscal year was approved during a called special session, along with a $35 million allocation to the Agency from the Children First Trust Fund for FY 2009.

Moratoria delays implementation of six federal Medicaid regulations

A supplemental war appropriations bill signed by President George Bush in June 2008 not only provided funds for war operations in Iraq and Afghanistan, but ended a protracted battle between the federal government and state health and human service programs over implementation of six Medicaid regulations.

The bipartisan legislation, H.R. 2642, the Supplemental Appropriations Act, 2008, put under moratoria until April 1, 2009, six Medicaid regulations impacting graduate medical education,

cost limits on providers operated by units of government, school-based administrative services, rehabilitation (rehab) service, targeted case management, and provider taxes. A seventh regulation that limits the scope of services Medicaid will pay for in hospital outpatient settings was not included. Without the moratoria, Alabama stood to lose at least $578 million in the next year, or as much as $2.9 billion over the next five years.

Alabama Medicaid implements new claims processing system

A fully functional web portal and a NPI-compliant system were among the benefits of a new claims processing and Medicaid Management Information System (MMIS) system implemented in February 2008. The new system represented major technological advancement that created a more streamlined reimbursement process for Medicaid enrolled providers and provided the reliability and flexibility needed by the state.

Some of the system's enhancements included additional features to the secure web portal, better electronic Remittance Advice (RA) retention, an improved electronic claims adjustment process, online status checking for prior approval requests and compound drug billing for pharmacy providers.

Elderly and Disabled waiver renewed, additional slots added October 1

Federal approval of 505 new slots for Alabama Medicaid's Elderly and Disabled waiver made community-based care available to more state residents. The Centers for Medicare and Medicaid Services (CMS) approved the additional slots when the home and community-based services

waiver was renewed for five years effective Oct. 1, 2007. With the new slots, a total of 9,205 slots became available for qualified elderly and disabled individuals.

The new slots were divided between the waiver's two operating agencies, the Alabama Department of Senior Services and the Alabama Department of Public Health, which received 30 and 475 slots, respectively.

The 25-year-old waiver program is one of the Agency's oldest home and community-based programs, allowing individuals who require nursing facility level of care to receive personal care, homemaker, case management, and other services that allow them to live in the community.

Medicaid, providers collaborate to meet TRPP mandate deadline
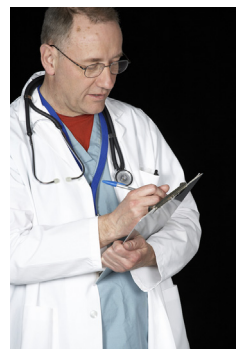
Collaborative efforts between the Alabama Medicaid Agency and state health care providers helped meet an April 1, 2008, deadline for use of tamper-resistant prescription paper for certain prescriptions provided to Medicaid recipients. In FY 2008, a total of 7.1 million written or electronic prescriptions were filled for Alabama Medicaid recipients.

Passed by Congress in May 2007, the new federal law required all written, non-electronic outpatient prescriptions issued to Medicaid recipients be written on prescription paper with at least one tamper-resistant characteristic.

Medicaid resumes QI-1 program with additional federal funding

A new infusion of federal funds in July 2008 made it possible for many elderly and disabled Alabamians on Medicare to again qualify for help in paying the cost of their monthly Medicare Part B premiums.


The QI-1 program, which helped pay recipients' monthly Medicare Part B premium of $96.40, ended on June 30 after the state was allocated only $11.7 million of the $21 million needed for the program by Centers for Medicare and Medicaid Services.

Congressional approval of additional funding allowed Alabama Medicaid to reinstate eligibility for most of the 15,000 individuals who lost QI-1 program coverage due to a shortfall in funding for the program. The program is 100 percent federally funded. Approximately 11,250 Alabamians were reinstated to the program with a July 1 effective date. An additional 4,000 recipients were reinstated on Oct. 1, 2008.

e-Signature streamlines Medicaid's web-based application process

Continuing a theme of transformation and technological innovation, Alabama Medicaid streamlined its online application process by accepting electronic signatures (e-Signatures) on web-based applications in July 2008. Alabama became one of only a few states, including Wisconsin, Florida and Louisiana, to accept electronic
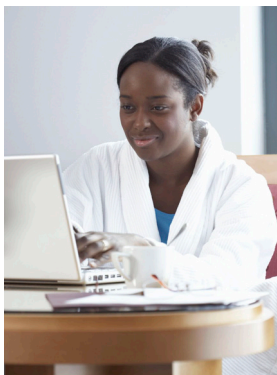
signatures on Medicaid eligibility applications. Addition of the e-Signature capability was a major milestone in the Agency's efforts to transform its business processes and eliminate paper waste. Nearly 2,300 e-signed applications were received in the first three months.

While web-based applications had been available since September 2004, Medicaid applicants had to print out and mail in the signature page after submitting the online application. The signature page then had to be matched with the applicants' online information, a process which could take weeks from the time the signature page was mailed. Through e-Signature, a single mouse click completes the application and enters it into the eligibility system for processing.

Alabama Medicaid wins awards in drug pricing lawsuit verdicts and settlements

During FY 2008, the Alabama Medicaid Agency was awarded a total of $154.5 million in compensatory damages and $160 million in punitive damages after two Montgomery Circuit Court juries returned verdicts against three drug manufacturers for overcharging the state for drugs. All three verdicts have been appealed to the Alabama Supreme Court.

The state had claimed the companies made the Medicaid agency pay too much for drugs

prescribed to its recipients by inflating prices over a 15-year period. Alabama Attorney General Troy King filed suit in 2005 over drug prices for Medicaid recipients against more than 70 pharmaceutical manufacturers.

In addition to the verdicts, two other drug manufacturers settled with the state during FY 2008, resulting in payments of $6.75 million to the state's General Fund.

Plan First family planning program extended through September 2011

Plan First, Alabama Medicaid's nationally-recognized family planning program, was extended through Sept. 30, 2011, by the Centers for Medicare and Medicaid Services (CMS). The program began in October 2000 to provide family planning services to uninsured women who would not qualify for Medicaid unless pregnant.

To qualify for the program, an applicant's family income must be at or below 133 percent of the Federal Poverty Level. The renewal also expands the program to include women up to age 55. Previously, only women ages 19 to 44 were eligible for the program. During FY 2008, nearly 68,000 women were enrolled in the program, which is jointly operated by Medicaid and the Alabama Department of Public Health.

New effort designed to identify developmental delays earlier

A new statewide effort led by the Alabama Medicaid Agency helped physicians and other health care providers identify developmental delays in children at an earlier age during FY 2008. The "Alabama Assuring Better Child Health and Development" (AABCD) project was a 15-month initiative to promote the use of standardized screening tools in conjunction with EPSDT well-child checkups. The project was the result of Alabama's selection as a participant in a consortium with the National Academy for State Health Policy.

The project's goal was to identify developmental delays at an earlier age and to facilitate access and treatment services for children and families in need of preventative or developmental services. Four pilot sites (Mobile, Anniston, Jasper, Huntsville) were selected to implement and evaluate screening tools and models. With completion of the project in mid-2008, recommendations specific to use of standardized screening tools and referral resources for further testing and/or treatment were made available to state Medicaid providers.

Maternity program focuses on improving birth outcomes

As FY 2008 came to a close, maternity care providers, state health officials, patient advocates and others responded to a significant increase in the state's infant mortality rate by pledging to work together to create a more effective Medicaid maternity care program. To allow time to create a more effective program, maternity care providers throughout the state agreed in August 2008 to continue the present program through December 2009.

The Alabama infant mortality rate for 2007 increased to 10.0 deaths per 1,000 births, a significant increase over the 2006 rate of 9.0 deaths per 1,000 births. Approximately 48 percent of all births in Alabama are funded by Medicaid.

Who Medicaid Serves

During FY 2008, more than 920,900 Alabama citizens, or 19.3 percent of the state's population, were eligible to receive Medicaid benefits for at least one month of the year.

The state's youngest citizens make up the largest category of Medicaid recipients with two of every five Alabama children having their health coverage paid for by Medicaid. More than 40 percent of these children were in families with at least one working caregiver. Medicaid also paid for almost half of all babies born in Alabama

during the year. The largest single eligibility group served by Medicaid is SOBRA-only children, which accounted for 336,731 recipients during FY 2008.

While the elderly Medicaid population is much smaller, one in five Alabamians over the age of 65 is eligible for Medicaid. Approximately two-thirds of all nursing home residents depend on Medicaid to cover the cost of their care.

States must provide coverage for certain groups in order to be eligible for federal funds. These groups include low income families who meet the eligibility requirements in the state's AFDC plan in effect on July 16, 1996; Supplemental Security Income (SSI) recipients; infants born to Medicaid-eligible pregnant women; children under age 6, and pregnant women whose family income is at or below 133 percent of the federal poverty level; children ages 6-18 whose family income is up to 100 percent of the federal poverty level; recipients of adoption assistance; children in foster care or custody of the Department of Youth Services; certain Medicare beneficiaries; and special protected groups, including those who lose eligibility for cash assistance or SSI due to an increase in earnings from work, Social Security benefits or child/spousal support.

Several agencies determine Medicaid eligibility. Medicaid is responsible for certifying applicants for Elderly & Disabled programs; Medicaid for Low Income Families (MLIF); the SOBRA program for children under age 19 and pregnant women; Plan First (Family Planning) Program; Breast and Cervical Cancer Program;

Department of Youth Services children; and Emergency Services for non-citizens.

The Alabama Department of Human Resources certifies foster children and children who receive state or federal adoption assistance.

The federal Social Security Administration certifies aged, blind, or disabled persons who have very low income and qualify for cash assistance through the Supplemental Security Income (SSI) program.

To qualify for Alabama Medicaid, all individuals must be living in Alabama, be a U.S. citizen or be in this country legally and meet income and age requirements that vary according to program.
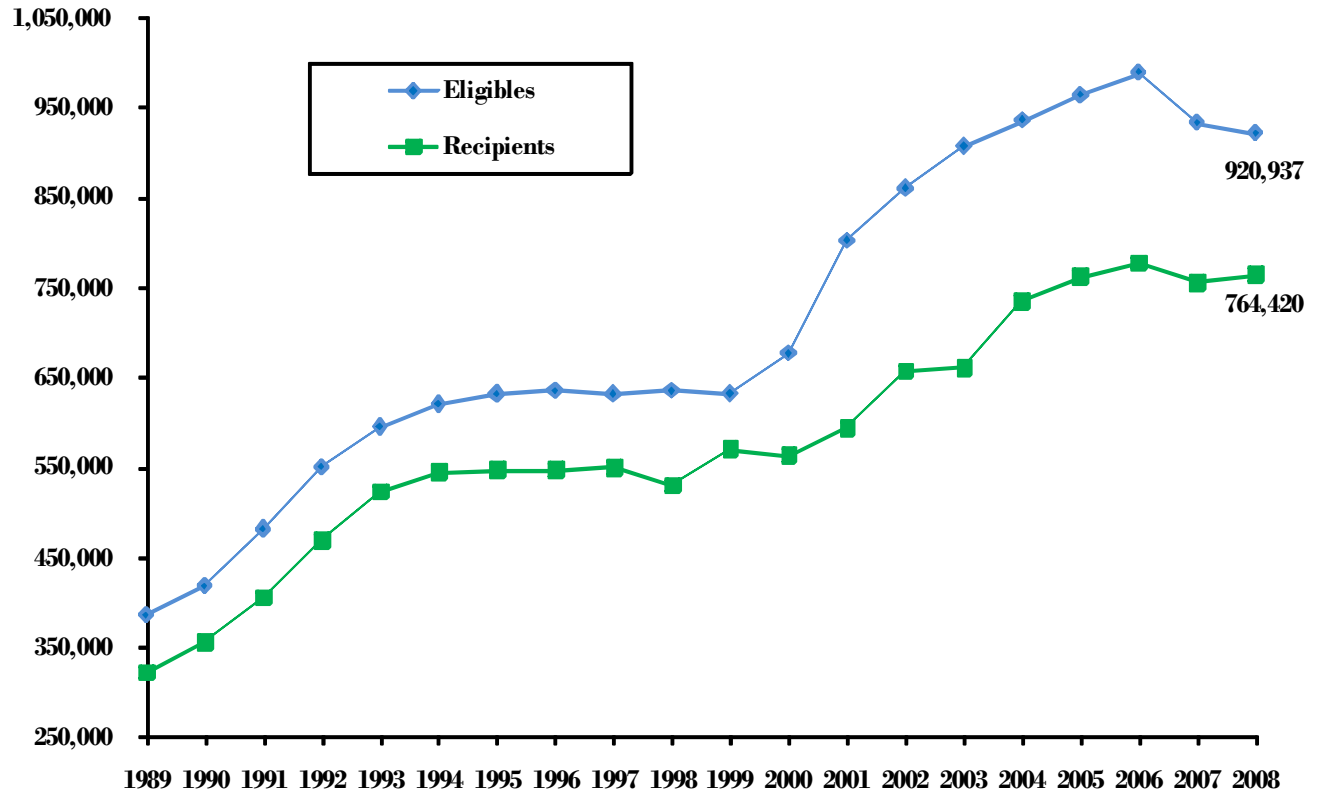
Those who apply for assistance through a program for the elderly or disabled must also meet certain medical criteria and have resources below a certain limit, which also varies according to the program. Pregnant women who are applying for assistance must have their pregnancy medically verified.

FY 2008 ELIGIBLES Monthly Count

October '07	746,397
November	735,163
December	734,810
January '08	741,620
February	748,861
March	755,318
April	759,935
May	762,390
June	764,914
July	770,387
August	777,111
September	781,857

FY 2006-2008 POPULATION
Eligibles as a Percent of Alabama Population by Year

	Population	Eligibles	Percent
FY 2006	4,681,833	988,678	21.1%
FY 2007	4,720,976	932,521	19.8%
FY 2008	4,760,046	920,937	19.3%

Note: The FY 2007 and 2008 include Plan First Eligibles

FY 2008
ELIGIBLES
Percent of Population Eligible for Medicaid By County

County	Percent
Lauderdale	17.4%
Limestone	15.5%
Madison	12.9%
Jackson	18.5%
Colbert	19.9%
Lawrence	17.8%
Morgan	17.4%
Marshall	23.8%
Dekalb	24.6%
Franklin	24.4%
Cherokee	19.9%
Marion	21.9%
Winston	21.9%
Cullman	18.2%
Etowah	21.4%
Blount	15.8%
Lamar	22.3%
Fayette	20.0%
Walker	21.4%
St Clair	16.8%
Calhoun	23.3%
Cleburne	21.0%
Jefferson	17.1%
Talladega	21.4%
Pickens	25.3%
Tuscaloosa	18.1%
Shelby	7.8%
Clay	24.7%
Randolph	21.2%
Greene	37.9%
Bibb	20.2%
Chilton	19.9%
Coosa	18.8%
Tallapoosa	23.0%
Chambers	22.9%
Hale	29.8%
Perry	38.0%
Elmore	14.4%
Lee	13.5%
Sumter	34.3%
Autauga	15.2%
Macon	25.3%
Russell	26.1%
Marengo	27.3%
Dallas	38.4%
Montgomery	22.5%
Bullock	33.7%
Choctaw	23.2%
Wilcox	40.4%
Lowndes	27.8%
Barbour	24.5%
Clarke	23.0%
Butler	30.9%
Crenshaw	28.1%
Pike	25.8%
Henry	21.9%
Monroe	22.7%
Conecuh	29.8%
Covington	25.3%
Coffee	19.1%
Dale	21.1%
Washington	19.6%
Escambia	23.5%
Geneva	23.7%
Houston	23.3%
Mobile	21.1%
Baldwin	13.3%

FY 1989-2007
MEDICAID ELIGIBLES AND RECIPIENTS
Utilization

Eligibles **- People who qualified for Medicaid coverage**
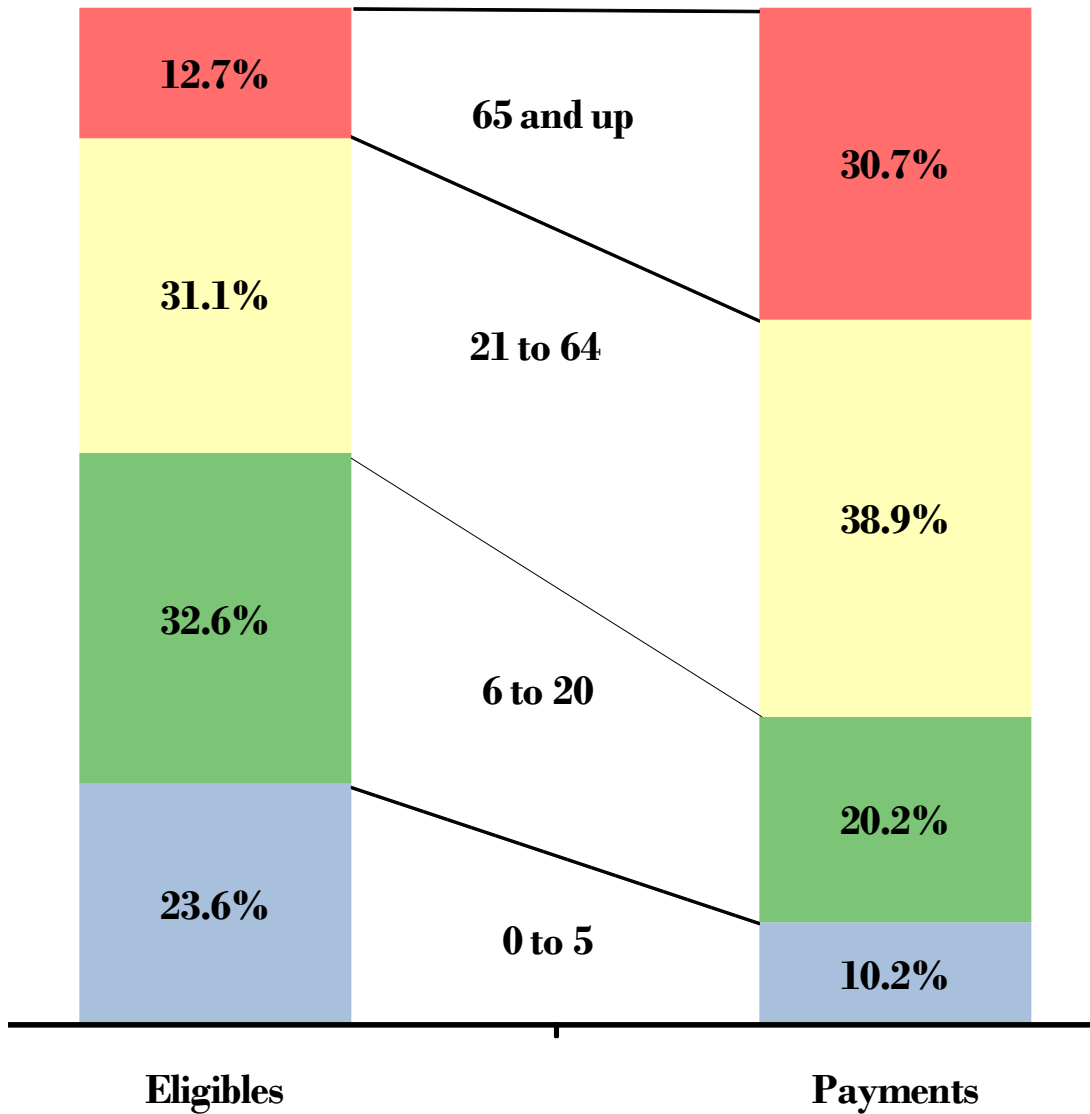*Recipients* **- People who had at least one medical expense paid for by Medicaid**

COUNTY	MLIF	AGED	DISABLED	SOBRA	QMB	BLIND	SLMB	PLAN 1ST	TOTAL
Autauga	768	257	1,454	3,784	453	10	350	770	7,84
Baldwin	1,216	658	3,276	13,125	1,500	28	1,185	2,345	23,333
Barbour	896	295	1,542	3,513	506	11	294	612	7,669
Bibb	358	175	1,130	2,133	335	3	242	476	4,852
Blount	706	352	1,385	5,059	766	5	617	770	9,660
Bullock	382	222	864	1,907	228	3	113	342	4,061
Butler	745	340	1,282	2,739	454	4	255	640	6,459
Calhoun	3,265	758	5,148	11,780	1,613	53	1,039	2,524	26,180
Chambers	794	459	1,649	3,688	537	15	455	726	8,323
Cherokee	780	267	862	2,393	448	8	318	383	5,459
Chilton	638	274	1,406	4,810	642	9	533	792	9,104
Choctaw	345	215	879	1,456	274	6	157	334	3,666
Clarke	339	345	1,605	2,843	437	8	249	679	6,505
Clay	102	220	586	1,522	278	3	189	332	3,232
Cleburne	264	119	523	1,596	229	3	174	281	3,189
Coffee	874	458	1,589	4,222	585	7	368	673	8,776
Colbert	914	363	2,259	5,045	837	9	582	1,324	11,333
Conecuh	784	155	841	1,642	348	2	172	257	4,201
Coosa	88	83	552	1,081	228	3	169	232	2,436
Covington	913	534	1,640	4,420	769	8	504	828	9,616
Crenshaw	434	224	700	1,592	351	3	200	340	3,844
Cullman	745	794	2,739	7,791	1,207	13	980	1,201	15,470
Dale	1,349	361	2,076	4,831	638	8	355	989	10,607
Dallas	1,888	787	4,745	6,839	1,113	23	591	1,434	17,420
Dekalb	1,602	714	2,419	10,119	1,177	16	816	1,156	18,019
Elmore	1,014	431	2,405	5,224	680	13	488	1,100	11,355
Escambia	1,180	332	1,497	4,673	552	10	303	860	9,407
Etowah	1,894	940	4,719	10,362	1,597	20	1,140	1,853	22,525
Fayette	431	209	766	1,544	285	3	177	331	3,746
Franklin	610	336	1,330	4,380	605	5	387	604	8,257
Geneva	567	282	1,237	2,919	547	6	349	512	6,419
Greene	431	171	828	1,620	170	5	93	371	3,689
Hale	374	298	1,301	2,456	318	2	167	612	5,528
Henry	306	217	691	1,598	353	7	212	299	3,683
Houston	1,870	781	4,067	10,710	1,326	21	866	2,044	21,685
Jackson	742	478	1,927	5,296	858	13	610	834	10,758
Jefferson	8,347	4,039	26,548	51,782	7,449	127	5,943	10,554	114,789
Lamar	362	225	676	1,448	316	7	213	340	3,587
Lauderdale	928	655	3,146	7,432	1,273	7	879	1,981	16,301
Lawrence	524	284	1,186	3,028	497	6	347	693	6,565
Lee	1,803	482	3,120	9,467	900	19	672	1,884	18,347
Limestone	781	465	1,983	5,835	781	15	526	1,162	11,548
Lowndes	315	167	867	1,691	295	7	162	378	3,882
Macon	708	261	1,236	2,584	372	9	206	570	5,946
Madison	2,930	1,452	7,061	20,422	1,942	39	1,232	4,196	39,274
Marengo	509	313	1,518	2,469	389	8	180	593	5,979
Marion	587	366	1,191	3,171	638	4	411	645	7,013
Marshall	1,966	835	3,239	12,290	1,264	15	907	1,314	21,830
Mobile	8,669	2,700	15,077	43,228	4,820	95	3,564	9,158	87,311
Monroe	498	250	1,088	2,621	378	3	205	499	5,542
Montgomery	6,826	1,548	10,480	23,975	2,627	55	1,598	5,653	52,762
Morgan	1,340	810	3,732	11,081	1,054	30	719	1,918	20,684
Perry	505	257	1,143	1,626	287	3	132	367	4,320
Pickens	335	307	1,384	2,164	324	7	171	665	5,357
Pike	957	315	1,801	3,272	441	10	302	991	8,089
Randolph	339	242	887	2,587	367	9	267	455	5,153
Russell	2,238	474	2,404	5,903	674	15	515	1,249	13,472
St. Clair	1,451	361	1,923	6,598	793	14	657	1,150	12,947
Shelby	973	376	2,024	7,958	786	7	752	1,245	14,121
Sumter	744	271	1,234	1,688	256	7	109	501	4,810
Talladega	2,966	689	4,479	8,369	1,337	59	1,084	1,888	20,871
Tallapoosa	811	484	1,917	4,621	640	9	542	854	9,878
Tuscaloosa	2,060	1,136	7,279	14,558	1,400	43	981	4,017	31,474
Walker	927	639	3,647	6,839	1,051	16	914	1,477	15,510
Washington	336	177	847	1,597	272	5	164	314	3,712
Wilcox	496	248	1,653	1,976	282	5	115	481	5,256
Winston	418	287	1,218	2,557	588	3	378	464	5,913
Youth Services	0	0	0	382	0	0	0	0	382
STATEWIDE	83,257	35,019	179,907	435,931	57,737	1,024	40,546	87,516	920,937

Note: QMB, SLMB, and Plan First eligibles do not receive full Medicaid. QMB and SLMB are Low-Income Medicare beneficiaries and have certain premiums, co-insurance, or deductibles paid for by Medicaid. Plan First eligibles receive family planning only services.

FY 2008
ELIGIBLES AND PAYMENTS
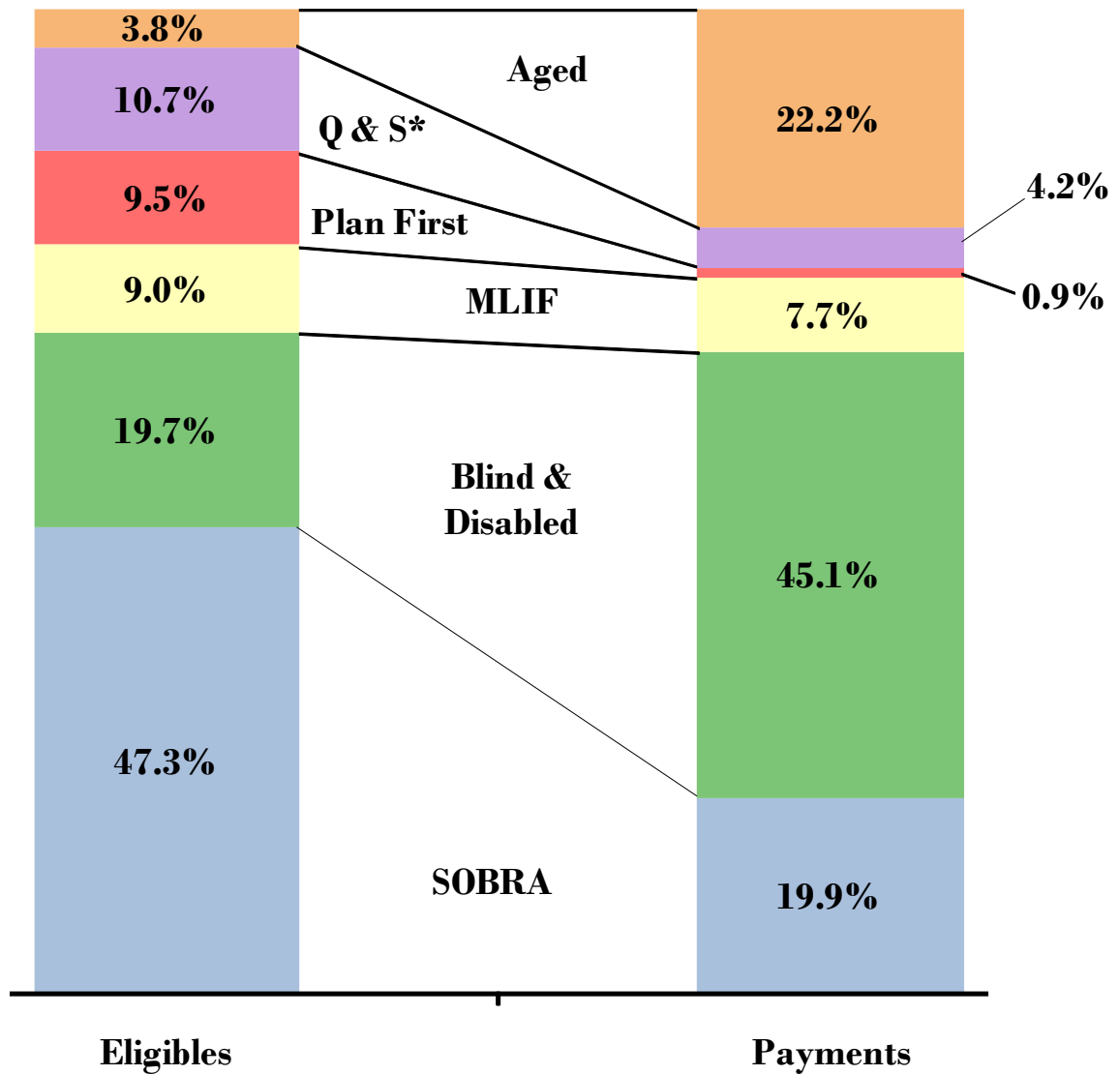**PERCENT DISTRIBUTION**
Includes PHP Amounts

By Age

Eligibles		Payments
12.7%	65 and up	30.7%
31.1%	21 to 64	38.9%
32.6%	6 to 20	20.2%
23.6%	0 to 5	10.2%

Eligibles   **Payments**

Age Group	Number
65 and Up	117,132
21 to 64	286,329
6 to 20	300,141
0 to 5	217,335
Total	920,937

FY 2008
ELIGIBLES AND PAYMENTS
PERCENT DISTRIBUTION

Includes PHP Amounts

By Category Of Aid

	Eligibles	Payments
Aged	3.8%	22.2%
Q & S*	10.7%	4.2%
Plan First	9.5%	0.9%
MLIF	9.0%	7.7%
Blind & Disabled	19.7%	45.1%
SOBRA	47.3%	19.9%

Eligibles **Payments**

*QMB and SLMB

FY 2008
ELIGIBLES AND PAYMENTS
PERCENT DISTRIBUTION
Includes PHP Amounts

By Gender

Eligibles

Male
38.23%

Female
61.77%

Payments

Male
37.25%

Female
62.75%
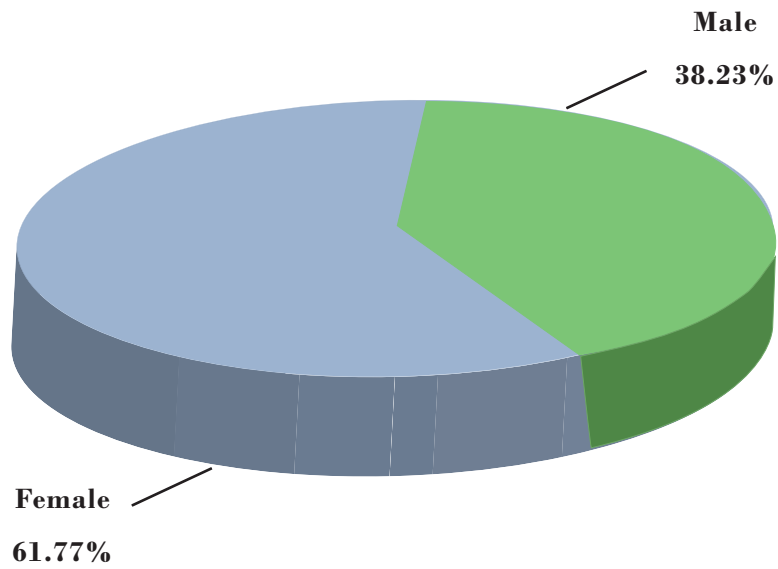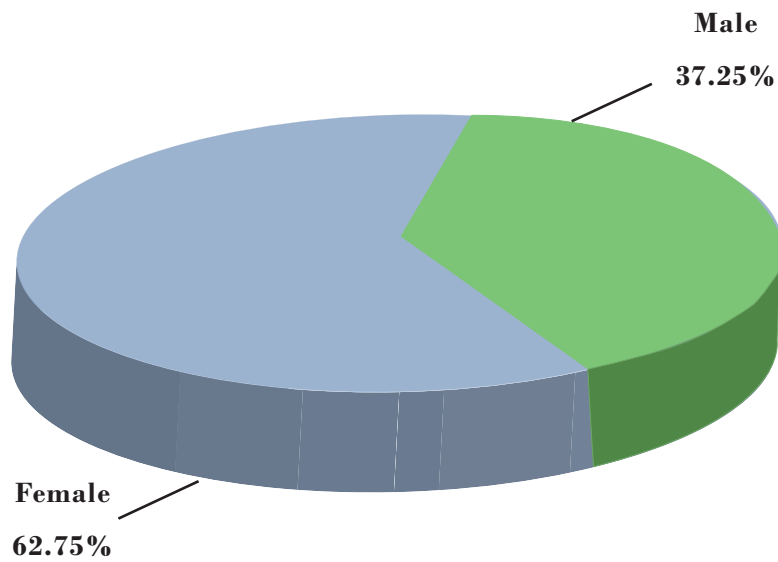
FY 2008
ELIGIBLES AND PAYMENTS
PERCENT DISTRIBUTION
Includes Claims Data Only

By Race

Eligibles

African American 45.64%
Other 0.63%
Hispanic 4.83%
White 45.71%
Am. Indian 0.27%
Unknown 2.32%
Asian 0.60%

Payments

African American 37.47%
Other 0.29%
Hispanic 1.92%
White 56.02%
Am. Indian 0.19%
Unknown 3.79%
Asian 0.32%
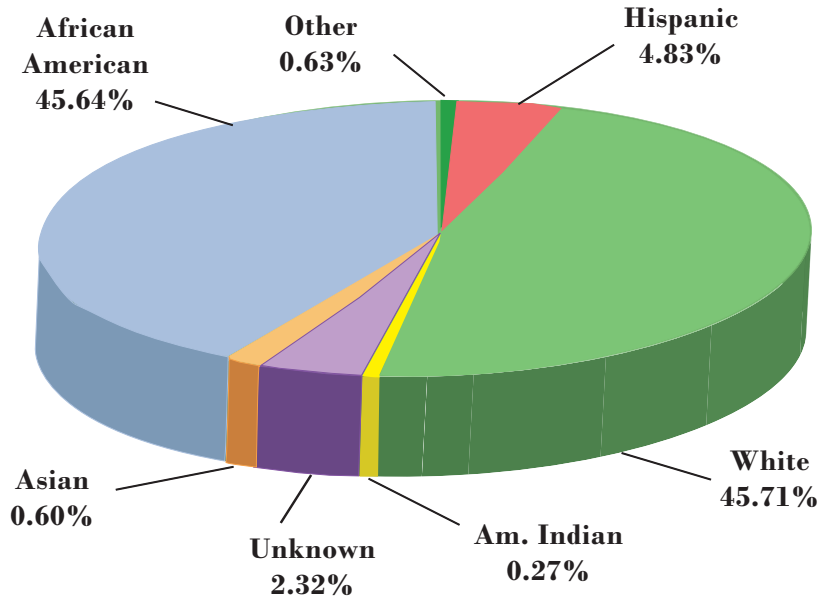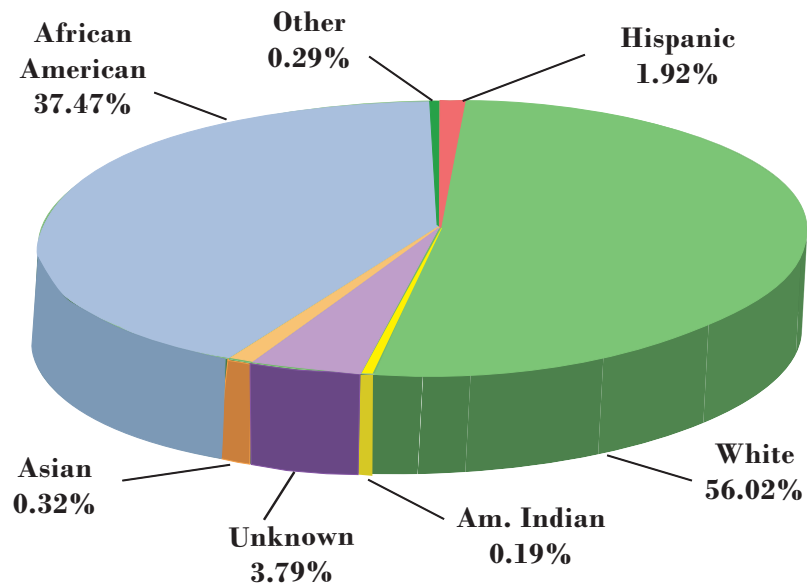
FY 2008
COST PER ELIGIBLE
By Category, Gender, Race and Age

By Category

All	$3,080 ... $17,962
Aged	
Blind & Disabled	$7,075
MLIF	$2,611
Plan First	$285
QMB & SLMB	$1,216
SOBRA	$1,297

By Gender

Female	$3,128
Male	$3,001

By Race

African American	$2,529
American Indian	$2,154
Asian	$1,647
Hispanic	$1,221
Other	$1,420
Unknown	$5,028
White	$3,774

By Age

0-5	$1,328
6-20	$1,906
21-64	$3,855
65 & Over	$7,443
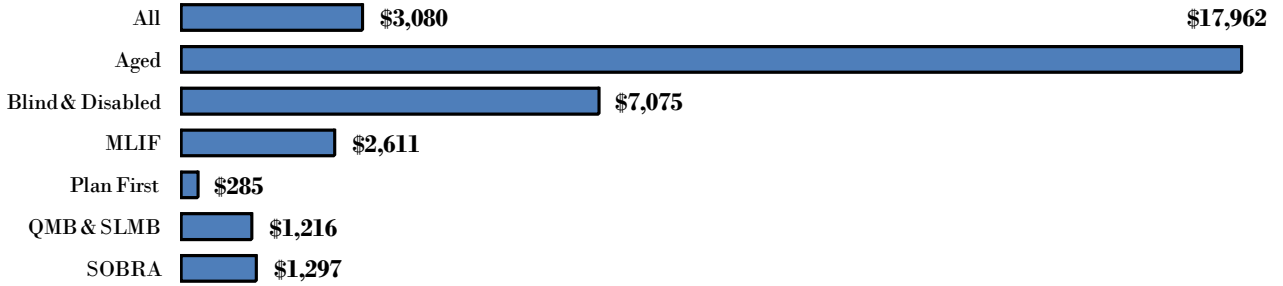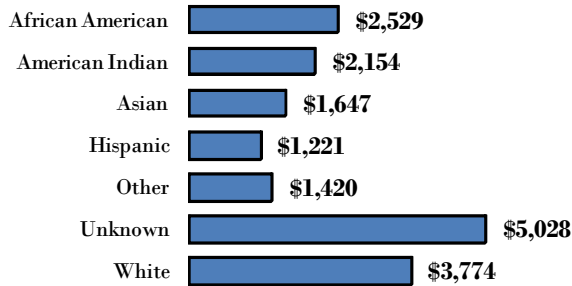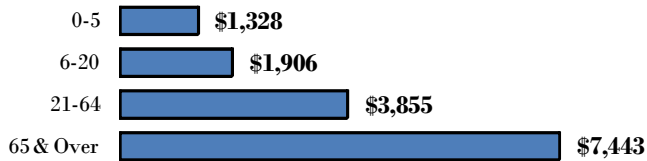
FY 2008
COUNTY IMPACT
Year's Cost Per Eligible

County	Benefit Payments	Eligibles	Payment Per Eligible	County	Benefit Payments	Eligibles	Payment Per Eligible
Autauga	$ 31,489,179	7,846	$4,013	Houston	$ 92,274,671	21,685	$4,255
Baldwin	$ 95,143,369	23,333	$4,078	Jackson	$ 47,766,286	10,758	$4,440
Barbour	$ 28,107,261	7,669	$3,665	Jefferson	$618,327,109	114,789	$5,387
Bibb	$ 21,341,060	4,852	$4,398	Lamar	$ 18,801,064	3,587	$5,241
Blount	$ 38,624,336	9,660	$3,998	Lauderdale	$ 78,072,397	16,301	$4,789
Bullock	$ 17,428,153	4,061	$4,292	Lawrence	$ 26,964,952	6,565	$4,107
Butler	$ 29,471,855	6,459	$4,563	Lee	$ 71,940,252	18,347	$3,921
Calhoun	$116,153,705	26,180	$4,437	Limestone	$ 49,819,128	11,548	$4,314
Chambers	$ 36,259,513	8,323	$4,357	Lowndes	$ 15,207,213	3,882	$3,917
Cherokee	$ 23,460,395	5,459	$4,298	Macon	$ 23,172,270	5,946	$3,897
Chilton	$ 34,792,721	9,104	$3,822	Madison	$183,854,151	39,274	$4,681
Choctaw	$ 14,413,537	3,666	$3,932	Marengo	$ 26,694,248	5,979	$4,465
Clarke	$ 28,773,663	6,505	$4,423	Marion	$ 31,467,037	7,013	$4,487
Clay	$ 16,249,011	3,232	$5,028	Marshall	$ 87,347,960	21,830	$4,001
Cleburne	$ 13,439,349	3,189	$4,214	Mobile	$ 439,063,481	87,311	$5,029
Coffee	$ 42,443,310	8,776	$4,836	Monroe	$ 26,995,497	5,542	$4,871
Colbert	$ 45,675,457	11,333	$4,030	Montgomery	$217,232,566	52,762	$4,117
Conecuh	$ 19,399,097	4,201	$4,618	Morgan	$105,404,831	20,684	$5,096
Coosa	$ 9,537,181	2,436	$3,915	Perry	$ 19,810,238	4,320	$4,586
Covington	$ 47,090,411	9,616	$4,897	Pickens	$ 24,696,736	5,357	$4,610
Crenshaw	$ 17,004,165	3,844	$4,424	Pike	$ 36,970,148	8,089	$4,570
Cullman	$ 70,448,798	15,470	$4,554	Randolph	$ 22,705,620	5,153	$4,406
Dale	$ 42,185,116	10,607	$3,977	Russell	$ 43,927,897	13,472	$3,261
Dallas	$ 73,161,575	17,420	$4,200	St. Clair	$ 55,815,181	12,947	$4,311
Dekalb	$ 77,062,258	18,019	$4,277	Shelby	$ 56,332,358	14,121	$3,989
Elmore	$ 57,666,884	11,355	$5,079	Sumter	$ 18,418,674	4,810	$3,829
Escambia	$ 38,498,533	9,407	$4,093	Talladega	$ 88,986,276	20,871	$4,264
Etowah	$117,822,220	22,525	$5,231	Tallapoosa	$ 46,869,026	9,878	$4,745
Fayette	$ 20,026,624	3,746	$5,346	Tuscaloosa	$202,201,056	31,474	$6,424
Franklin	$ 35,235,836	8,257	$4,267	Walker	$ 84,377,507	15,510	$5,440
Geneva	$ 30,117,785	6,419	$4,692	Washington	$ 15,234,482	3,712	$4,104
Greene	$ 11,827,298	3,689	$3,206	Wilcox	$ 18,962,074	5,256	$3,608
Hale	$ 22,997,074	5,528	$4,160	Winston	$ 27,950,093	5,913	$4,727
Henry	$ 16,642,837	3,683	$4,519	Youth Services	$ 2,644,147	382	$6,922

FY2008

What Medicaid Provides

Medicaid provides a wide range of covered services. Some recipients receive full coverage while others are eligible for limited services, such as pregnant women on Medicaid's SOBRA program. Thousands of health care providers throughout the state give care to eligible Alabama Medicaid recipients each year.

Patient 1st

The Patient 1st program is the cornerstone of Medicaid's health services and one of the initial building blocks of the Agency's transformation plans. Based on the medical home concept, Patient 1st links the Medicaid recipient with a physician or clinic that serves as the primary care provider to encourage a strong doctor/patient relationship.

On average in FY 2008, more than 420,000 Alabamians were enrolled in the Patient 1st program, including 339,500 children under age 21.

In operation since 1997 and revamped in FY 2005, the Patient 1st program encourages appropriate use of the emergency room by Medicaid recipients and has increased the number of generic prescriptions written.

Recipients in the program benefit from patient education, in-home monitoring of chronic conditions, and a care coordination referral program for recipients who need assistance in using services appropriately.

Physicians participating in the Patient 1st program receive a monthly case management fee to manage all facets of a recipient's health care.

Medical Services

Medicaid patients get medical care from a variety of sources. Primary care services are available

FY 2006 - FY 2008
LAB AND X-RAY PROGRAM
Use and Cost
Includes Claims Data Only

Year	Payments	Recipients	Annual Cost per Recipient
FY 2006	$66,476,307	489,905	$135.69
FY 2007	$72,296,478	472,175	$153.11
FY 2008	$67,990,353	451,490	$150.59

Note: Includes Physicians' Lab and X-Ray

FY 2008
PHYSICIAN PROGRAM
Use and Cost
Includes Claims Data Only

Age	Payments	Recipients	Cost per Recipient
0 to 5	$91,280,439	238,186	$383
6 to 20	$50,437,225	239,140	$211
21 to 64	$101,087,604	222,482	$454
65 and up	$ 7,889,540	96,099	$82
All Ages	$250,694,808	795,907	$315

through rural health clinics and Federally Qualified Health Centers (FQHCs) in addition to private offices and practices. Inpatient and outpatient services are provided by more than 100 acute care and specialty hospitals. In addition to acute care services, some hospitals offer post hospital extended care and swing beds. Medicaid also covers mental health services for eligible children and adults, providing both community-based and inpatient services.

Covered medical services include preventive and well-child care through Medicaid's Early, Periodic, Screening, Diagnosis and Treatment (EPSDT) program, eye and hearing care, inpatient and outpatient hospital care, and doctor visits. Lab and X-ray services are important diagnostic procedures provided in conjunction with other

covered services while renal dialysis and transplant coverage extend and improve hundreds of lives each year.

Some services, including dental, are limited to children under the age of 21 who have full Medicaid coverage, while other services are limited to pregnancy-related care or family planning services. Some services, such as hospital days or doctor visits, are limited as well.

FY 2008
EYE CARE PROGRAM
Use and Cost
Includes Claims Data Only

	Payments	Recipients	Cost per Recipient
Optometric Service	$10,027,303	113,820	$88
Eyeglasses	$3,656,837	93,296	$39

FY 2004-2008
HOSPITAL PROGRAM
Outpatients
Includes Claims Data Only

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Number of outpatient recipients	365,389	405,907	378,893	371,241	393,670
Percent of eligibles using outpatient services	39%	42%	38%	40%	43%
Annual expenditure for outpatient care	$59,169,313	$61,059,949	$66,433,329	$71,733,851	$71,721,298
Cost per patient	$162	$150	$175	$193	$182

Medicaid also provides family planning services to help prevent or delay pregnancy; the Preventive Health Education Services works to reduce unintended adolescent pregnancies while the Maternity Care Program serves pregnant women.

Ambulance and non-emergency transportation coverage is available to help recipients receive the necessary medical care.

Long Term Care

A comprehensive program of long term care services is administered by the Alabama Medicaid Agency. This program offers eligible patients a range of care choices as well as increased opportunities to receive services at home or in the community.

These long term care services include home health services, private duty nursing, targeted case management, hospice care, and durable medical equipment, as well as care in nursing and other long term care facilities.

In FY 2008, Alabama Medicaid paid for more than $833 million nursing home bed-days of care at an average daily cost of $158/day. Thousands of other recipients benefitted from hospice care, home health visits and access to supplies, appliances and durable medical equipment.

As an alternative to institutional care, more than 15,000 Alabama residents participated in one of six waiver programs during FY 2008. These waiver programs include the Elderly and Disabled, Mental Retardation, HIV/AIDS, Technology Assisted, State of Alabama Independent Living (SAIL) and Living at Home options.

FY 2008
LONG-TERM CARE PROGRAM
ICF-MR/DD
Includes Claims Data Only

	ICF/MR	ICF/MD
Recipients	241	36
Total Payments	$34,936,471	$3,717,421
Annual Cost per Recipient	$144,965	$103,262

FY 2006 - 2008
LONG-TERM CARE PROGRAM
Number and Percent of Beds Used by Medicaid

Year	Licensed Nursing Home Beds	Medicaid Monthly Average	Percent Of Beds Used By Medicaid In An Average Month
FY 2006	27,267	17,321	64%
FY 2007	27,689	16,902	61%
FY 2008	26,567	16,607	63%

FY 2006 - 2008
LONG-TERM CARE PROGRAM
Patients, Days, and Costs

Year	Number Of Nursing Home Patients Unduplicated Total	Average Length Of Stay (Days) During Year	Total Patient Days Paid For By Medicaid	Average Cost Per Patient Per Day To Medicaid	*Total Cost To Medicaid
2006	27,173	290	7,868,861	$102	$804,607,572
2007	26,431	282	7,441,542	$111	$822,291,163
2008	26,549	242	6,437,501	$129	$832,682,281

* Does not include enhancements

FY 2008
LONG-TERM CARE PROGRAM
Recipients and Payments by Gender, Race and Age

	Recipients	Payments	Cost Per Recipient
By Gender			
Female	19,172	$607,606,766	$31,692
Male	7,395	$225,075,514	$30,437
By Race			
African Am.	7,658	$251,430,872	$32,832
Am. Indian	12	$233,237	$19,436
Asian	49	$1,934,913	$39,488
Hispanic	45	$1,434,573	$31,879
Other	25	$808,111	$32,324
Unknown	353	$9,023,229	$25,562
White	18,425	$567,817,345	$30,818
By Age			
0-5	12	$709,174	$59,098
6-20	112	$7,283,201	$65,029
21-64	4,201	$134,820,126	$32,092
65-74	4,185	$132,309,131	$31,615
75-84	7,723	$240,976,040	$31,202
85 & Over	10,334	$316,584,609	$30,635

FY 2008
MEDICAID PAYMENTS BY TYPE OF SERVICE
By County of Recipient

County	Hospital Services *includes PHP Payments	Nursing Home *includes Claims Data Only	County	Hospital Payments *includes PHP Payments	Nursing Home *includes Claims Data Only
Autauga	$4,009,790	$3,391,683	Jackson	$10,014,377	$8,040,240
Baldwin	$15,052,734	$11,427,007	Jefferson	$60,289,979	$77,235,180
Barbour	$6,714,102	$4,855,708	Lamar	$2,484,197	$4,428,034
Bibb	$2,633,350	$3,245,632	Lauderdale	$10,077,731	$14,388,389
Blount	$5,662,431	$4,654,785	Lawrence	$4,583,021	$2,694,980
Bullock	$2,661,397	$3,456,920	Lee	$14,058,754	$7,845,619
Butler	$4,006,188	$5,726,194	Limestone	$7,917,044	$8,442,231
Calhoun	$17,179,706	$14,738,825	Lowndes	$1,604,668	$2,329,541
Chambers	$5,561,998	$9,487,700	Macon	$3,044,383	$4,496,652
Cherokee	$4,155,481	$5,870,925	Madison	$26,376,182	$23,957,345
Chilton	$4,797,256	$4,386,397	Marengo	$4,378,464	$3,779,698
Choctaw	$5,134,507	$3,441,475	Marion	$5,241,261	$6,891,263
Clarke	$4,198,671	$5,636,388	Marshall	$18,876,592	$13,787,770
Clay	$2,163,777	$5,193,588	Mobile	$45,199,540	$49,084,110
Cleburne	$1,808,502	$2,262,813	Monroe	$4,901,520	$4,218,006
Coffee	$7,537,077	$8,539,915	Montgomery	$22,199,968	$33,405,666
Colbert	$7,018,799	$7,084,308	Morgan	$13,756,032	$16,352,956
Conecuh	$4,460,205	$2,070,300	Perry	$2,342,952	$5,048,487
Coosa	$1,762,572	$1,751,645	Pickens	$3,729,230	$4,862,501
Covington	$9,044,700	$11,635,560	Pike	$3,792,893	$6,965,141
Crenshaw	$2,794,376	$3,495,991	Randolph	$4,093,206	$5,000,451
Cullman	$9,494,021	$12,607,624	Russell	$11,438,857	$7,773,921
Dale	$7,455,173	$6,424,963	St. Clair	$7,071,213	$8,088,128
Dallas	$9,373,879	$9,541,641	Shelby	$8,264,677	$7,533,302
Dekalb	$14,710,838	$12,746,952	Sumter	$6,160,910	$3,038,539
Elmore	$5,612,533	$7,666,417	Talladega	$14,333,011	$12,731,803
Escambia	$8,230,319	$6,660,859	Tallapoosa	$6,895,259	$13,563,904
Etowah	$14,547,435	$21,573,338	Tuscaloosa	$20,558,930	$20,270,432
Fayette	$2,709,120	$3,584,791	Walker	$9,386,959	$12,240,692
Franklin	$6,451,093	$7,114,030	Washington	$2,557,320	$2,888,314
Geneva	$5,262,643	$4,481,799	Wilcox	$2,807,115	$3,182,747
Greene	$2,336,054	$1,297,355	Winston	$4,634,604	$5,851,702
Hale	$3,590,059	$3,778,436	Youth Services	$63,081	$0
Henry	$2,635,991	$3,647,797	STATEWIDE	$588,237,189	$636,760,932
Houston	$14,336,483	$12,863,425			

Pharmacy Services

During FY 2008, the Pharmacy Services Division remained at the forefront of Medicaid's transformation process. The program utilized several electronic systems and tools to aid providers in complying with Medicaid's Preferred Drug List (PDL), brand limit requirements and prior authorization and override programs.

In FY 2008, the brand limit was raised to five brands per month. The number of prescriptions increased from the previous year to just over 7.2 million prescriptions dispensed at a cost of approximately $443 million while generic and over-the-counter utilization increased to nearly 75 percent.

During FY 2008, the program implemented its Hemophilia Standard of Care Program as well as continued development of the Positive Antipsychotic Management Program. The federally-mandated Tamper Resistant Prescription Pad rule was also implemented.

Pharmacy Services relies on the Pharmacy and Therapeutics (P&T) Committee to review and recommend drugs to be included in the PDL, and the Drug Utilization Review (DUR) board to review prescription claims history and recommend prospective criteria to promote optimal pharmaceutical therapy.

Transportation Programs

Medicaid covers ambulance transportation to and from medical facilities for eligible recipients. Approved services include ambulance service for emergency and non-emergency situations as well as non-emergency transportation coordinated by the Agency's Non-Emergency Transportation (NET) Program.
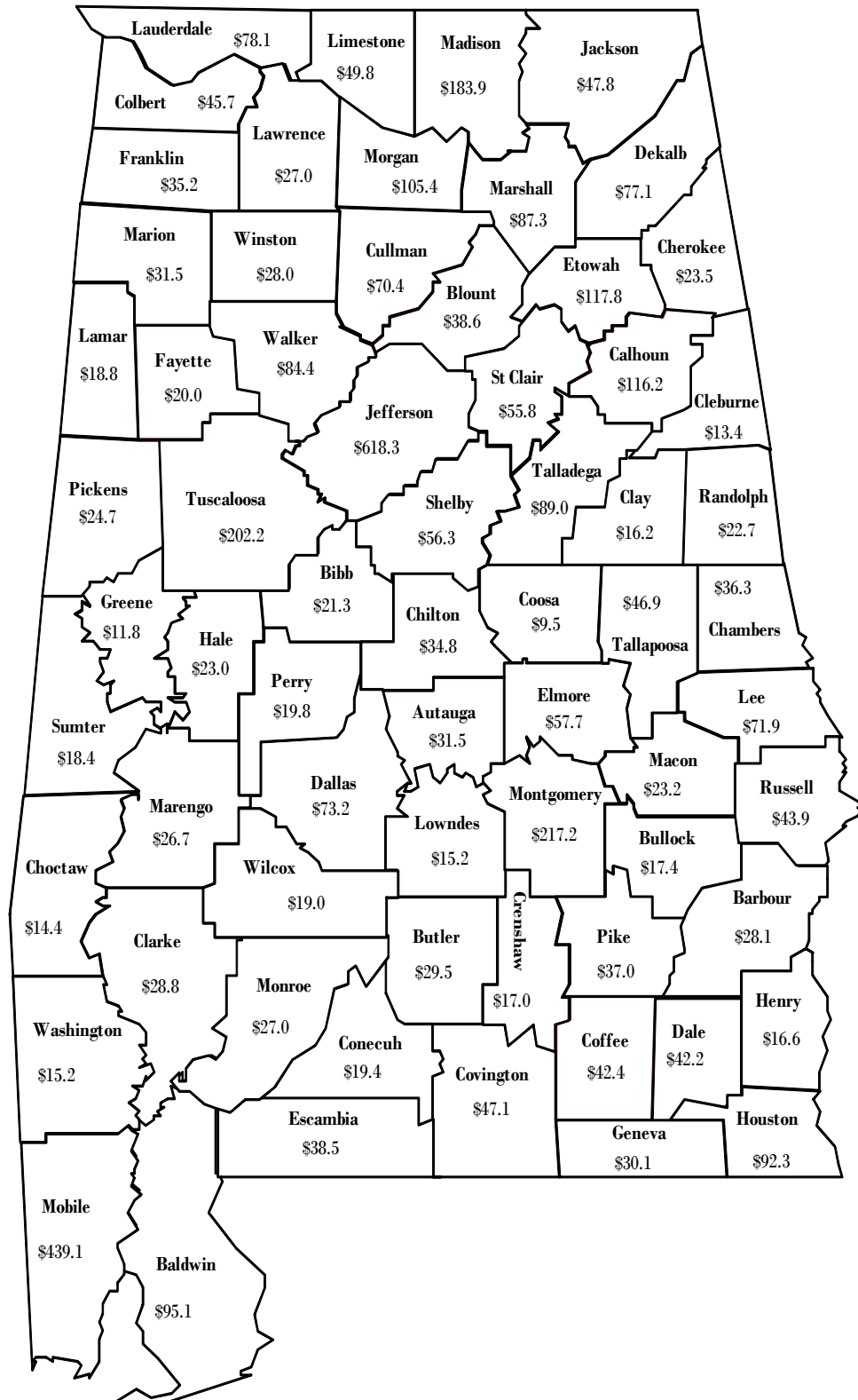
The NET Program helps eligible recipients pay for rides for medical care that can be planned ahead of time. In FY 2008, Medicaid funded 406,579 ride vouchers for 38,619 recipients at a cost of $6,886,005.

FY 2006-2008
PHARMACEUTICAL PROGRAM
Cost
Includes Claims Data Only

	Total Payments	Drug Rebates
FY 2006	$462,845,776	$151,282,401
FY 2007	$408,984,534	$117,197,819
FY 2008	$444,414,452	$140,021,971

FY 2006-2008
PHARMACEUTICAL PROGRAM
Use and Cost
Includes Claims Data Only

	Number Of Prescription Recipients	Recipients As a % of Eligibles	Number of Prescriptions	Prescriptions Per Recipient	Price Per Prescription	Cost Per Recipient	Total Cost To Medicaid*
FY 2006	558,610	57%	8,517,872	15.25	$54.34	$829	$462,845,776
FY 2007	520,784	53%	7,144,619	13.72	$57.24	$785	$408,984,534
FY 2008	507,343	55%	7,263,645	14.32	$61.18	$876	$444,414,452

* Does not reflect rebates received by Medicaid from pharmaceutical manufacturers
FY 2007 and 2008 costs do not include payments to CMS for Dual Eligibles
Prescriptions include initial prescriptions and all refills

FY 2008
TOTAL PAYMENTS
By County of Recipient

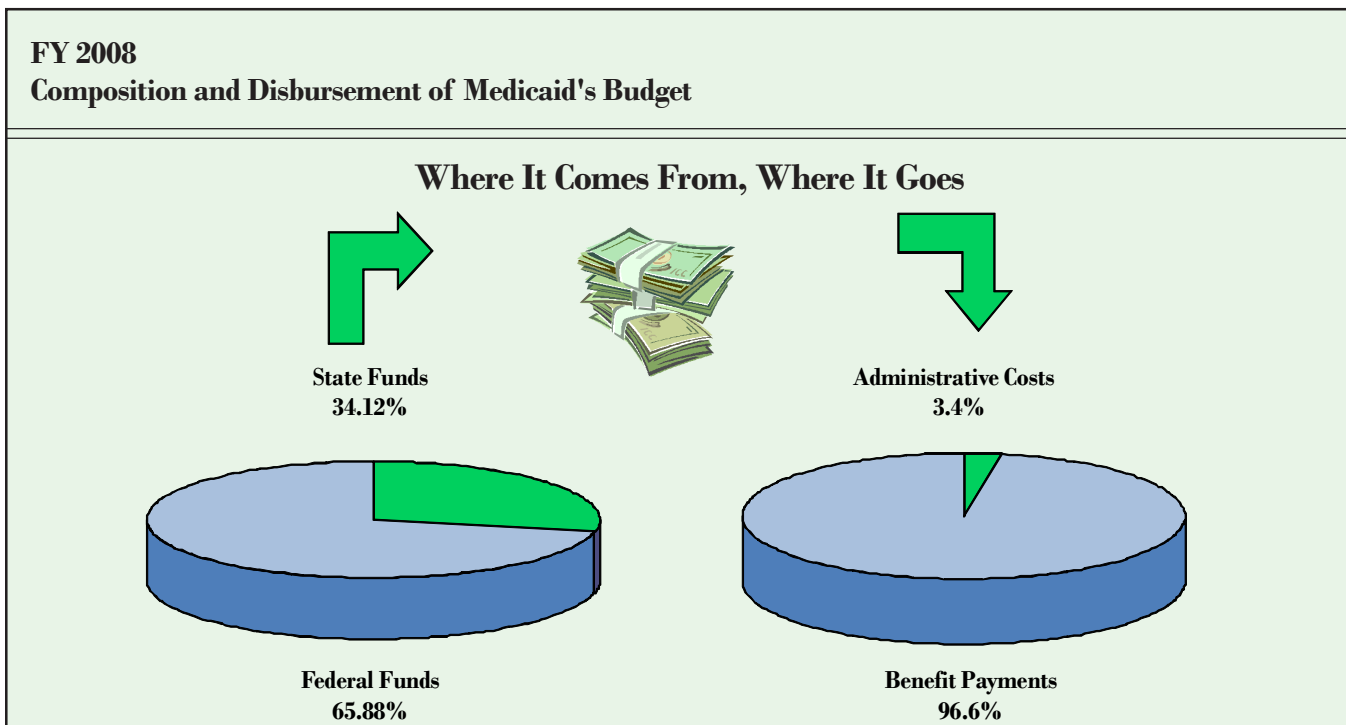| County	Payment
Lauderdale	$78.1
Limestone	$49.8
Madison	$183.9
Jackson	$47.8
Colbert	$45.7
Lawrence	$27.0
Morgan	$105.4
Marshall	$87.3
Dekalb	$77.1
Franklin	$35.2
Marion	$31.5
Winston	$28.0
Cullman	$70.4
Blount	$38.6
Etowah	$117.8
Cherokee	$23.5
Lamar	$18.8
Fayette	$20.0
Walker	$84.4
St Clair	$55.8
Calhoun	$116.2
Cleburne	$13.4
Jefferson	$618.3
Pickens	$24.7
Tuscaloosa	$202.2
Shelby	$56.3
Talladega	$89.0
Clay	$16.2
Randolph	$22.7
Bibb	$21.3
Coosa	$9.5
Tallapoosa	$46.9
Chambers	$36.3
Greene	$11.8
Hale	$23.0
Chilton	$34.8
Perry	$19.8
Autauga	$31.5
Elmore	$57.7
Lee	$71.9
Sumter	$18.4
Dallas	$73.2
Montgomery	$217.2
Macon	$23.2
Russell	$43.9
Marengo	$26.7
Lowndes	$15.2
Bullock	$17.4
Choctaw	$14.4
Wilcox	$19.0
Butler	$29.5
Crenshaw	$17.0
Pike	$37.0
Barbour	$28.1
Clarke	$28.8
Monroe	$27.0
Coffee	$42.4
Dale	$42.2
Henry	$16.6
Washington	$15.2
Conecuh	$19.4
Covington	$47.1
Escambia	$38.5
Geneva	$30.1
Houston	$92.3
Mobile	$439.1
Baldwin	$95.1

FY2008

Revenue and Expenditures

n FY 2008, Medicaid paid $4,249,932,978 for health care services provided to Alabama citizens. Another $147,846,827 was spent to administer the Medicaid program. This means that approximately 97 cents of every Medicaid dollar went directly to providing care and services to recipients.

FY 2008
SOURCES OF MEDICAID REVENUE

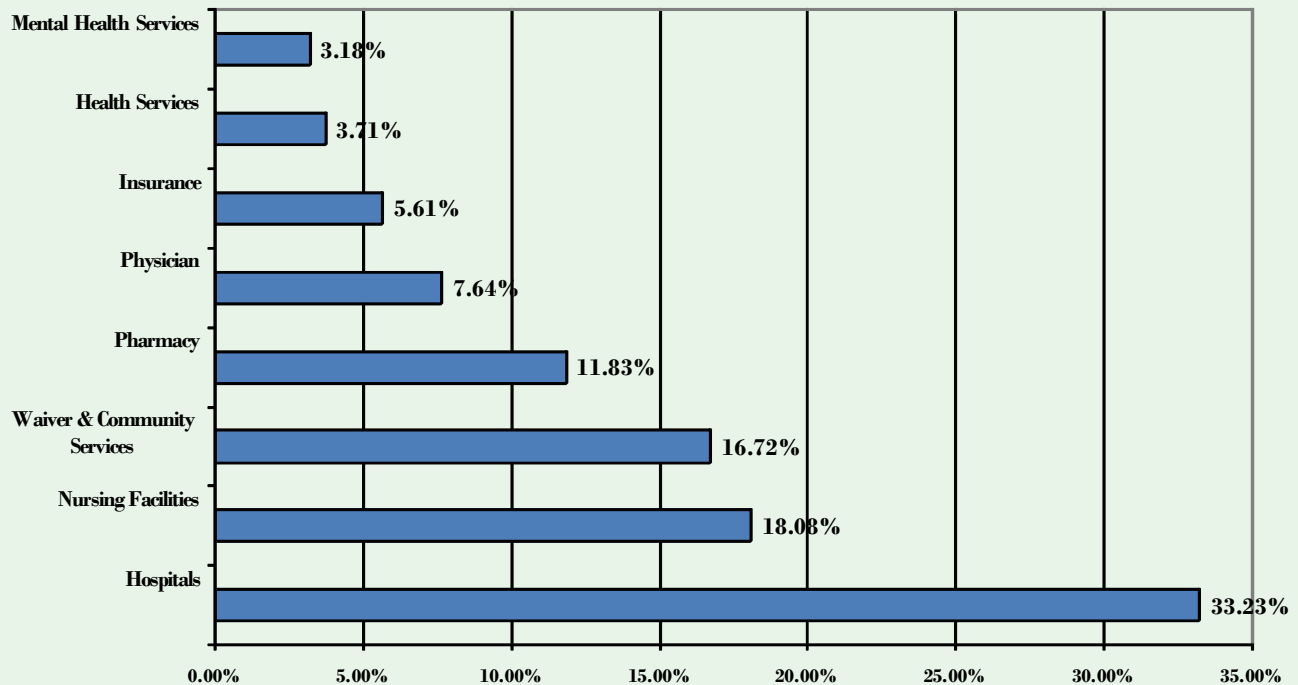|	Dollars
Federal Funds	$2,899,000,182
State Funds	$1,501,220,924
Total Revenue	$4,400,221,106

FY 2008
COMPONENTS OF STATE FUNDS

	(net) Dollars
General Fund Appropriations	$471,129,801
Public Hospital Transfers and Alabama HealthCare Trust Fund	$667,516,302
Other State Agencies	$223,389,322
State Drug Rebates	$45,162,454
Tobacco Funds	$37,452,533
Miscellaneous Receipts	$14,356,452
School Based Admin. Claiming	$10,500,000
Funds Carried Forward	$31,714,060
Total	$1,501,220,924

FY 2008
Composition and Disbursement of Medicaid's Budget

Where It Comes From, Where It Goes

State Funds 34.12%

Administrative Costs 3.4%

Federal Funds 65.88%

Benefit Payments 96.6%

FY 2008
EXPENDITURES
By Type of Service (net)

Service	Payments	Percent of Total Payments
Nursing Facilities	$768,346,373	18.08%
Hospital Care	$1,412,434,406	33.23%
Physicians	$324,659,629	7.64%
Pharmacy	$502,639,420	11.83%
Health Support	$157,476,351	3.71%
Alternative Care	$408,018,361	9.60%
Mental Health Facilities	$39,897,359	0.94%
Mental Health Waivers	$261,549,532	6.15%
Mental Health Other	$95,109,253	2.24%
Health Insurance	$238,574,122	5.61%
Family Planning	$41,228,172	0.97%
Total For Medical Care	$4,249,932,978	100.00%
Administrative Costs	$147,846,827	
Net Payments	$4,397,779,805	

FY 2008
BENEFIT PAYMENTS PERCENT DISTRIBIUTION

Mental Health Services 3.18%
Health Services 3.71%
Insurance 5.61%
Physician 7.64%
Pharmacy 11.83%
Waiver & Community Services 16.72%
Nursing Facilities 18.08%
Hospitals 33.23%

FY 2008
COLLECTIONS AND MEASURABLE COST AVOIDANCE

COLLECTIONS

THIRD PARTY LIABILITY	$15,737,562
Includes reported and estimated third party collections by providers, retroactive Medicare recoupments from providers, and collections due to health and casualty insurance, estate recovery, and misspent funds resulting from eligibility errors.	
PROGRAM INTEGRITY DIVISION	
Provider Recoupments	$4,695,399
Pharmacy Recoupments	$429,422
DRUG REBATE PROGRAM	
Pharmacy Recoupments	$100,971
FISCAL AGENT LIAISON/CONTRACT MONITORING UNIT	
Claim Corrections	$95,291

TOTAL COLLECTIONS   **$21,058,645**

MEASURABLE COST AVOIDANCE

THIRD PARTY CLAIM COST AVOIDANCE SAVINGS

Traditional Medicare Net Savings (includes Provider Payments/Cost Avoidance/Recoupments *less premium cost of $226,336,194*	$684,357,912
Provider-Reported Collections - health and casualty insurance	$29,296,881
Medicare Advantage Capitated Program Net Savings	$15,252,360
Claims denied and returned to providers to file health/casualty insurance	$249,162,427
Health Insurance Premium Payment Cost Avoidance	$97,802
WAIVER SERVICES COST AVOIDANCE	
Elderly and Disabled	$185,069,920
State of Alabama Independent Living	$11,857,216
Mental Retardation Waiver	$482,321,794
Living at Home Waiver	$60,596,100
HIV/AIDS Waiver	$1,728,870

TOTAL MEASURABLE COST AVOIDANCE   **$1,719,741,282**

**GRAND TOTAL**   **$1,740,799,927**

FY2008

Maximizing Taxpayer Funds

Maximizing all available taxpayer dollars for recipient services is an ongoing priority for the Agency. While all program areas seek to manage funds efficiently, two divisions specifically work to ensure that public funds are spent or managed in accordance with state and federal rules and regulations. The Program Integrity Division is responsible for planning, developing and directing Medicaid's efforts to identify, prevent and prosecute fraud, abuse and/or misuse by providers, recipients or others. The Third Party Division saves taxpayers millions of dollars each year through coordination of benefits, cost avoidance activities and recoveries from liens, estates and recipients.

Program Integrity

Five units within this division work to detect, prevent and/or eliminate all forms of fraud and abuse to ensure that all available funds go to provide health care to those in need. Program Integrity staff verify that medical services are appropriate and rendered as billed to eligible recipients by qualified providers, that payments for those services are correct, and that all funds identified for collection are pursued.

The Provider Review Unit examines medical provider billing to assure proper claim payment and recovery of identified overpayments while the Pharmacy Audit Unit provides a similar function for pharmacy providers. In FY 2008, reviews of 143 medical providers and 629 pharmacies resulted in approximately $4.7 million in medical provider recoupments and $429,422 in pharmacy recoupments. A total of
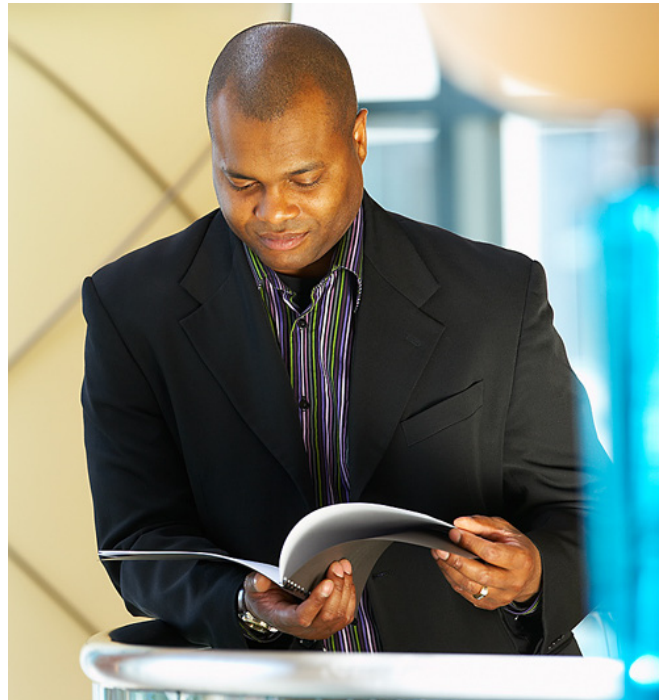
FY 2008 RECIPIENT REVIEWS	
Reviews Conducted	1,313
Restricted Recipients (unduplicated)	592
Cost Avoidance	$344,459.61

FY 2008 PROVIDER REVIEWS	
Medical Providers	143
Medical Provider Recoupments	$4,695,399.89
Pharmacies	629
Pharmacy Recoupments	$429,422.26

63 providers were suspended from participation as Medicaid providers due to sanctions by their licensing boards and/or the U. S. Department of Health and Human Services Office of Inspector General.

The Recipient Review Unit investigates recipients who appear to have abused or misused their Medicaid benefits. If inappropriate behavior is found, the recipient is placed in the Agency's Restriction Program for management of his or her medical care. In FY 2008, the Recipient Review Unit conducted 1,313 reviews. There were 592 recipients who were restricted or "locked-in" to one doctor and one drug store. A total of 135 recipients were suspended from the Medicaid program. This resulted in a cost avoidance benefit to the agency of $344,459.

The Investigations Unit conducts preliminary investigations of provider cases and full investigations of recipients cases based on referrals, including calls to the confidential hotline. Medicaid refers cases to local district attorneys or the Alabama Attorney General for legal action.

The Quality Control Unit reviews eligibility determinations for accuracy to ensure that only eligible individuals qualify for Medicaid. Alabama's quality control rate between October 2007-March 2008 period was 0.5101, well below the national rate of 3 percent.

Third Party

During FY 2008, the Third Party Division was successful in saving Alabama taxpayers millions of dollars. Through coordination of benefits, savings were achieved through a combination of: 1) cost avoidance of claims where providers are required to file with the primary payer first, 2) direct billing by Third Party to primary payers, 3) payment of Medicare and health insurance premiums, 4) liens and estate recovery, and 5) recipient recoveries. Medicaid also made premium payments to Medicare Advantage Plans for Medicaid enrollees, resulting in an avoidance of payments for Medicare deductibles and co-payments/coinsurance for certain Medicaid recipients.

FY 2008 Annual Report
October 1, 2007 - September 30, 2008

Alabama Medicaid Agency
P.O. Box 5624 (501 Dexter Avenue)
Montgomery, AL 36103-3624

For more information, visit our website at www.medicaid.alabama.gov