

Alabama Medicaid Agency
FY 2011



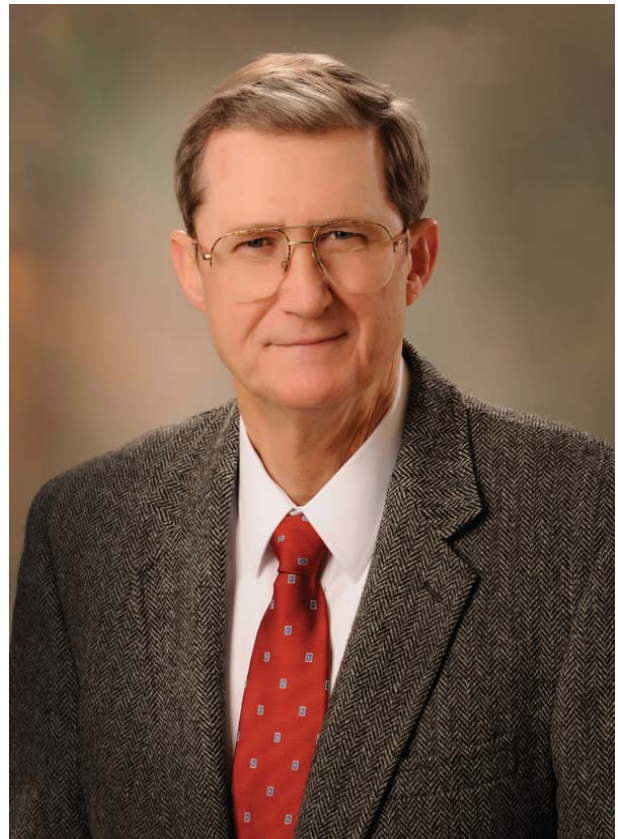
**Making the Case for
Meaningful Change**





Robert Bentley
Governor
State of Alabama

R. Bob Mullins, Jr., MD
Commissioner,
Alabama Medicaid Agency





Robert Bentley
Governor

Alabama Medicaid Agency

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R. Bob Mullins Jr., MD
Commissioner

The Honorable Robert Bentley
Governor of the State of Alabama
Alabama State Capitol
Montgomery, Alabama 36130

Dear Governor Bentley:

During Fiscal Year 2011, the Alabama Medicaid Agency continued to push for “meaningful change” to implement programs and policies to efficiently, economically and creatively help state’s most vulnerable citizens access health care services.

Technology and innovation served as the cornerstone for the Agency’s efforts. The Agency implemented the federally-funded Meaningful Use incentive program to encourage use of electronic health records. Three regional patient care networks were pilot tested as a part of Patient 1st, the Agency’s primary care case management program. We hope that these locally managed networks create a “medical neighborhood” in which patients receive coordinated care through a cooperative effort among doctors, pharmacists and other health care providers.

Following approval of the Alabama Community Transition Waiver by the Centers for Medicare and Medicaid Services (CMS), elderly and disabled Medicaid recipients who wish to move to the community have new resources to direct their care. Finally, a smoking cessation initiative called Baby Comes First was used to encourage healthier pregnancies in Alabama where one in six babies is born prematurely.

Various steps by the Agency’s Pharmacy Division saved money and time while increasing patient safety. CMS approved addition of tablet splitting and 90-day supply dispensing for certain drugs to save millions of dollars. A study revealed Alabama’s mandatory Preferred Drug List had already saved the state more than \$275 million over a six-year period. Mandatory prior authorization of all antipsychotic medications was initiated to increase patient safety and appropriate prescribing.

In the realm of public outreach, a Customer Service Center was opened in Mobile making the Medicaid application process more user-friendly, accessible and efficient. And, in the wake of the devastating April 27 tornado outbreak, emergency measures were implemented to minimize Medicaid recipients’ storm-related barriers to medical care.

It is with great pride that I present the Alabama Medicaid Agency’s 39th Annual Report for Fiscal Year 2011.

Sincerely,

R. Bob Mullins, Jr., MD
Commissioner

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The Medicaid Agency

MISSION:

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

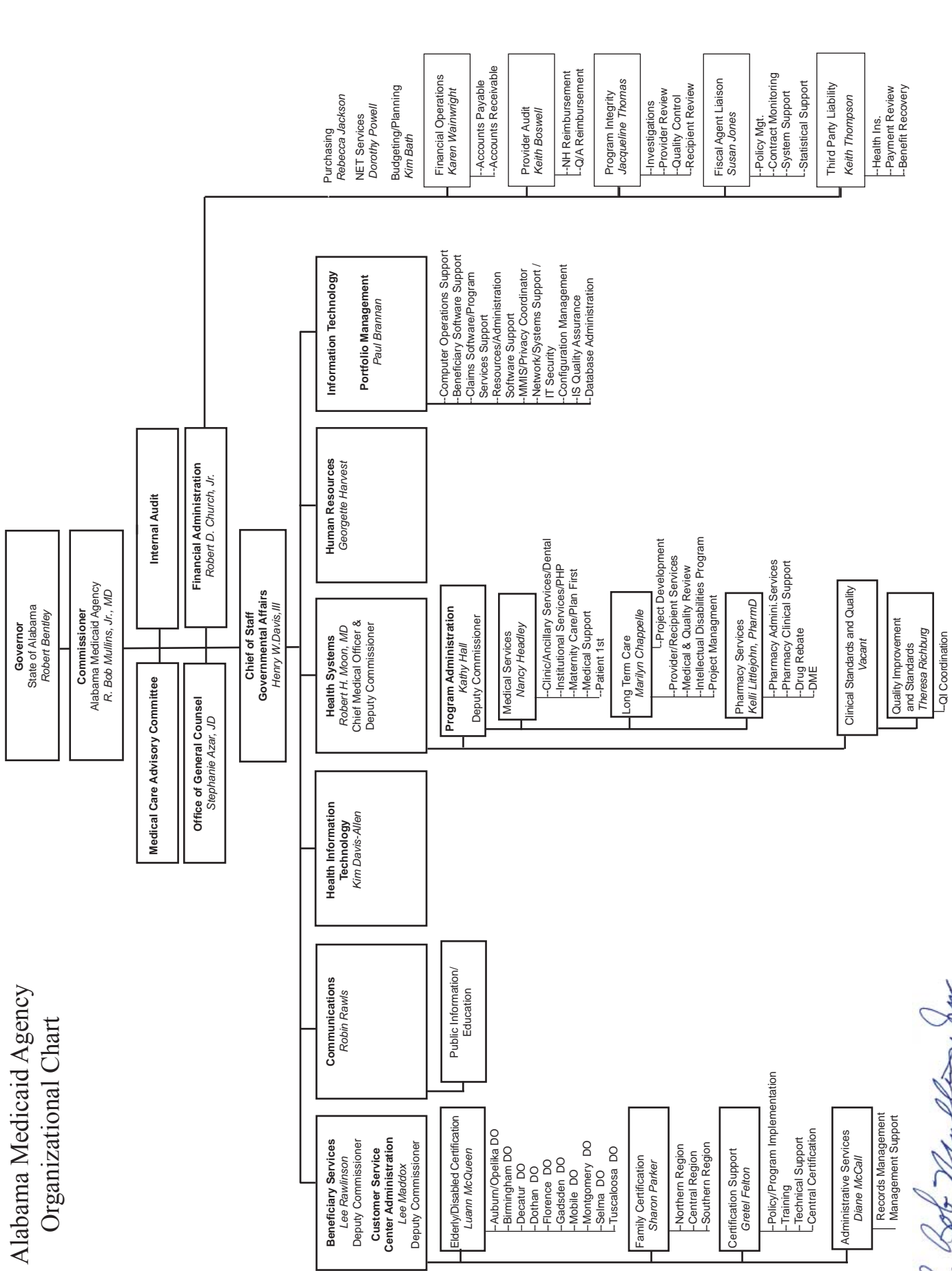
VISION:

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 Organizational Chart



R. Bob Mullins, Jr.
R. Bob Mullins, Jr., MD
Commissioner

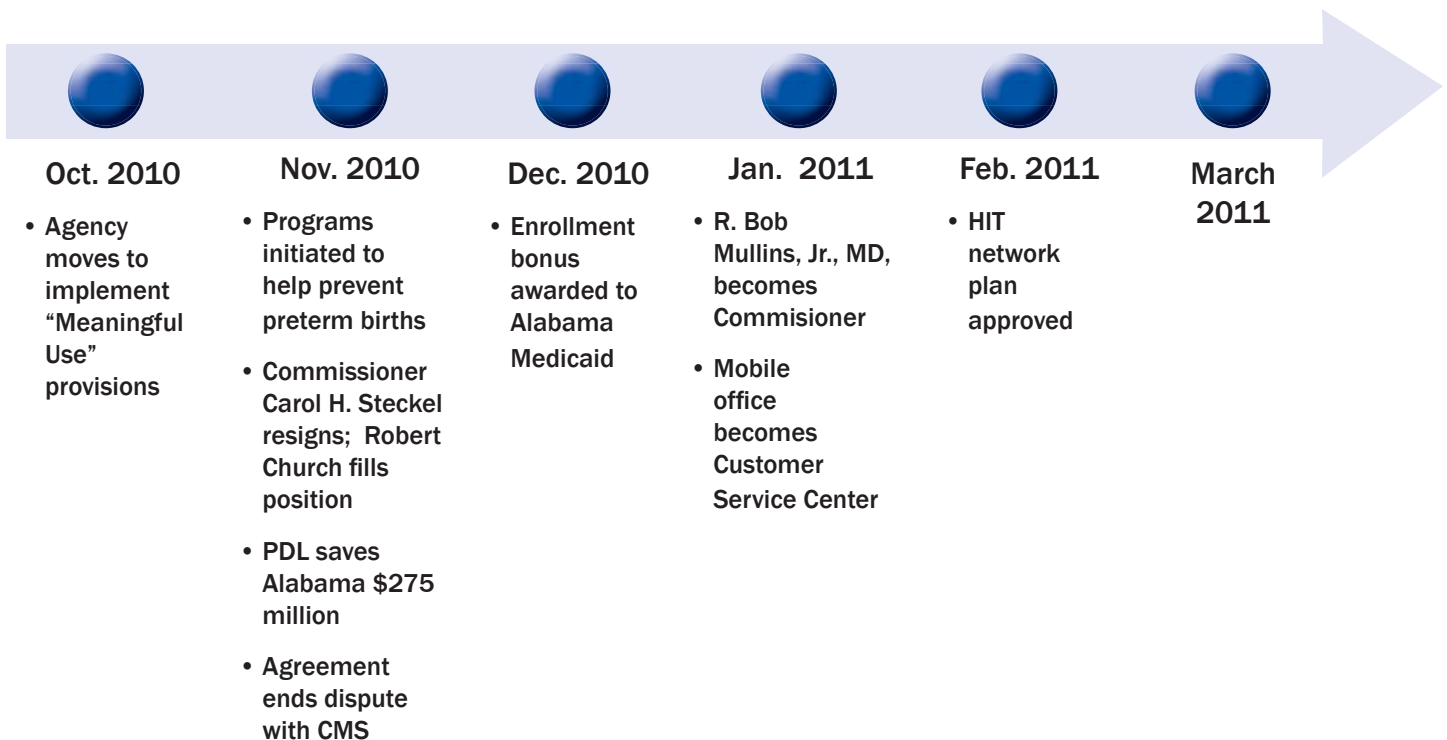
FY 2011

FY 2011: Highlights of change

While budget issues have historically dominated legislative and public discussions about Medicaid, there were other compelling issues during FY 2011 that required both attention and action. As more Alabamians became eligible for Medicaid services due to the struggling economy and national health reform movements began to take shape, the need for new systems to provide efficient, quality care became a high priority. The Agency responded with multiple efforts to ensure recipients had access to the appropriate level of care while being prudent with state funds.

From enacting new programs to better serve recipients, to working with providers to reward best practices, the Alabama Medicaid Agency furthered its mission to fund health care services for qualifying individuals during FY 2011.

Highlights of Change 2010 - 2011



Agency Leadership Changes in FY 2011

Three individuals served as Medicaid Commissioner during FY 2011. Commissioner Carol H. Steckel resigned her position November 15, 2010, to become Executive Director of Health Care Reform for the State of Louisiana. During her tenure as Medicaid commissioner, Steckel instituted several reforms to improve the program. Alabama became the first state in the nation to make consumer-directed care for Medicaid home and community-based services a permanent part of its state plan. Commissioner Steckel also led efforts to create an electronic health information network that links Medicaid with doctors, health care providers, state health agencies and private payers across the state.

Governor Bob Riley named Agency CFO Robert Church as Commissioner during the interim period.

R. Bob Mullins, Jr., MD, was appointed Alabama Medicaid Commissioner by Gov. Robert Bentley in January 2011, joining the Agency after 37 years in private practice in the east Alabama city of Valley.

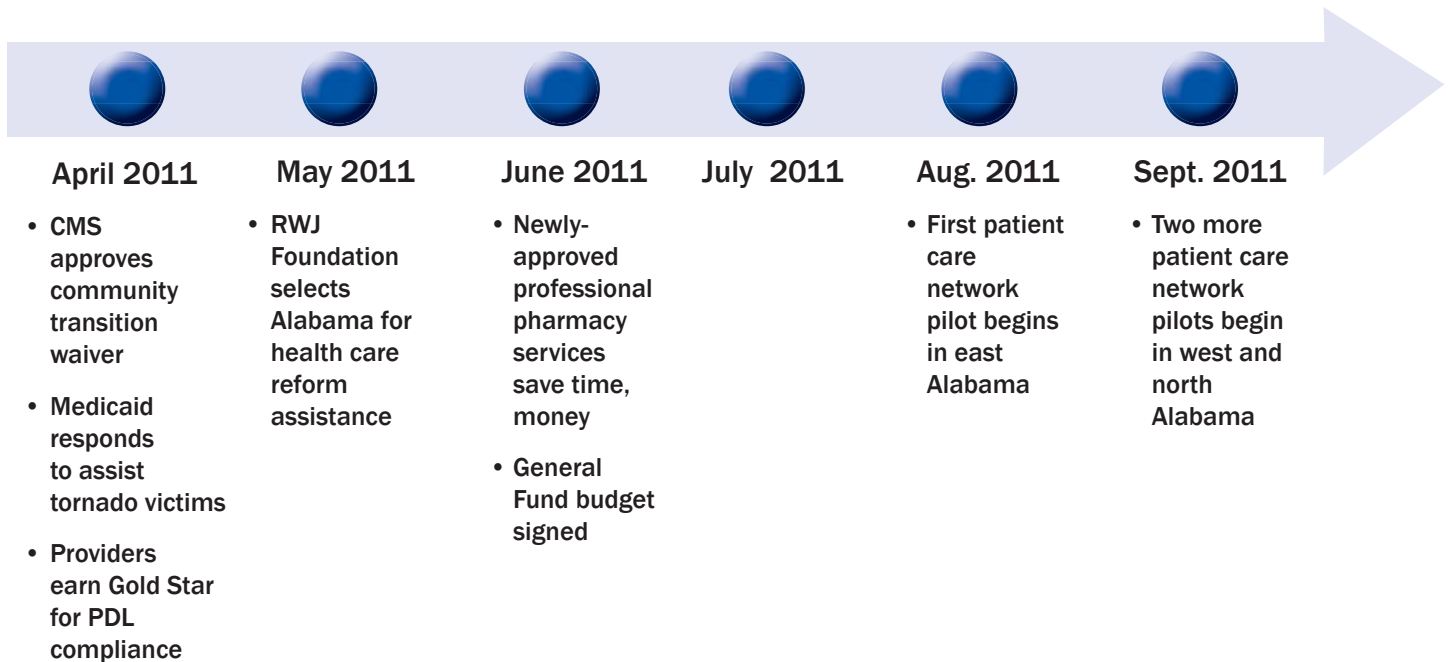
A 1968 graduate of the University of Alabama School of Medicine, Dr. Mullins interned at Lloyd Noland Hospital in Fairfield, Ala., served two years in the U.S. Army, and completed a two-year General Practice residency in

Columbus, Ga., before beginning his private practice in 1973. In addition to his practice, Dr. Mullins was involved in a variety of local and state health care organizations, beginning in 1978 when he volunteered to help start an Impaired Physicians Committee for the Medical Association of the State of Alabama (MASA). He served on its Executive Committee until 1988.

State reaches agreement, ends dispute with CMS

Governor Bob Riley announced November 17, 2010, that the state had reached a final agreement with the federal government that allowed Alabama to keep \$500 million for the state’s Medicaid program that officials in Washington had argued was overpaid to the state.

The agreement was reached after intense negotiations over a period of seven years. The dispute between the state and federal governments over Alabama’s Medicaid program dated back to the mid-1990s. At the center of the disagreement was how Alabama calculated its share of the cost of providing health care to the poor and disabled. Federal officials argued that Alabama’s definition was too expansive, resulting in higher federal payments to the state. The federal Centers for Medicare and Medicaid Services (CMS) had threatened to withhold \$500 million



in federal Medicaid payments to the state over the dispute.

The agreement allowed Alabama to use new outpatient categories in the definition of allowable costs for hospitals. That means expenses associated with services such as home health, hospice, ambulance, durable medical equipment and prescriptions from hospital pharmacies are included in the definition of allowable costs.

State earns \$55 million bonus for Medicaid's efforts to enroll children

Improved access to applicant information and a more efficient and streamlined eligibility process catapulted the State of Alabama into the national spotlight for its success in enrolling low-income children in Medicaid.

Alabama's bonus of \$55 million, announced by the U.S. Department of Health and Human Services in December 2010, was one of 15 awarded nationally to recognize states which had implemented at least five of eight program features known to promote enrollment and retention in children's health insurance coverage and had increased state Medicaid enrollment above a target set by federal law. Methods implemented in Alabama

include providing 12 months of continuous enrollment, removing the requirement for an in-person interview in order to qualify for coverage, streamlining the eligibility renewal process, removal of asset limits for pregnant women and children, use of a joint application between Medicaid and ALL Kids and a new process called Express Lane Eligibility. Another important factor in the Agency's success was its use of the State Verification Exchange System to electronically verify citizenship status.

New Customer Service Center makes application process more user-friendly

The January 2011 opening of a Customer Service Center in Mobile not only helped to make the Medicaid application process more user-friendly and accessible, but also represented continued progress in the Agency's quest to reduce costs and increase efficiency through innovation and technology. With the new accommodations, the agency consolidated 11 outstationed SOBRA workers into one location with the Mobile district office staff. Clerical staff provides customer service, answer phones and make it possible for the SOBRA workers to concentrate on their caseloads.

Plan for state health information technology network approved

The Office of the National Coordinator for Health Information Technology (ONC) approved Alabama's strategic and operational plan to build a statewide health information network in February 2011. ONC's approval made it possible for Alabama to move ahead with its plan to develop a statewide health information network – known as One Health Record® – to support the use of electronic health records. With a 2012 launch date planned, state officials began work to transform months of detailed planning into functional, user-friendly design. The transition from planning to action accelerated in June 2011 with the awarding of a \$6 million contract to Thomson-Reuters of Ann Arbor, Michigan, to create the technical infrastructure for the exchange.

The technical infrastructure will provide the core service components, operational support, and connectivity that will allow health care providers to use One Health Record® to securely exchange various types of health information, including clinical data on patients.

New transition waiver helps LTC recipients return to community

A new waiver approved by the federal government in April 2011 is designed to help elderly and disabled Medicaid recipients move from institutions to community-based care. The Alabama Community Transition (ACT) Waiver, one of several programs endorsed in 2010 by the state's Long Term Care (LTC) Rebalancing Advisory Committee, was approved for a five-year period in April by the Centers for Medicare and Medicaid Services. The committee supported the state's application for an ACT waiver because it promotes consumer-directed options and gives individuals the opportunity to have greater control and choice in identifying, accessing and managing their long-term care services and supports. The Alabama Department of Rehabilitative Services will operate the program for the Agency.

Providers recognized for compliance with Preferred Drug List

Physicians who helped the state of Alabama save money by using Medicaid's Preferred Drug List (PDL) were recognized by a new program that exempts them from many of the Agency's prior authorization (PA) requirements. Gold Standard providers are exempt from

certain prior authorization requirements for a specified time.

The Gold Standard program was launched in April 2011 to recognize prescribers whose compliance rate with the Agency's PDL is in the top 3 percent or higher. The Agency's Preferred Drug List was started in 2003 to help keep health care costs down by encouraging use of preferred, generic and over-the-counter drugs.

To qualify as a Gold Standard prescriber, physicians had to have three or fewer non-preferred drug claims and more than 220 prescriptions for preferred or over-the-counter drugs written during the previous quarter. Based on fourth quarter 2010 data, 345 prescribers were designated as "gold standard" providers for the April-June 2011 quarter.

Alabama Medicaid responds to needs of "April's Fury" tornado victims

Tornadoes are common during the spring in Alabama. No one, however, could have foreseen the unprecedented power and fury of more than 50 tornadoes, straight-line winds and severe storms that killed more than 230 Alabama citizens and destroyed communities across the state during April 2011. The historic weather system, collectively known as "April's Fury," devastated 42 counties that were later declared federal disaster areas.

Almost immediately after the tornado outbreak on April 27, Agency staff implemented emergency measures to minimize any storm-related barriers to care and to seek federal approval to expedite the enrollment of tornado victims. To assist current recipients, emergency provisions were made to enable tornado victims to replace or fill prescriptions lost in the storm, to replace eyeglasses and medical equipment, get CT or MRI scans done, and to help new providers expedite enrollment applications to meet the needs of tornado victims. Other Agency employees went to disaster relief shelters throughout the state to help current Medicaid recipients and applicants complete the necessary forms.

Agency moves quickly to implement "Meaningful Use" provisions

During FY 2011, the Agency began efforts to implement a new incentive payment program authorized by the American Recovery and Reinvestment Act (ARRA) to help eligible professionals and hospitals in Alabama

build a foundation for improved patient care by acquiring and using electronic health records. The Agency was responsible for setting up a system to register and monitor providers and to make incentive payments to those who qualify for the federally-funded Meaningful Use program. To qualify for incentive payments, providers' Medicaid patient volume levels must meet or exceed federal minimum standards. The payments are initially based on providers' adoption, implementation, or upgrade of an electronic health record system, and later, the demonstration of meaningful use as defined by the federal government.

RWJ Foundation selects Alabama for health care reform assistance

Barring changes at the federal level, Alabama must be ready to implement the major provisions of the Patient Protection and Affordable Care Act (ACA) by January 2014, including the enrollment of thousands of Alabama residents in a variety of health insurance programs. Thanks to support from the Robert Wood Johnson Foundation (RWJF), Alabama benefitted from the expertise of leading national organizations and experts in the field of health policy and coverage.

Alabama was one of 10 states selected in May 2011 to receive technical assistance and other resources from RWJF to assist in implementing key health insurance coverage provisions of ACA. The technical assistance focused on setting up health insurance (benefits) exchanges, instituting insurance market reforms, expanding Medicaid to newly eligible populations, streamlining eligibility and enrollment systems, and using data to drive decisions.

\$643 million allocated for Medicaid in Fiscal Year 2012 General Fund

A pared-down General Fund budget that allocated \$643 million for the Alabama Medicaid Agency was signed into law by Governor Robert Bentley in June 2011. Despite an increase of \$181.1 million, or 11.4 percent, from the 2011 fiscal year, the \$1.77 billion General Fund budget required many state agencies to make significant cuts to their programs. While receiving substantial funding, the Medicaid Agency's final allocation was \$57 million below its earlier request for \$700 million to maintain the existing program while covering a growing number of recipients and replacing federal stimulus funds.

Newly-approved professional pharmacy services save time, money

Federal approval of two new pharmacy service programs expanded professional service capabilities of community-based pharmacies enrolled in Medicaid while saving recipients – and the state – time and money. In June 2011, the Centers for Medicare and Medicaid Services approved the Agency's request to add tablet splitting and the dispensing of a 90-day supply for certain drugs. The change allows the state to pay pharmacies an additional fee to dispense a 90-day supply of medicine when certain requirements are met. An additional fee also will be paid to pharmacies when tablets on an approved list are split per the physician's instructions.

The changes represented a significant benefit for recipients who often have difficulty obtaining refills on a timely basis due to transportation or other barriers. The state potentially benefitted as well: Based on preliminary estimates, the Alabama Medicaid Agency could save up to \$7.4 million on tablet splitting and \$1.5 million for dispensing a 90-day supply of medicine, depending on pharmacies' participation in the voluntary effort.

Patient care networks provide framework for improved health care system

Starting in August 2011, the Agency began to test the effectiveness of locally managed care networks to improve the health of Medicaid recipients in Alabama through the use of patient care networks. The state implemented three regional pilot networks as part of the Agency's primary care case management (PCCM) program known as Patient 1st.

The care networks were set up to function as "medical neighborhoods" in which doctors, pharmacists and others work cooperatively to coordinate care for patients; they are specifically designed to ensure that patients gain access to specialists, tests or services they need, to encourage consumers to have greater involvement in their care, facilitate communication across settings and providers, and ultimately result in patient care that is less fragmented and more holistic. Each network has a local medical director, a pharmacy director and an administrator, and is governed by a board that is at least 50 percent comprised of primary care physicians. The care networks are locally managed and address issues unique to a particular area.

The first network, a four-county area in east Alabama, began in August 2011 to offer services in Lee, Chambers,

Tallapoosa and Macon counties. The other two networks began in September in west Alabama (Tuscaloosa, Fayette, Pickens, Greene, Hale and Bibb counties) and Area 3 in north Alabama (Madison and Limestone counties). Approximately 80,000 Medicaid recipients are part of the pilot project. Early reports from physicians participating in Medicaid's new care networks suggest that the network concept will not only work well in Alabama, but will provide new venues for physicians, pharmacists, care managers and others to collaborate in ways that will result in better care at a lower cost.

Report: Preferred Drug List saves state of Alabama \$275 million

Implementing a mandatory Preferred Drug List (PDL) saved the state of Alabama more than \$275 million over a six-year period, according to a study released in FY 2011. Conducted by Goold Health Systems, Inc., the study found that the state would have spent a total of \$2.7 billion on medications for Alabama Medicaid recipients between November 2003 and December 2009 if the PDL had not been in place. Instead, the Agency paid \$2.45 billion for approximately 44.1 million prescriptions during that time period.

The mandatory Preferred Drug List was created by the Alabama Legislature in 2003 to foster use of clinically appropriate, safe and cost-effective medications by Medicaid recipients. The same legislation also charged the Pharmacy and Therapeutics Committee with reviewing and recommending specific classes of drugs for inclusion on the list. Comprised of Medicaid-enrolled physicians and

pharmacists from around the state, the P&T Committee meets quarterly to review and recommend drugs for inclusion on the list. Recommendations are required to be based on independent clinical evidence found in labeling, drug compendia and/or peer-reviewed literature.

Alabama Medicaid programs designed to help prevent preterm births

The Alabama Medicaid Agency, which funds just over half of all births in Alabama, worked during FY 2011 to encourage healthier pregnancies through support of innovative efforts such as Centering Pregnancy programs that expand support systems for expectant mothers, and a smoking cessation initiative called Baby Comes First.

The Baby Comes First effort was implemented to help expectant women stop smoking through provider and patient education as well as expanded coverage of smoking cessation products. The effort also encouraged the use of the Alabama Department of Public Health's Quit Line counseling assistance. Centering Pregnancy programs are an evidence-based method of providing group prenatal visits that can result in better pregnancy outcomes.

In Alabama, one in six babies is born prematurely. A 2009 review of infant deaths in the first month of life found that Alabama mothers and babies encounter many challenges. The review, conducted by ADPH and the State Perinatal program, found that many problems are directly related to use of tobacco, alcohol and drugs, maternal obesity, early and adequate prenatal care and elective c-sections and inductions before 39 weeks.

Eligibility: Who Medicaid Serves

During FY 2011, more than 1.07 million Alabama citizens, or 22 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 made up the largest category of Medicaid recipients with 43.5 percent Alabama children having their health coverage paid for by Medicaid. Nearly half of these children were in families with at least one working caregiver. Medicaid also paid for more than half of all babies born in Alabama during fiscal year 2011. The Medicaid for Low Income Families (MLIF) and pregnant women and children (SOBRA) programs covered an average of 466,937 children each month – the largest single group served by Medicaid during the 2011 fiscal year.

While the elderly Medicaid population is much smaller, Medicaid eligible [Alabamians](#) over the age of 65 receive a variety of services. Approximately two-thirds of all nursing home residents depend on Medicaid to cover the cost of their care.

FY 2011 Medicaid and Alabama Overview

Total population ¹	4,876,660
Medicaid eligible population ²	1,070,781 (21.2%) ⁴
Total child ³ population	1,346,757
Medicaid eligible children ³	618,137 (43.5%) ⁴
Total payments	\$5,005,978,072 ⁵



¹ Population projections based on 2010 U.S. Census, The Center for Business and Economic Research, University of Alabama

² Unduplicated totals from Alabama Medicaid Agency FY 2011 records

³ Child/children defined as those under age 21

⁴ Percentage of total population

⁵ Total payments for medical services, Alabama Medicaid Agency FY 2011 records excluding administrative costs

Under federal regulations, 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.

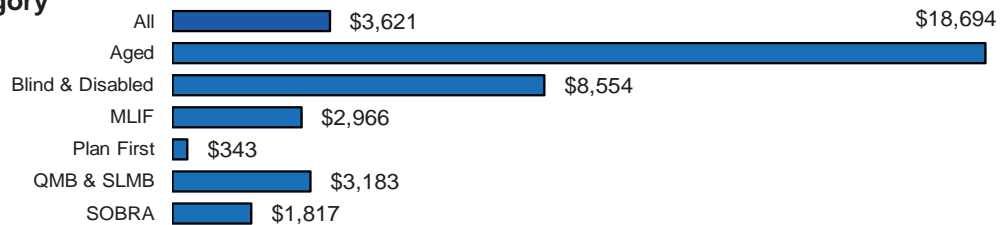
The federal Social Security Administration certifies aged, blind, or disabled persons who have very low income and qualify for cash assistance through the Supplemental Security Income (SSI) program.

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 applying for assistance must have their pregnancy medically verified.

**FY 2011
Cost Per Eligible
By Category, Gender, Race, and Age
Includes Claims Data Only**

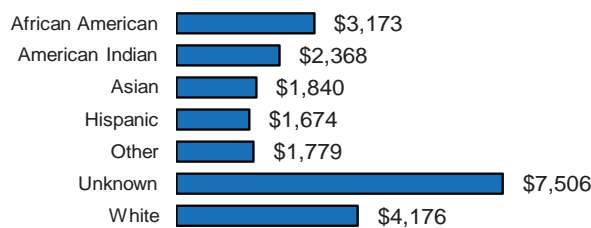
By Category



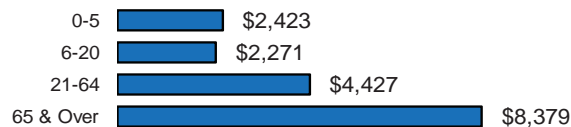
By Gender



By Race



By Age



**FY 2011
Medicaid Eligibles
Monthly Count***

October '10	894,496
November	890,932
December	891,327
January '11	897,984
February	902,351
March	911,268
April	913,068
May	914,397
June	922,321
July	930,736
August	939,943
September	944,375
<hr/>	
Annual Total Eligibles	1,070,781

*Unduplicated
The above numbers reflect the unduplicated count of eligibles each month. For example, if a person is eligible in October and December they will be counted in both October and December totals.

**FY 2009 - 2011
Population
Eligibles as a Percent of Population by Year**

Year	Population	Eligibles	Percent
2009	4,779,189	964,171	20.5%
2010	4,799,735	1,026,429	21.2%
2011	4,802,740	1,070,781	22.0%

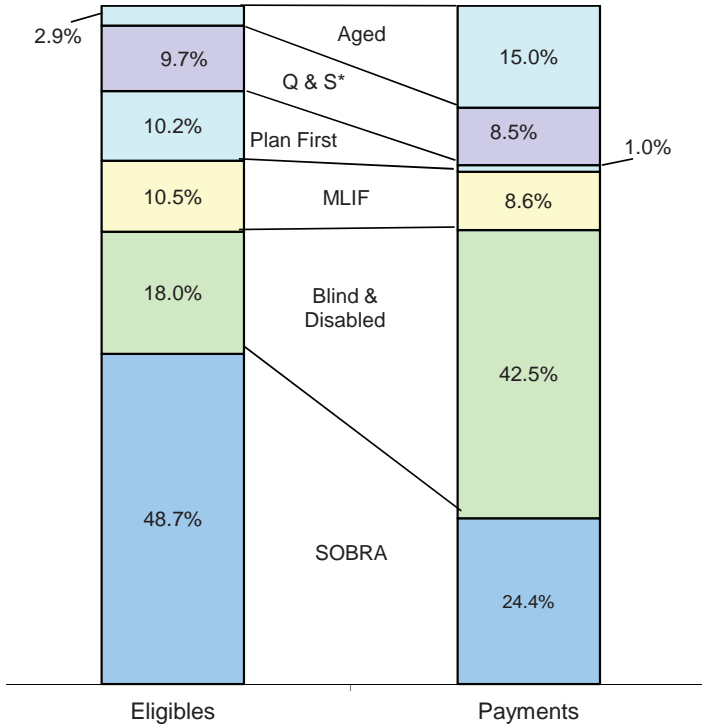
Note: Population for 2009 is based on the 2000 U.S. Census while 2010 and 2011 figures are estimates based on 2010 U.S. Census data from the Center for Business and Economic Research, University of Alabama. Eligibles are unduplicated totals from Alabama Medicaid records and include Plan First eligibles - Women age 19-55 with income below a certain limit. These women receive family planning services only.

**FY 2011
Eligibles
Percent of Population Eligible for Medicaid**



Percent of Eligibles based on Medicaid records and U.S. Census population data from University of Alabama Center for Business and Economic Research

FY 2011
Eligibles and Payment - Percent Distribution
By Category of Aid
Includes Claims Data Only

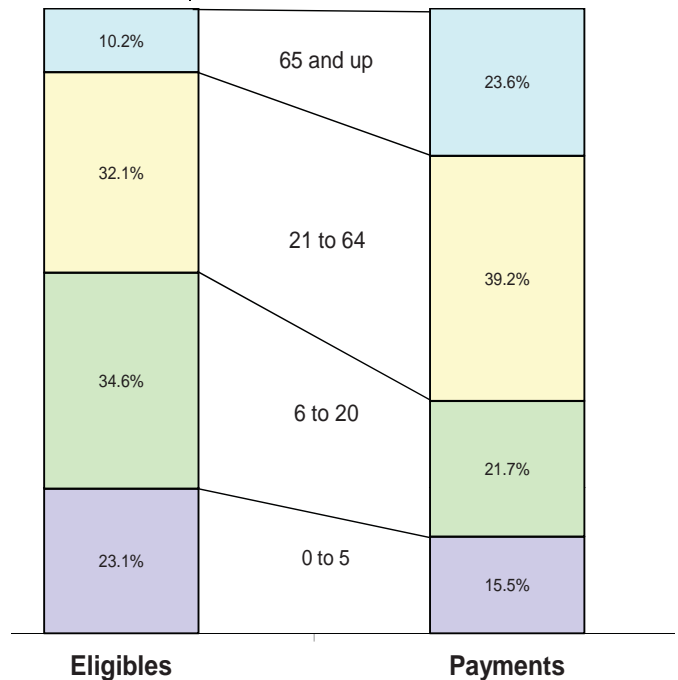


* Qualified Medicare Beneficiary and Specified Low Income Medicare Beneficiary are Low-Income Medicare beneficiaries and have certain premiums, co-insurance, or deductibles paid for by Medicaid.

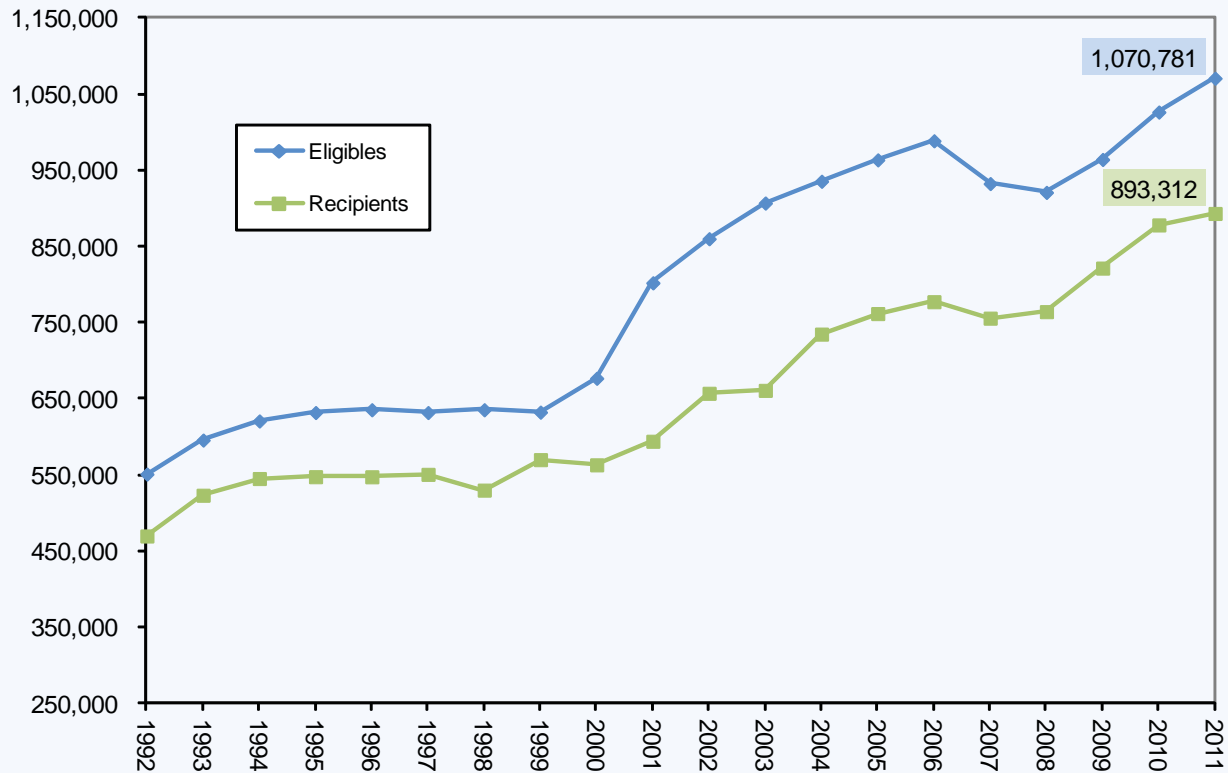
FY 2011
Eligibles and Payment - Percent Distribution
By Age
Includes Claims Data Only

Unduplicated totals of those who qualified for Medicaid coverage

Age Group	Number
0 to 5	247,878
6 to 20	370,259
21 to 64	343,405
65 & Over	<u>109,239</u>
	1,070,781



FY 1992 - 2011 Eligibles and Recipients Utilization



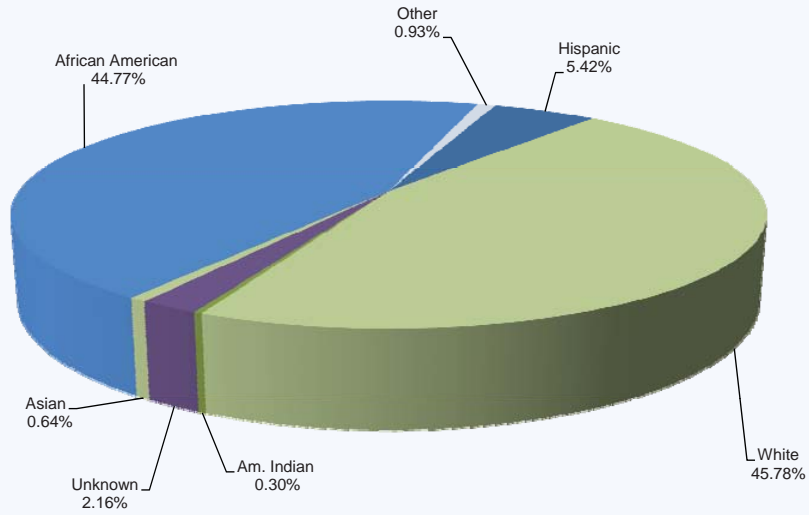
Eligibles are people who have Medicaid coverage.
 Recipients are eligibles who receive at least one medical service during the year.
 Excludes SLMB/Q11 recipients. These individuals receive coverage of Medicare Part B premiums.

Year	Eligibles	Recipients	Year	Eligibles	Recipients
1992	551,151	469,944	2002	860,107	657,216
1993	595,769	523,445	2003	906,948	661,102
1994	620,847	545,347	2004	935,539	734,905
1995	631,916	547,681	2005	963,600	761,903
1996	635,568	547,584	2006	988,678	777,374
1997	631,916	550,772	2007	932,521	755,856
1998	635,568	530,128	2008	920,937	764,420
1999	632,472	570,146	2009	964,171	821,602
2000	676,930	563,308	2010	1,026,429	878,232
2001	802,215	594,326	2011	1,070,781	893,312

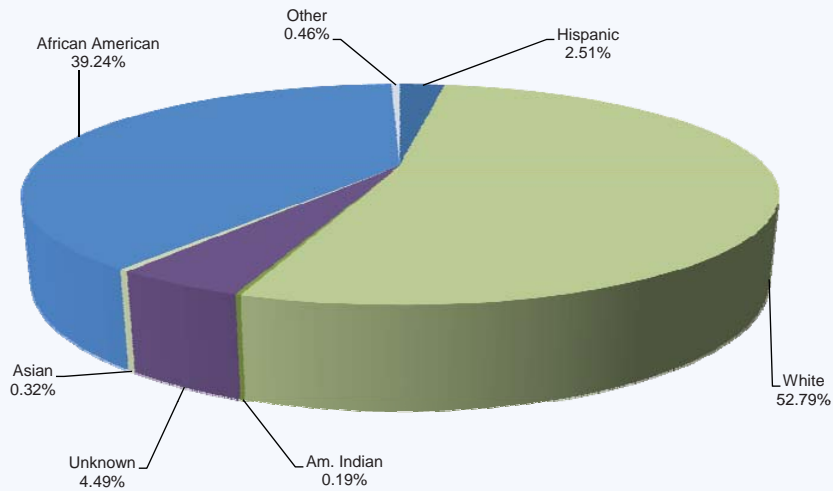
**FY 2011
Annual Cost Per Eligible
County Impact**

County	Benefit Payments	Eligibles	Payment Per Eligible	County	Benefit Payments	Eligibles	Payment Per Eligible
Autauga	\$38,406,147	9,501	\$4,042	Houston	\$113,405,212	26,233	\$4,323
Baldwin	\$117,035,866	30,835	\$3,796	Jackson	\$56,295,704	12,148	\$4,634
Barbour	\$33,184,162	7,971	\$4,163	Jefferson	\$764,834,181	139,614	\$5,478
Bibb	\$24,218,759	5,463	\$4,433	Lamar	\$23,182,685	3,853	\$6,017
Blount	\$49,285,155	11,510	\$4,282	Lauderdale	\$86,429,850	18,130	\$4,767
Bullock	\$20,608,720	4,075	\$5,057	Lawrence	\$30,571,372	7,395	\$4,134
Butler	\$32,953,219	6,918	\$4,763	Lee	\$87,095,588	22,131	\$3,935
Calhoun	\$136,543,090	29,770	\$4,587	Limestone	\$59,775,265	13,927	\$4,292
Chambers	\$42,564,437	9,504	\$4,479	Lowndes	\$17,335,121	4,167	\$4,160
Cherokee	\$28,088,124	6,274	\$4,477	Macon	\$28,479,441	6,614	\$4,306
Chilton	\$42,409,546	10,967	\$3,867	Madison	\$210,350,455	48,720	\$4,318
Choctaw	\$17,175,748	4,043	\$4,248	Marengo	\$32,496,984	6,306	\$5,153
Clarke	\$33,903,775	7,464	\$4,542	Marion	\$37,211,794	7,645	\$4,867
Clay	\$19,573,184	3,673	\$5,329	Marshall	\$105,789,828	24,400	\$4,336
Cleburne	\$16,365,082	3,748	\$4,366	Mobile	\$477,062,012	103,226	\$4,622
Coffee	\$46,852,532	9,631	\$4,865	Monroe	\$28,591,048	6,310	\$4,531
Colbert	\$53,425,664	12,552	\$4,256	Montgomery	\$253,637,057	60,045	\$4,224
Conecuh	\$18,515,465	4,556	\$4,064	Morgan	\$122,425,523	25,010	\$4,895
Coosa	\$11,351,172	2,573	\$4,412	Perry	\$21,421,878	4,539	\$4,720
Covington	\$51,320,895	10,607	\$4,838	Pickens	\$28,082,084	5,801	\$4,841
Crenshaw	\$20,311,696	4,017	\$5,056	Pike	\$43,035,933	8,538	\$5,041
Cullman	\$84,990,772	17,544	\$4,844	Randolph	\$26,210,401	5,913	\$4,433
Dale	\$47,648,497	11,595	\$4,109	Russell	\$53,438,017	15,702	\$3,403
Dallas	\$80,887,906	18,872	\$4,286	St. Clair	\$77,114,921	15,364	\$5,019
DeKalb	\$85,944,975	19,493	\$4,409	Shelby	\$75,418,894	19,137	\$3,941
Elmore	\$68,818,270	13,401	\$5,135	Sumter	\$18,173,730	4,940	\$3,679
Escambia	\$42,552,483	10,615	\$4,009	Talladega	\$109,403,424	23,844	\$4,588
Etowah	\$139,873,745	25,819	\$5,417	Tallapoosa	\$52,596,144	11,050	\$4,760
Fayette	\$23,194,666	4,315	\$5,375	Tuscaloosa	\$229,443,716	38,645	\$5,937
Franklin	\$40,137,952	9,202	\$4,362	Walker	\$97,675,580	17,712	\$5,515
Geneva	\$33,849,419	7,408	\$4,569	Washington	\$17,044,970	3,984	\$4,278
Greene	\$15,181,696	3,731	\$4,069	Wilcox	\$21,763,235	5,600	\$3,886
Hale	\$26,543,232	6,010	\$4,417	Winston	\$33,490,684	6,212	\$5,391
Henry	\$19,969,600	4,079	\$4,896	Youth Services	\$3,009,686	190	\$15,840
				TOTAL	\$5,005,978,072	1,070,781	\$4,675

**FY 2011
Eligibles - Percent Distribution
By Race**



**FY 2011
Payments - Percent Distribution
By Race
Includes Claims Data Only**

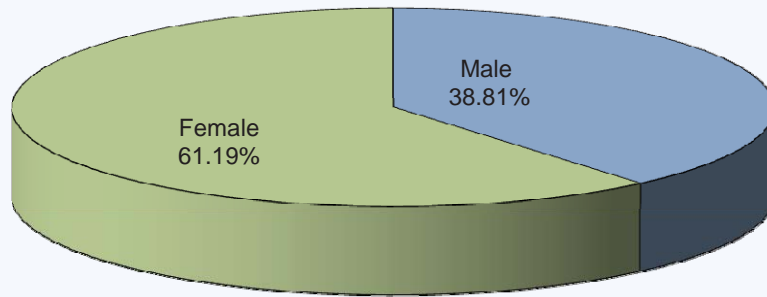


FY 2011
Medicaid Eligibles
By Category and County

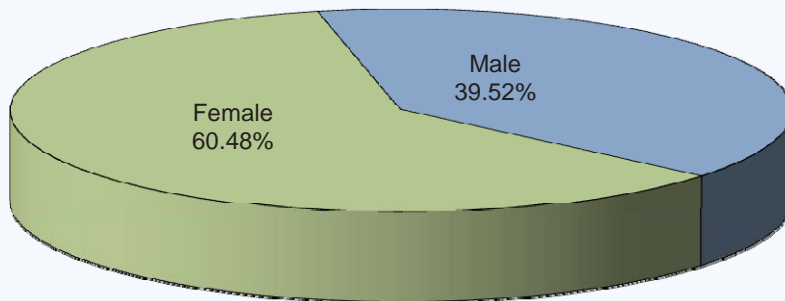
COUNTY	MLIF	AGED	DISABLED	SOBRA	QMB	BLIND	SLMB	PLAN FIRST	TOTAL
Autauga	982	249	1,534	4,762	530	8	407	1,029	9,501
Baldwin	2,329	588	3,798	17,845	1,668	20	1,200	3,387	30,835
Barbour	1,194	284	1,481	3,547	505	9	326	625	7,971
Bibb	465	165	1,129	2,541	351	6	236	570	5,463
Blount	793	338	1,563	6,449	765	3	605	994	11,510
Bullock	499	178	802	1,861	236	3	131	365	4,075
Butler	998	292	1,253	3,006	438	5	266	660	6,918
Calhoun	4,426	732	5,537	13,027	1,801	46	1,141	3,060	29,770
Chambers	964	425	1,761	4,317	599	12	489	937	9,504
Cherokee	1,053	204	939	2,716	486	8	375	493	6,274
Chilton	1,205	247	1,546	5,786	695	7	486	995	10,967
Choctaw	351	196	873	1,718	305	5	170	425	4,043
Clarke	586	312	1,655	3,348	450	11	246	856	7,464
Clay	164	196	621	1,847	271	2	207	365	3,673
Cleburne	403	115	582	1,824	247	4	193	380	3,748
Coffee	1,102	404	1,562	4,750	594	6	368	845	9,631
Colbert	1,091	347	2,339	5,855	861	10	547	1,502	12,552
Conecuh	851	150	880	1,798	364	3	187	323	4,556
Coosa	102	77	595	1,130	249	5	186	229	2,573
Covington	1,111	485	1,728	5,005	817	7	486	968	10,607
Crenshaw	549	199	698	1,655	343	2	178	393	4,017
Cullman	1,104	744	2,868	8,994	1,244	11	978	1,601	17,544
Dale	1,981	349	2,100	5,008	661	7	390	1,099	11,595
Dallas	2,411	679	4,916	7,385	1,184	23	598	1,676	18,872
DeKalb	1,481	628	2,502	11,471	1,222	12	823	1,354	19,493
Elmore	1,246	408	2,563	6,636	733	14	490	1,311	13,401
Escambia	1,507	331	1,567	5,174	651	4	346	1,035	10,615
Etowah	2,429	779	5,054	12,135	1,733	17	1,298	2,374	25,819
Fayette	612	179	800	1,881	280	2	200	361	4,315
Franklin	967	279	1,331	4,950	586	5	406	678	9,202
Geneva	982	267	1,313	3,292	542	7	376	629	7,408
Greene	393	154	891	1,602	199	3	105	384	3,731
Hale	539	242	1,365	2,642	355	3	197	667	6,010
Henry	372	188	703	1,882	354	6	223	351	4,079
Houston	3,061	700	4,522	12,878	1,502	19	1,005	2,546	26,233
Jackson	1,120	436	1,931	5,992	914	14	613	1,128	12,148
Jefferson	13,266	3,548	28,802	65,745	8,011	133	5,519	14,590	139,614
Lamar	522	187	700	1,602	329	7	202	304	3,853
Lauderdale	1,248	596	3,285	8,559	1,291	8	849	2,294	18,130
Lawrence	894	243	1,164	3,477	498	4	324	791	7,395
Lee	2,543	451	3,484	11,623	1,000	19	696	2,315	22,131
Limestone	1,070	413	2,070	7,459	878	13	549	1,475	13,927
Lowndes	454	148	889	1,756	327	6	162	425	4,167
Macon	1,202	212	1,296	2,610	356	8	208	722	6,614
Madison	4,030	1,351	7,564	26,600	2,190	42	1,338	5,605	48,720
Marengo	587	251	1,555	2,590	472	6	199	646	6,306
Marion	799	314	1,206	3,607	601	4	413	701	7,645
Marshall	2,226	739	3,356	14,272	1,343	12	910	1,542	24,400
Mobile	10,344	2,414	16,325	53,332	5,199	81	3,436	12,095	103,226
Monroe	713	231	1,132	3,081	396	1	225	531	6,310
Montgomery	8,707	1,314	11,216	27,158	2,803	53	1,666	7,128	60,045
Morgan	2,093	714	4,122	13,487	1,190	26	782	2,596	25,010
Perry	465	211	1,170	1,775	340	2	133	443	4,539
Pickens	403	273	1,395	2,507	363	6	198	656	5,801
Pike	1,144	294	1,781	3,587	500	9	284	939	8,538
Randolph	487	231	940	3,029	379	5	274	568	5,913
Russell	2,496	415	2,649	7,219	697	18	545	1,663	15,702
St. Clair	1,824	302	2,131	7,984	881	15	670	1,557	15,364
Shelby	1,711	346	2,339	11,170	899	6	724	1,942	19,137
Sumter	633	233	1,245	1,855	287	5	132	550	4,940
Talladega	4,046	569	4,828	9,420	1,529	60	1,127	2,265	23,844
Tallapoosa	1,048	413	2,078	5,225	750	10	511	1,015	11,050
Tuscaloosa	3,018	987	7,967	18,993	1,765	36	1,121	4,758	38,645
Walker	1,539	582	3,901	8,048	1,130	12	863	1,637	17,712
Washington	277	148	843	1,883	270	2	149	412	3,984
Wilcox	658	203	1,670	2,079	308	2	142	538	5,600
Winston	549	257	1,187	2,799	564	2	367	487	6,212
Youth Services	0	0	0	190	0	0	0	0	190
STATEWIDE	112,419	31,136	191,592	521,430	62,281	942	41,196	109,785	1,070,781

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 2011
Eligibles - Percent Distribution
By Gender**



**FY 2011
Payments - Percent Distribution
By Gender
Includes Claims Data Only**



FY 2011

Programs and Services: 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.

Each month in FY 2011, an average of 528,876 Alabamians were enrolled in the Patient 1st program, including 436,584 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 based on the components of the program that the physician uses to assist in the management of the recipient's health care needs.

Medical Services

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

FY 2011 Hospital Program Outpatients

Includes Claims Data Only

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011**
Number of outpatient recipients	371,241	393,670	404,810	441,904	432,868
Percent of eligibles using outpatient services	40%	43%	42%	43%	40%
Annual expenditure for outpatient care	\$71,733,851	\$71,721,298	\$83,021,117	\$93,399,145	\$204,230,278
Cost per patient	\$193	\$182	\$205	\$211	\$472
** Change in hospital reimbursement methodology					

**FY 2011
Physician Program
Use and Cost**

Includes Claims Data Only

Age	Payments	Recipients	Cost per Recipient
0 to 5	\$96,382,980	268,666	\$359
6 to 20	\$64,207,717	293,456	\$219
21 to 64	\$134,215,777	266,565	\$504
65 and up	\$7,180,788	95,940	\$75
All Ages	\$301,987,262	924,627	\$327

**FY 2011
Lab and X-Ray Program
Use and Cost**

Includes Claims Data Only

	Payments	Recipients	Annual Cost per Recipient
2009	\$68,383,202	474,417	\$144.14
2010	\$80,069,652	513,210	\$156.02
2011	\$81,950,413	511,277	\$160.29

Note: Includes Physician Lab and X-Ray

**FY 2011
Eye Care Program
Use and Cost**

Includes Claims Data Only

	Payments	Recipients	Cost per Recipient
Optometric Service	\$13,660,579	201,008	\$68
Eyeglasses	\$4,641,623	145,712	\$32

care or family planning services. Some services, such as hospital days or doctor visits, are limited as well.

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

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 2011, Alabama Medicaid paid for more than 916,394,000 million nursing home bed-days of care at an average daily cost of \$149 per day. Thousands of other recipients benefitted from hospice care, home health visits and access to supplies, appliances and durable medical equipment.

During FY 2011, more than 15,000 Alabama residents participated in one of seven waiver programs as an alternative to institutional care. They include the Elderly and Disabled, Intellectual Disabilities, HIV/AIDS, Technology Assisted, State of Alabama Independent Living (SAIL), Living at Home and the Alabama Community Transition(ACT)waivers.

FY 2011 Long Term Care Program ICF-MR Includes Claims Data Only	
Recipients	202
Total Payments	\$32,104,030
Annual Cost per Recipient	\$158,931

FY 2009 - 2011 Long Term Care Program Number and Percent of Beds Used by Medicaid			
Year	Licensed Nursing Beds	Medicaid Monthly Average	Percent of Beds Used by Medicaid In an Average Month
FY 2009	27,206	16,587	61%
FY 2010	27,274	16,445	60%
FY 2011	27,102	16,139	60%

*Based on data from the Alabama Department of Public Health and the State Health Planning & Development Agency (SHPDA) as of June 30 of each year. Includes skilled nursing facilities (SNFs), nursing facilities for individuals with developmental delays (NFIDDs), and veterans homes, but excludes intermediate care facilities for the mentally retarded (ICF/MRs) or swing beds.

**FY 2011
Long Term Care Program
Recipients and Payments by Gender, Race and Age**

	Recipients	Payments	Cost Per Recipient
By Gender			
Female	20,587	\$639,730,366	\$31,075
Male	8,409	\$260,692,572	\$31,001
By Race			
African Am.	8,316	\$276,493,055	\$33,248
Am. Indian	6	\$275,076	\$45,846
Asian	54	\$1,980,199	\$36,670
Hispanic	49	\$1,717,343	\$35,048
Other	25	\$778,290	\$31,132
Unknown	402	\$11,186,636	\$27,827
White	20,144	\$607,992,339	\$30,182
By Age			
0-5	15	\$1,005,219	\$66,881
6-20	98	\$6,096,617	\$62,086
21-64	4,859	\$168,885,386	\$34,759
65-74	4,620	\$153,393,538	\$33,200
75-84	7,790	\$250,138,461	\$32,112
85 & Over	11,614	\$320,903,716	\$27,630

Transportation Program

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 2011, Medicaid funded 481,952 rides for 46,449 recipients at a cost of \$6,759,040.

FY 2011 Transportation Program Non-Emergency		
Rides	Recipients	Cost
481,952	46,449	\$6,759,040

FY 2011 Long Term Care Program Patients, Days and Costs					
Year	Number Of Nursing Home Patients Unduplicated Total	Average Length Of Stay During Year	Total Patient- Days Paid For By Medicaid	Average Cost Per Patient Per Day To Medicaid	*Total Cost To Medicaid
2009	26,145	241	6,297,605	\$139	\$875,858,049
2010	25,847	240	6,214,316	\$141	\$875,915,915
2011	28,996	208	6,045,612	\$149	\$900,422,937

* Does not include enhancements

Pharmacy Services

During FY 2011, the Pharmacy Services Division continued to seek out opportunities to further Medicaid's transformation transition. The program takes advantage of 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 2011, the brand limit was limited to four brands per month. The number of prescriptions increased from the previous year to more than 8,867,049 million prescriptions dispensed at a cost of more \$328,453,082 million while

generic and over-the-counter utilization increased to more than 81 percent, representing a substantial savings to taxpayers.

Additionally, the program continued quality improvement efforts, including its Hemophilia Standard of Care Program as well as the Positive Antipsychotic Management Program.

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.

FY 2011 Pharmaceutical Program Cost Includes Claims Data Only		
	Total Payments	Drug Rebates
2009	\$474,961,929	\$155,712,772
2010	\$514,256,682	\$170,598,876
2011	\$515,081,755	\$218,474,908

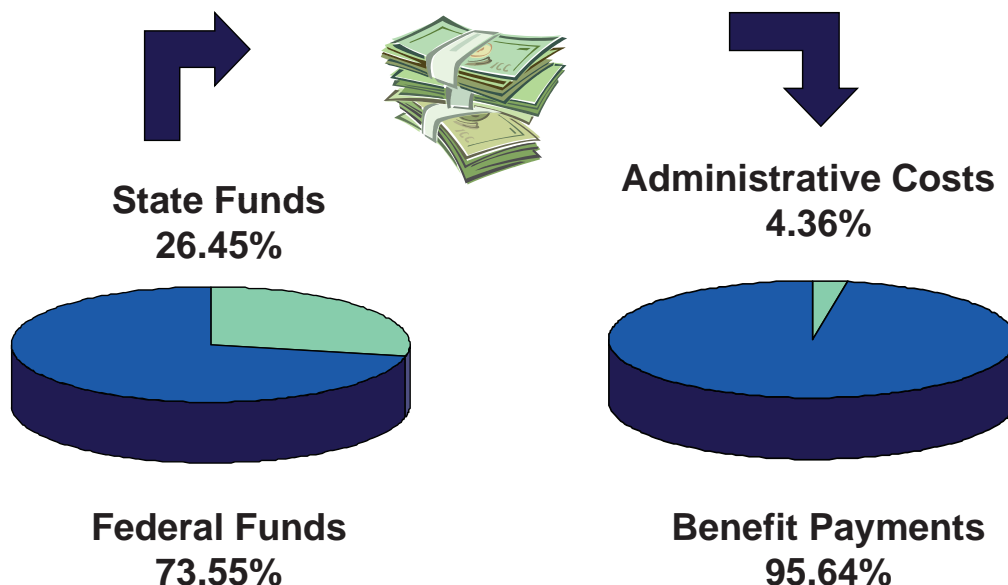
FY 2011 Pharmaceutical Program Use and Cost Includes Claims Data Only							
Year	Number of Prescription Recipients	Recipients As a % of Eligibles	Number of Prescriptions	Prescriptions Per Recipient	Price Per Prescription	Cost Per Recipient	Total Cost To Medicaid*
2009	541,561	56%	7,844,949	14.49	\$60.54	\$877	\$474,961,929
2010	578,734	56%	8,603,799	14.87	\$59.77	\$889	\$514,256,682
2011	605,543	57%	8,867,049	14.64	\$58.09	\$851	\$515,081,755

*Does not reflect rebates received by Medicaid from pharmaceutical manufacturers. Does not include clawback. Prescriptions include initial prescriptions and all refills.

Revenue and Expenditures

In FY 2011, Medicaid paid \$5,005,978,072 for health care services provided to Alabama citizens. Another \$228,373,392 was spent administering the Medicaid program. This means that approximately 96 cents of every Medicaid dollar went directly to providing care and services to recipients. During the first quarter of fiscal year 2011, the agency's Federal Medical Assistance Percentage (FMAP) matching rate of approximately 68 federal/32 state was enhanced to a matching rate of about 78 federal/22 state due to the federal stimulus provisions of the American Reinvestment and Recovery Act of 2009 (ARRA). ARRA resulted in the state receiving an additional \$217.4 million in federal funds during fiscal year 2011.

FY 2011 Medicaid Budget Composition and Disbursement



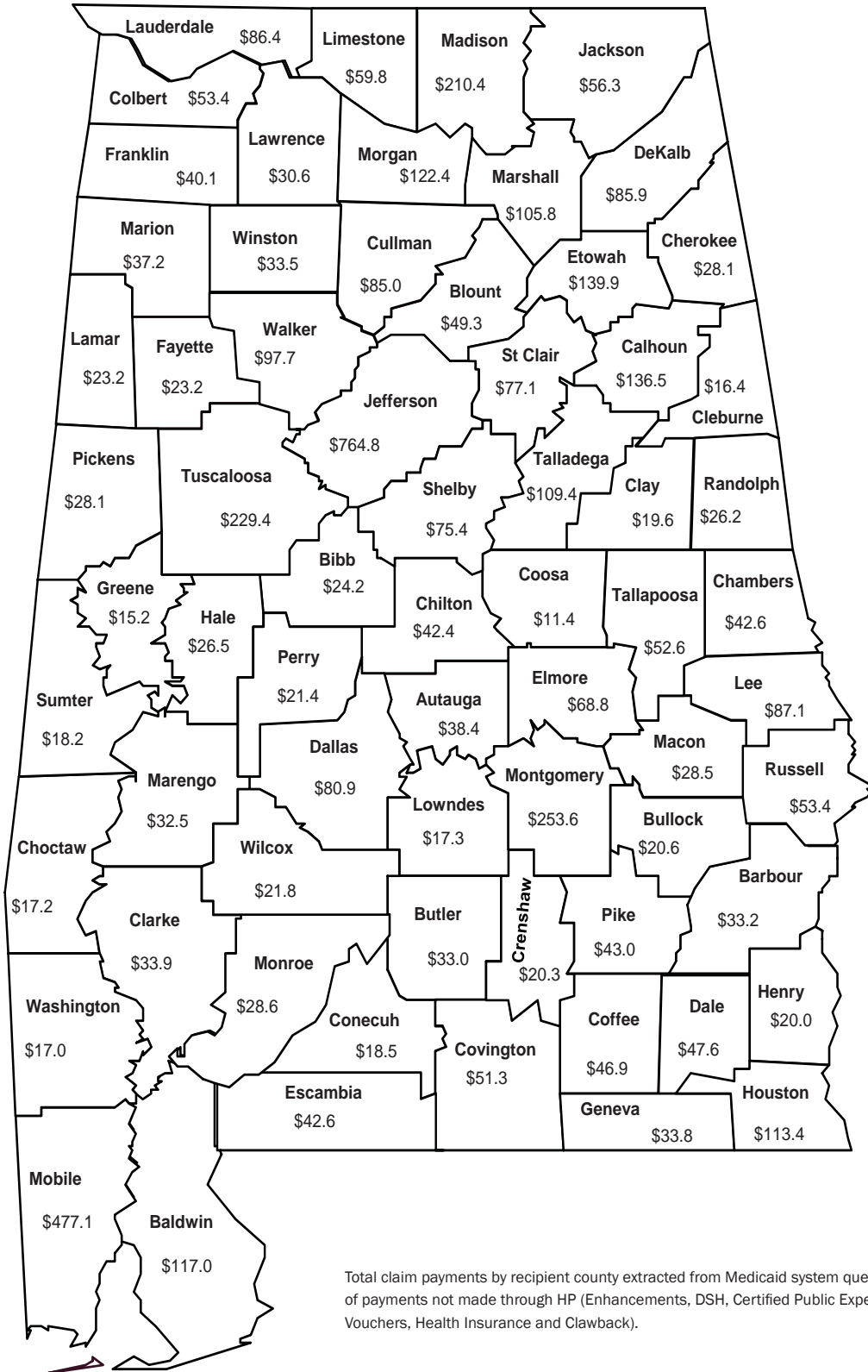
**FY 2011
Financial
Expenditures By Type of Services (net)**

Service	Payments	Percent of Total Payments
Nursing Facilities	\$898,903,785	18.0%
Hospital Care	\$1,758,125,070	35.1%
Physicians	\$394,301,401	7.9%
Pharmacy*	\$546,927,990	10.9%
Health Support	\$206,352,159	4.1%
Alternative Care	\$390,188,267	7.8%
Mental Health Facilities	\$32,663,368	0.7%
Mental Health Waivers	\$285,804,858	5.7%
Mental Health - Other	\$126,149,169	2.5%
Health Insurance	\$303,735,885	6.1%
Family Planning	\$62,826,122	1.3%
Total For Medical Care	\$5,005,978,072	100%
Administrative Costs**	\$228,373,392	4.36%
Net Payments	\$5,234,351,464	95.64

* Includes Part D State Contribution/Clawback

** Includes \$32,398,855 in HIT expenditures of which \$31,982,750 is federally funded. This expense is a federally funded, mandated expense for the Health Information Exchange.

**FY 2011
Financial
Total Payments by County of Recipient**



Total claim payments by recipient county extracted from Medicaid system query + apportion of payments not made through HP (Enhancements, DSH, Certified Public Expenditures Journal Vouchers, Health Insurance and Clawback).

**FY 2011
Financial
Sources of Medicaid Revenue**

Federal Funds	\$3,856,895,495
State Funds	\$1,387,174,684
Total Revenue	\$5,244,070,179

**FY 2011
Financial
Components of State Fund**

	(net) Dollars
General Fund Appropriations	\$400,287,110
Public Hospital Transfers	\$574,713,371
Alabama Health Care Trust Fund, Certified Public Expenditures	
Other State Agencies	\$255,925,227
State Drug Rebates	\$55,833,463
Tobacco Funds	\$29,956,125
Miscellaneous Receipts	\$1,489,581
School Based Administrative Claiming	\$34,377,361
Funds Carried Forward	\$34,592,446
Total	\$1,387,174,684

FY 2011
Financial
Payments by Type of Service – Nursing Home and Hospital

County	Hospital Payments *includes Claims Data Only	Nursing Home Payments *includes Claims Data Only	County	Hospital Payments *includes Claims Data Only	Nursing Home Payments *includes Claims Data Only
Autauga	\$6,047,967	\$5,871,775	Jackson	\$8,151,071	\$10,834,451
Baldwin	\$15,662,727	\$16,336,975	Jefferson	\$181,908,320	\$119,636,422
Barbour	\$4,657,772	\$7,362,749	Lamar	\$2,733,152	\$6,818,147
Bibb	\$5,183,948	\$4,364,545	Lauderdale	\$10,030,675	\$18,946,651
Blount	\$8,631,915	\$8,854,811	Lawrence	\$4,633,784	\$3,633,623
Bullock	\$3,124,677	\$5,100,033	Lee	\$15,872,277	\$9,898,724
Butler	\$4,726,446	\$7,909,152	Limestone	\$9,467,059	\$10,948,841
Calhoun	\$22,628,870	\$21,820,938	Lowndes	\$3,345,054	\$2,721,587
Chambers	\$5,282,951	\$13,360,090	Macon	\$4,103,481	\$6,755,897
Cherokee	\$2,610,853	\$8,359,614	Madison	\$35,474,207	\$32,829,454
Chilton	\$7,969,489	\$5,733,940	Marengo	\$5,648,026	\$6,206,017
Choctaw	\$1,718,522	\$4,504,733	Marion	\$4,508,278	\$10,188,253
Clarke	\$5,167,171	\$6,853,766	Marshall	\$16,671,686	\$21,031,474
Clay	\$2,147,884	\$6,749,160	Mobile	\$89,021,095	\$67,744,616
Cleburne	\$2,511,157	\$2,751,625	Monroe	\$4,504,789	\$6,385,543
Coffee	\$5,785,831	\$11,039,809	Montgomery	\$50,343,694	\$47,200,743
Colbert	\$7,014,070	\$8,642,016	Morgan	\$15,962,474	\$22,102,842
Conecuh	\$2,767,794	\$2,646,865	Perry	\$3,113,112	\$6,330,000
Coosa	\$1,992,468	\$1,870,385	Pickens	\$4,963,219	\$7,098,949
Covington	\$6,552,766	\$14,939,311	Pike	\$5,054,061	\$8,712,869
Crenshaw	\$2,776,525	\$4,986,168	Randolph	\$3,578,168	\$7,575,325
Cullman	\$11,019,059	\$20,062,823	Russell	\$9,143,767	\$10,133,196
Dale	\$6,866,824	\$9,382,583	St. Clair	\$14,165,703	\$11,132,212
Dallas	\$12,495,502	\$15,365,303	Shelby	\$17,983,348	\$10,218,186
DeKalb	\$12,132,565	\$17,593,901	Sumter	\$2,893,451	\$3,961,389
Elmore	\$8,562,818	\$10,479,828	Talladega	\$20,547,488	\$19,598,620
Escambia	\$8,248,467	\$8,323,055	Tallapoosa	\$7,238,889	\$16,051,432
Etowah	\$18,485,591	\$28,066,739	Tuscaloosa	\$37,465,841	\$29,425,033
Fayette	\$3,131,265	\$4,453,284	Walker	\$12,906,700	\$19,364,576
Franklin	\$4,928,915	\$10,493,123	Washington	\$2,146,706	\$3,710,271
Geneva	\$4,842,674	\$6,283,769	Wilcox	\$3,052,927	\$4,419,383
Greene	\$3,200,156	\$2,285,160	Winston	\$4,297,569	\$8,339,261
Hale	\$5,063,447	\$5,885,113	Youth Services	\$161,836	\$0
Henry	\$2,964,775	\$4,543,600	STATEWIDE	\$855,628,810	\$900,408,352
Houston	\$17,633,038	\$17,177,626			

FY 2011
Collections and Cost Avoidance

COLLECTIONS

<i>Third Party Liability</i>	\$31,134,766
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.	
<i>Program Integrity Division</i>	
Provider Recoupment	
Medical Provider Recoupments – Collected	\$2,091,155
Recovery Audit Contractor	
Recoupments – Collected	\$727,514
Investigations	
Provider and Recipient Recoupments – Collected	\$90,636
<i>Pharmacy Program</i>	\$51,830
In-house Processed Claims Correction	
Total Collections	\$34,095,901

MEASURABLE COST AVOIDANCE

<i>Third Party Claim Cost Avoidance Savings</i>	
Traditional Medicare Net Savings (includes Provider Payments/Costs Avoidance/Recoupments less premium cost of \$276,136,212)	\$686,854,615
Provider Reported Collections - Health and Casualty Insurance	\$52,400,553
Medicare Advantage Capitated Program Net Savings	\$3,532,297
Claims denied and returned to providers to file health/casualty	\$117,671,354
Health Insurance Premium Payment Cost Avoidance	\$310,873
<i>Waiver Services Cost Avoidance</i>	
Elderly and Disabled Waiver*	\$391,776,045
State of Alabama Independent Living (SAIL) Waiver	\$22,673,900
Intellectual Disabilities Waiver**	\$157,948,560
Living at Home Waiver	\$38,234,568
HIV/AIDS Waiver*	\$6,582,309
*FY12 included fundamental changes to program; Program moved from ADPH to ADSS	
**FY12 State's largest ICF/MR closed in December 2011; therefore cost avoidance is lower this year	
<i>Program Integrity Cost Avoidance</i>	
Provider Review Cost Avoidance	\$2,504,401
Recipient Review Cost Avoidance	\$351,568
Investigations Cost Avoidance	\$266,282
Sanctioned Provider and Recipients	\$2,651,360
Total Measurable Cost Avoidance	\$1,483,758,685

Managing Medicaid's Assets

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

Four 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.

Provider Review Unit

The Provider Review Unit examines medical provider billing to assure proper claim payment and recovery of identified overpayments. In FY 2011, reviews of 110 medical providers resulted in \$2,818,423 in identified recoupments and \$2,666,832 in collected recoupments.

Sanctions against providers and recipients resulted in \$707,217 in cost savings for the Agency. In all, 48 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. These provider sanctions netted a cost savings of \$242,788. Suspension of 131 recipients from the Medicaid program resulted in a cost savings of \$464,435.

Recipient Review Unit

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 2011, the Recipient Review Unit conducted 1,171 reviews. As a result, 918 recipients were restricted or "locked-in" to one doctor and one drug store resulting in \$430,415 in cost savings for the Agency.

Investigations Unit

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.

Quality Control Unit

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 2010 and March 2011 period was 5.7508 percent.

Third Party

During FY 2011, the Third Party Division was successful in saving Alabama taxpayers more than \$885 million. 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 2011
Provider Reviews**

Medical Providers	110
Medical Provider Recoupments – Identified	\$2,818,423
Medical Provider Recoupments – Collected	\$2,666,832
Recovery Audit Contrator	534
Recoupments – Identified	\$1,796,421
Recoupments – Collected	\$740,260
Provider Sanctions	
Providers	48
Cost savings	\$707,217

**FY 2011
Recipient Reviews**

Reviews Conducted	1,171
Restricted Recipients	918
Recipient Review Cost Avoidance	\$430,415

**FY 2011
Investigations**

Provider & Recipient Recoupments – Identified	\$1,174,912.52
Provider & Recipient Recoupments – Collected	\$228,224

FY 2011

Tax Intercept Receipts	\$38,680
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October 1, 2010 - September 30, 2011
Alabama Medicaid Agency
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For more Information, visit our website at www.medicaid.alabama.gov