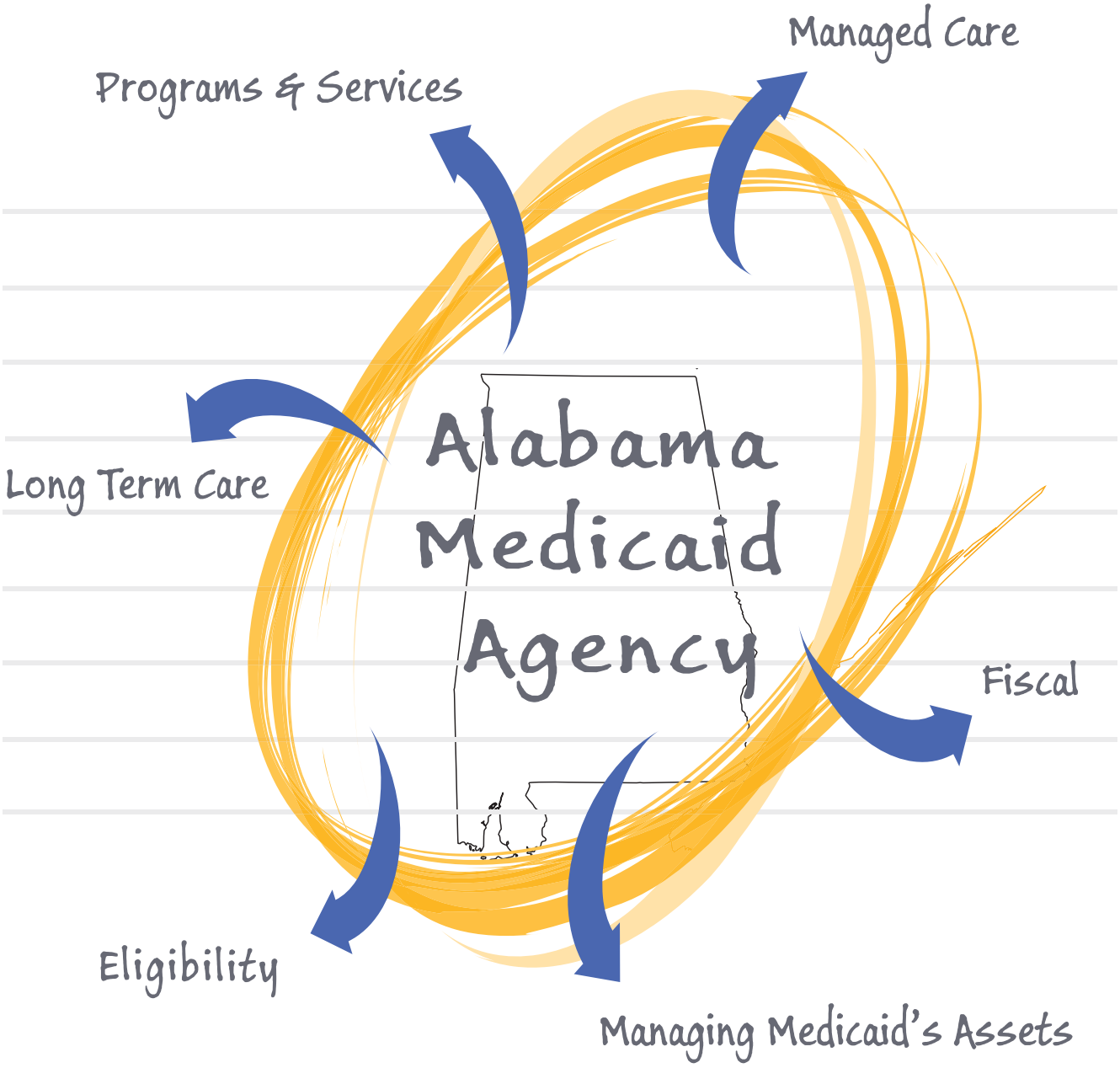
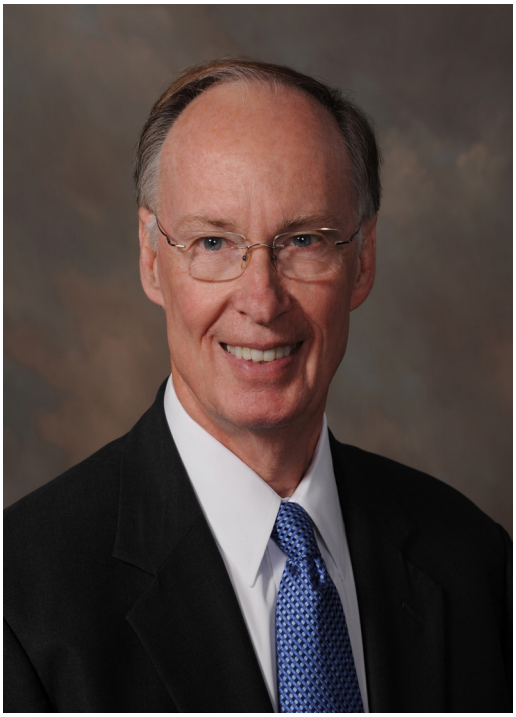
# Alabama Medicaid Agency




## Annual Report
## Fiscal Year 2014
## October 1, 2013 - September 30, 2014



**Robert Bentley**
**Governor**
**State of Alabama**

**Stephanie McGee Azar**
**Acting Commissioner**
**Alabama Medicaid Agency**

**Dr. Don Williamson**
**Chairman**
**Alabama Medicaid**
**Transition Task Force**

Robert Bentley
Governor

# Alabama Medicaid Agency

501 Dexter Avenue
PO Box 5624
Montgomery Alabama 36103-5624

Stephanie McGee Azar
Acting Commissioner

Dear Governor Bentley,

It is my honor to present you the Alabama Medicaid Agency's Annual Report for Fiscal Year 2014. It has been a year of growth and progress with milestones that included Medicaid's monthly enrollment exceeding 1 million for the first time.

Taking center stage was further development of Regional Care Organizations (RCOs) in designated regions across Alabama that will transform Medicaid's method of coordinating patient health care. Progress made included new rules and a web portal for RCO collaborator registration; the hiring of a consultant firm to provide technical assistance and support; RCO stakeholder informational meetings; and submission of a Section 1115 Demonstration waiver application to the Centers for Medicare and Medicaid (CMS) to pave the way for RCO implementation.

There were also significant technological advances in Fiscal Year 2014. In a tremendous collaborative effort, Medicaid joined with your office and several other state agencies in kicking off phase one of a new recipient eligibility and enrollment system, the first upgrade in more than 30 years.

Medicaid took steps to harness the power of data for decision-making and operational efficiency in two important ways: Electronic exchange of health information via One Health Record® was tested through an east Alabama pilot project and a new Quality Analytics Unit was established to increase the Agency's ability to collect and report data. Both will play an important role when RCOs begin in 2016.

The Agency's commitment to caring for Alabama's neediest residents through well-planned, innovative, and cost-efficient initiatives continues full-force and we are grateful for the continued support of the Governor's Office.

Sincerely,

Stephanie McGee Azar
Acting Commissioner
Alabama Medicaid Agency

# FY 2014

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## Managing Medicaid's Assets

# 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.*

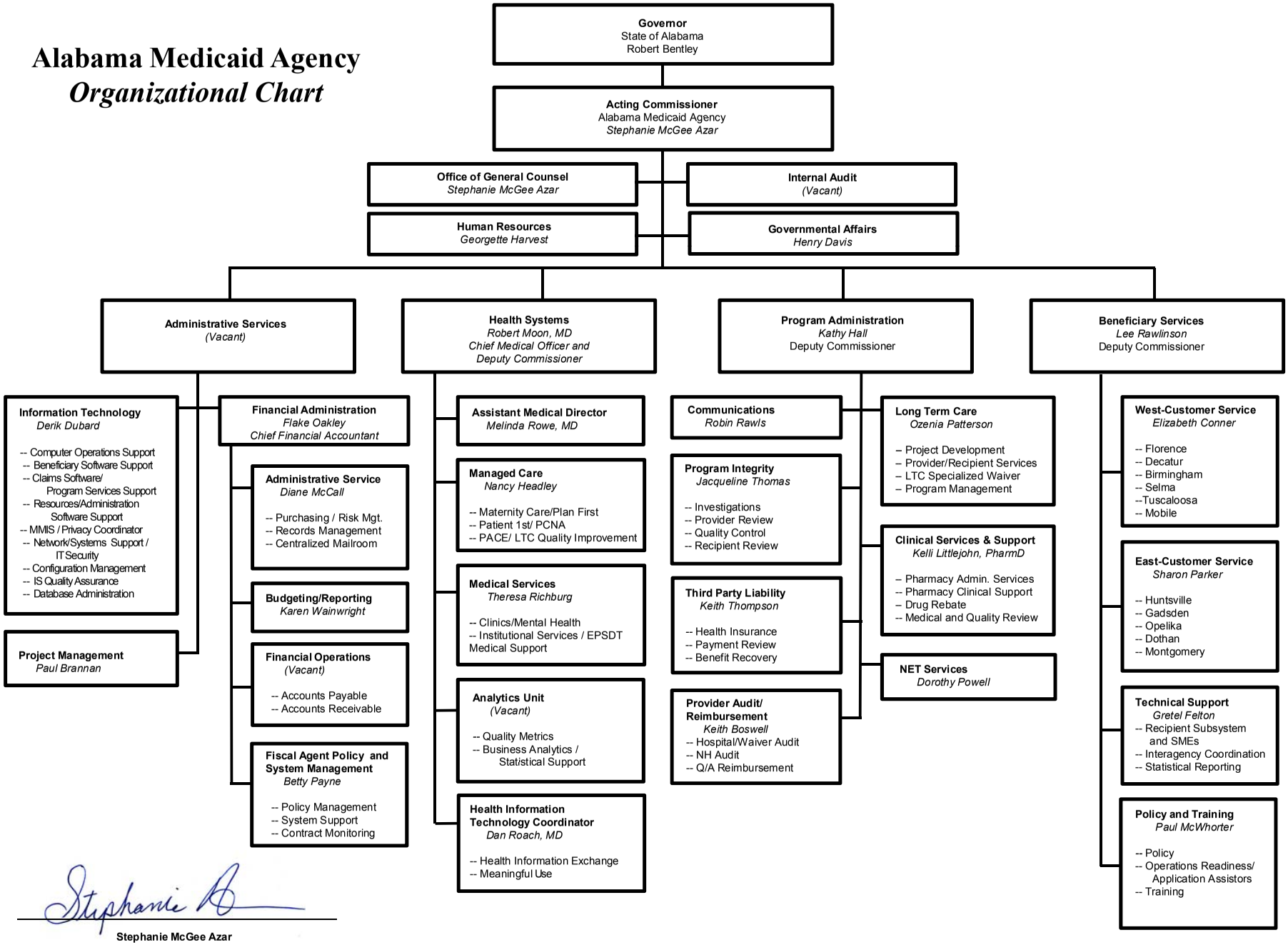
- Integrity
  *Our stakeholders can depend on the quality, trustworthiness, and reliability of our Agency's employees and representatives.*

- 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*




**Stephanie McGee Azar**
***Acting Commissioner***

***Effective Date October 1, 2012***

# FY 2014

# News through the Year

Once again, transformation to a capitated managed care system through Regional Care Organizations (RCOs) took center stage with five regional service areas, the first official RCO milestone, already in place at the start of Fiscal Year 2014. The second RCO major milestone, submission of 12 applications for RCO probationary certification, was reached as the fiscal year came to a close. And, Alabama Medicaid reached an unprecedented monthly enrollment in excess of 1 million.

Fiscal Year 2014 highlights also included implementation of the new CARES (Centralized Alabama Recipient Eligibility System), a Medicaid Pharmacy Commission report addressing a reduction in state pharmacy costs, and approval of a "No Wrong Door" grant providing recipients easier access to long term care services.

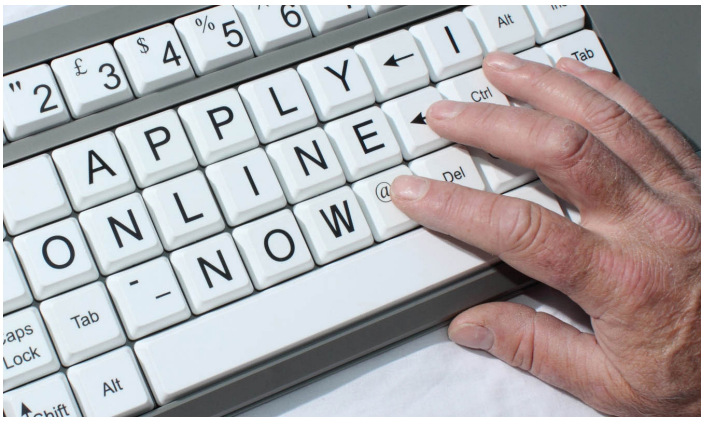
## Collaboration results in successful launch of new eligibility and enrollment system

Despite a short time frame and new requirements of the Affordable Care Act, a collaborative effort of state agencies resulted in creation of a new eligibility and enrollment system for Alabama Medicaid.

The new CARES (Centralized Alabama Recipient Eligibility System) system, implemented in October 2013, was a joint effort of Alabama Medicaid and ALL Kids, developed in partnership with the Alabama Department of Public Health.

With the new online portal, applicants were able to create accounts and submit applications for ALL Kids coverage for children or for Medicaid coverage for children, pregnant women or women seeking family planning coverage only through Plan First. The portal was also available for those applying for tax credits or other subsidies to purchase health insurance through the federally-facilitated insurance exchange.

The Centers for Medicare and Medicaid Services recognized Alabama in July 2014 for its progress in making the transition to a streamlined, data-driven eligibility determination process. The report specifically mentioned the state's new ability to make real-time eligibility determinations on almost all applications for MAGI (Modified Adjusted Gross Income)-based eligibility groups received through the state's online application portal. The new system will ultimately replace Medicaid's current eligibility determination system that has been in use for more than 30 years.




## Medicaid Pharmacy Study Commission submits final report to Governor

Although Medicaid's pharmacy spending and rate of growth are reasonable and among the lowest in the country, some changes could improve program

**October**

- Five RCO regional service areas in place for FY 14 start; rules, web portal set up for RCO collaborator registration
- New online enrollment and eligibility system launched

**November**

- Pharmacy Study Commission eyes possible cost savings

**December**

- Governor receives Pharmacy Commission report
- Health Information Exchange pilot project approved
- Vendor chosen to provide RCO implementation & support

**January**

- Eligibility determinations made under new federal MAGI guidelines

**February**

- Medicaid surpasses 1 million monthly enrollment mark
- First RCO stakeholder meetings attract large numbers
- APEC sets pace as model provider obstetric care resource

**March**

- Legislature passes budget with $685 million funding for Medicaid

effectiveness, according to a report submitted to Governor Bentley by the Alabama Medicaid Pharmacy Study Commission on December 31, 2014. The governor appointed the commission in June 2013 to explore initiatives that could potentially save money.

Before issuing its findings, the study commission met twice in October 2013 to hear from other state Medicaid pharmacy programs, pharmacy benefits management programs, and other organizations that offered ideas for reducing pharmacy costs to the state.

## Pilot project connects physicians to state health information exchange

A pilot project in east Alabama will help state leaders better understand how doctors, hospitals and patients can benefit from the electronic exchange of health information using Alabama's One Health Record® system.

The connection of 13 physician practices to the state's cloud-based health information exchange in September 2014 marked the first time that individual providers agreed to connect to the state system simply by connecting to their own in-office electronic health record system, regardless of the brand of system used.

With the new connections, providers securely retrieved patient information while receiving notices of admissions, discharges or transfers.

The project included East Alabama Medical Center in Opelika, Lanier Memorial Hospital in Valley, four referring clinics in the area, and local physicians. The pilot project was approved in December 2013 by the Alabama Health Information Exchange Commission.

## Alabama Medicaid's monthly enrollment tops 1 million for the first time

Alabama Medicaid's monthly enrollment topped 1 million for the first time in February 2014, boosted largely by the federally-required transfer of children from the state's All Kids program and changes in how Medicaid eligibility is determined. The milestone increase also reflected the first enrollment of individuals who applied for coverage through the federal "marketplace" under the Affordable Care Act.

Alabama Medicaid's monthly enrollment increased from 997,545 in January 2014 to 1,000,824 in February. The number increased to 1,014,931 in March, 1,020,802 in April, and 1,024,358 in May.

| April | May | June | July | August | September |
|---|---|---|---|---|---|
| • Governor signs revised RCO legislation<br>• Quality Assurance Committee selects RCO incentives & performance monitoring metrics | • Application requests CMS approval of capitated care system<br>• Gateway to Community Living offers safe move resources to Medicaid's elderly & disabled | • Seven groups announce intent to form RCOs | • "Bump" payments extended for Medicaid-enrolled primary care physicians<br>• CMS recognizes eligibility determination process progress | • RCO probationary applicants have first meetings with Alabama Medicaid officials | • Deadline met for submission of 12 RCO probationary certification applications<br>• "No Wrong Door"grant addresses elderly long term care needs<br>• 13 East Alabama medical groups test Medicaid's HIE Exchange |

Much of the initial increase – 93 percent – was due to the addition of 23,653 children in January who were required to transfer to Medicaid from the state's Children's Health Insurance Program (CHIP) by the Affordable Care Act.

The increased enrollment was seen primarily in the aid categories impacted by recent federal changes in the way income is calculated. The state must use Modified Adjusted Gross Income (MAGI) in determining eligibility for most non-disabled children and adults.

## APEC initiative provides evidence-based protocols and OB care resources

A little more than two years after a group of physicians and state health leaders launched a statewide initiative to improve perinatal outcomes and ultimately the health and welfare of women and infants throughout Alabama, the Alabama Perinatal Excellence Collaborative (APEC) emerged as an exemplary resource for obstetric care and other providers throughout the state of Alabama.

Links on the Alabama Medicaid website or the APEC web site provided easy access to the protocols and direct contact with APEC leaders via personal computer, tablet, or smart phone.

APEC was launched in 2012 in an effort to lower infant mortality and improve maternal and infant health.

## Gateway to Community Living expands resources for elderly, disabled

Resources available through Medicaid's Gateway to Community Living have allowed more elderly and disabled Alabama Medicaid recipients to move from an institution back into their community.

Since the Centers for Medicare and Medicaid Services approved the operating plan for the Medicaid initiative in July 2013, the initiative resources helped these recipients determine if they could live safely in the community and if so, locate housing, arrange for necessary services and make the move.

Most participants will likely transition to one of Medicaid's seven HCBS waiver programs which serve more than 15,000 Alabama Medicaid recipients.

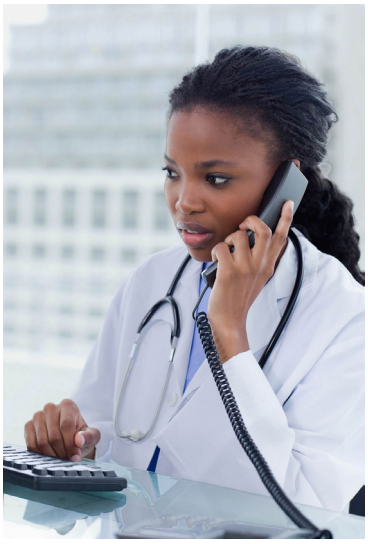
The initiative supported those recipients by providing a dedicated Transition Coordinator or Case Manager who could help plan the move, find affordable and accessible housing, purchase basic home-making supplies or perform other related tasks. The program also assists with one-time transition costs such as rental and utility deposits.

Federal grant funds cover the upfront costs associated with transitioning each individual as well as administrative costs of operating the program and are paid during the first year of each person's transition.

## Stabilizing physician workforce is basis for payment "bump" extension

Medicaid-enrolled primary care physicians who qualified for enhanced payments known as the "bump" will continue to receive those payments through September 30, 2015.

The "bump" refers to the Affordable Care Act (ACA) requirement that state Medicaid programs increase or "bump" up payments to certain physicians for specified primary care services. The increase began January 1, 2013 and continued through the end of 2014.



While the additional payments were originally triggered by the ACA, the decision to extend the payments for an additional nine months was made to ensure that the state had an adequate number of primary care physicians as it prepared to implement major Medicaid program reforms.

Physician participation in the Medicaid program was a concern because approximately 22 percent of enrolled primary care physicians receive 90 percent of all claims payments. Another problem was health professional shortages in 62 of Alabama's 67 counties.

## Legislature allocates Medicaid $685 million in General Fund

A General Fund appropriation of $685 million made it possible for the Alabama Medicaid Agency to continue its current operations into Fiscal Year 2015. The budget reflected the recommendation made earlier in the year by Governor Robert Bentley to increase Medicaid funding by $70 million over the previous year's appropriation of $615 million. Governor Bentley signed the funding bill into law on April 4.

## New technology helps drive quality improvement and cost-savings

Expansion of standardized collection and reporting of data to produce cost-efficient quality healthcare decisions that translate into improved health outcomes spurred the creation of Alabama Medicaid's new Quality Analytics Unit. With funding from a 2012 federal grant the unit supports other areas of the Agency by collecting, analyzing and reporting on claims data, the Real Time Medical Electronic Data Exchange (RMEDE), and other sources.

Using SAS Visual Analytics, an online tool that enables analysts to share data with decision makers, the Agency is able to more precisely integrate and view data on illnesses, treatments and costs, segmented by population and geography. The resource illuminates patterns, identifies opportunities for further analysis, and conveys results in easy-to-understand charts, graphs and animations. The system also quickly identifies patterns, trends and relationships that are not apparent unless graphically displayed.

The new resource will be playing a key role in the continuing implementation of Regional Care Organizations due to its ability to help visualize trends.

## Alabama Medicaid receives "No Wrong Door" planning grant

Accessing long-term care services often means visiting a myriad of places and people to learn about and obtain services. Agency officials hoped a new grant awarded to the Alabama Medicaid Agency would allow the state to design a new, unified system to make it easier for people of all ages, disabilities and income levels to learn about and access needed services and supports.

The Agency's application for a "No Wrong Door" planning grant was approved in September 2014. The $217,401 grant will help create a three-year strategic plan to transform multiple access points and functions into a single, statewide system.

The effort is funded as a joint initiative of the Administration on Community Living, the Centers for Medicare and Medicaid Services and the Veterans Health Administration.

RCOs
FY 2014

# Medicaid transformation effort gains momentum: RCO development dominates FY 2014 activities

A little over a year after state lawmakers passed legislation to transform Medicaid, the Agency made significant progress toward implementing a new health care delivery system that places greater focus on value and outcomes.

Alabama Medicaid began the fiscal year having achieved its first official milestone toward establishing Regional Care Organizations (RCOs) with the creation of five regional service areas. The Agency continued to progress in its efforts to increase efficiency within the Agency while also improving patient care through a locally-led managed care system. Since the beginning of the fiscal year, the Agency moved quickly to implement the Medicaid program reforms.

## New rules, web portal established to register RCO collaborators

As directed by state law, the Agency established new rules and a new web portal for individuals and entities wishing to cooperate, negotiate or contract in the establishment of the Agency's planned RCOs in October 2013. Other rules finalized during Fiscal Year 2014 included establishment of RCO Governing Boards, Citizens' Advisory and Provider Standards committees, Quality Assurance, Service Delivery Network requirements, and minimum reimbursement rates.

## Agency contracts with vendor for RCO implementation support

In December 2013, the Agency entered into a $12.1 million, two-year contract with Chicago-based Navigant Consulting, Inc., to provide needed expertise and support to the Agency in implementing the various provisions of the law to change the way Medicaid recipients in Alabama receive healthcare.

The contract with Navigant provided technical assistance and support to help with program planning and design, preparation of federal waiver and State Plan amendment documents, procurement of services needed to operate in the new Medicaid delivery environment, staff training, data management, contract monitoring, quality management analysis and other needs.

## First meetings to inform RCO stakeholders draw large turnout

A total of over 225 healthcare providers, state agency officials and others interested in Medicaid's plan to implement RCOs attended the initial meetings in Montgomery to hear updates and ask questions regarding Medicaid efforts to better control costs while improving patient care.

In addition to the meetings in Montgomery, Medicaid leaders held meetings in Decatur, Tuscaloosa, Birmingham and Mobile for participants to learn more about Medicaid's plans to implement RCOs.

## RCO legislation revises 2013 law as Agency moves forward on reform

A new law signed by Governor Robert Bentley in April set the stage for publication of rules and other activities to transform the Agency's fee-for-service system to a capitated, coordinated care model. The law amended the 2013 law revising the membership of and eligibility requirements for an RCO governing board, to allowing the appointment of an executive committee.

It also required the creation of a provider standards committee by each RCO, and for the Agency to establish minimum reimbursement rates, and to review all RCO contracts and agreements, among other stipulations.

## QA Committee considers quality measures for RCOs

Moving Medicaid from a fee-for-service system based on visits and volume to one that focuses on value, quality and outcomes required new ways of evaluating healthcare services offered by RCOs.

On April 17, the Quality Assurance Committee voted on a set of nationally recognized metrics. The committee recommended use of five to 10 of these metrics in an incentive program for the RCOs, and that other metrics in the set should be used for monitoring RCO performance.

The committee of 23 physicians, pharmacists and other healthcare professionals began meeting in October to determine the metrics to be used to measure the new RCO organizations.

## State seeks federal approval of a new capitated care system

Calling RCOs the "cornerstone" of Alabama's Medicaid transformation plan, state officials in May asked the federal government to approve a plan to move Medicaid away from a fee-for-service payment model to a capitated managed care system.

Developed with stakeholder input, the Section 1115 Demonstration waiver application was submitted to the Centers for Medicare and Medicaid Services on May 30. If approved, it would allow the state to implement RCOs by building on the successes of the Agency's Patient 1st, maternity and health home programs while injecting additional funds needed to build necessary administrative infrastructure and support providers through the transition.

## Twelve applications submitted for RCO probationary certification

Medicaid achieved its second major milestone with the submission of 12 applications for probationary certification by the September 30 deadline.

Organizations interested in applying for status as a probationary Regional Care Organization met with Agency officials and consultants in Montgomery in July to review the application process.

Three applications for probationary certification as an RCO were filed in Region A (North Alabama) and Region C (West Alabama) while two applications each were filed in Region B (Central /East Alabama), Region D (Central /Southeast Alabama) and in Region E (South/ Southwest Alabama).

## Alabama chosen for NGA policy academy to aid transformation

Alabama and two other states were selected in September by the National Governors Association (NGA) to participate in a year-long policy academy aimed at helping states use Medicaid to transform the delivery of services for those enrolled in the system.

The application period opened in May when the state adopted rules outlining the application process and other requirements. RCOs potentially could have been certified by October 1, 2014, although state law allows for additional time if there is evidence of substantive progress and a decision on probationary certification can be made before January 1, 2015.

# FY 2014

# Eligibility

Spurred by a combination of a revamped Medicaid eligibility and enrollment system and new eligibility rules under the federal Affordable Care Act, a landmark 1 million-plus Alabama citizens, or 24.9 percent of the state's population, were eligible to receive Medicaid benefits for at least one month of the year during Fiscal Year 2014.

Medicaid's Beneficiary Services underwent major changes as the Agency began enrolling recipients using a new online system, the first system change in 30 years. New federal Modified Adjusted Gross Income (MAGI) rules determining how to calculate eligibility went into effect and rules of the Affordable Care Act caused more than 23,000 children to be tranfered from ALL Kids onto the Medicaid rolls in January 2014.

The state's youngest citizens made up the largest category of Medicaid eligibles during the fiscal year with Medicaid paying for the health coverage of 52.4 percent of Alabama children under age 21. Over 37 percent of these eligible children were in families with at least one working caregiver.

Medicaid-eligible Alabamians over the age of 65 receive a variety of Medicaid services and approximately two-thirds of all nursing home residents depend on Medicaid to cover the cost of their care.

## Eligibles

Under federal regulations, states must provide coverage for certain groups in order to be eligible for federal funds. These groups include Supplemental Security Income (SSI) recipients; infants born to Medicaid-eligible pregnant women; children under age 19; pregnant women; 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.

## Qualifying Agencies

Several agencies determine Medicaid eligibility. Medicaid is responsible for certifying applicants for Elderly & Disabled programs; Parents and Other Caretaker Relatives (formerly known as MLIF); the 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 live in Alabama, be a U.S. citizen or be in this country legally and meet income and age requirements that vary according to program.

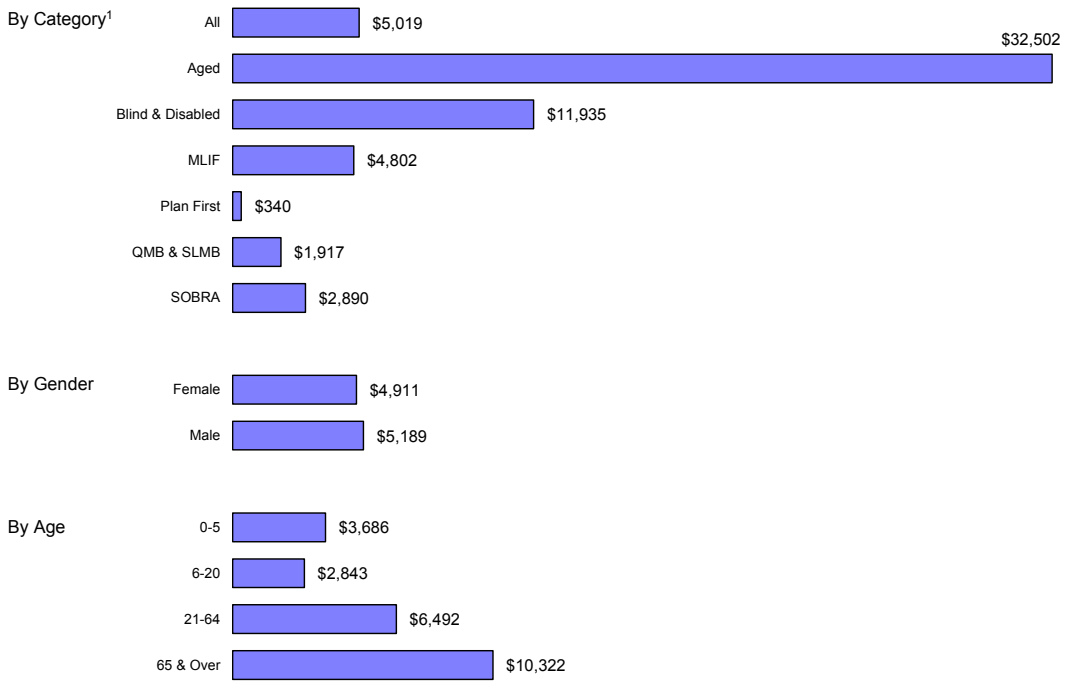
Those who apply for assistance through a program for the elderly or disabled must also meet certain medical criteria and have resources below a certain limit, which also varies according to the program.

# FY 2012 - FY 2014
# Medicaid and Alabama
# Overview

| | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|
| Total Alabama Population[1] | 4,817,484 | 4,833,996 | 4,849,377 |
| Medicaid Annual Eligible Population[2] | 1,110,037 | 1,095,266 | 1,206,970 |
| Percent of Total Population that was Medicaid Eligible | 23.0% | 22.7% | 24.9% |
| Total Alabama Adult Population[1] | 3,497,215 | 3,521,425 | 3,544,648 |
| Medicaid Eligible Adults[2] | 473,580 | 516,923 | 523,323 |
| Percent of Total Adult Population that was Medicaid Eligible | 13.5% | 14.7% | 14.8% |
| Total Alabama Child Population[1] | 1,320,269 | 1,312,571 | 1,304,729 |
| Medicaid Eligible Children[2] and [3] | 636,457 | 578,343 | 683,647 |
| Percent of Total Child Population that was Medicaid Eligible | 48.2% | 44.1% | 52.4% |
| | **FY 2012** | **FY 2013** | **FY 2014** |
| Total Medicaid Agency Expenditures | $5,626,959,082 | $5,586,012,819 | $5,783,130,402 |
| Total Medicaid Medical Services Expenditures[4] | $4,913,152,000 | $4,874,240,794 | $5,079,977,508 |
| Total Medicaid Medical Services Expenditures per Capita | $1,020 | $1,008 | $1,048 |
| Monthly Average Eligible Recipients | 939,576 | 947,594 | 1,012,125 |
| Average Annual Medicaid Medical Services Expenditure per Monthly Average Eligible[5] | $5,229 | $5,144 | $5,019 |
| Overall Federal Funding Percentage | 67.6% | 67.6% | 67.6% |
| Overall State Funding Percentage | 32.4% | 32.4% | 32.4% |
| State General Fund Percentage | 10.2% | 11.0% | 10.7% |

1. Population figures are based on U.S. Census data from the Center for Business and Economic Research, University of Alabama. The population counts are extrapolated from 2010 Census data. The child population figure is apportioned from the same data, calculating the 20-24 age group to reflect that Medicaid stops for children at age 21.
2. An unduplicated count of individuals who qualified for full or partial Medicaid coverage and were enrolled in Medicaid for at least one month of the fiscal year.
3. Child/Children defined as those under age 21.
4. Total Medicaid medical services expenditures exclude Agency administrative costs, administrative costs of the school-based services program, payments to hospitals under the Disproportionate Share Hospital program, and expenses of the Health Information Exchange.
5. Total Medicaid medical services expenditures divided by the monthly average of eligible members.

# FY 2014
# Annual Cost Per Eligible for Medical Care[1]
# By Category, Gender and Age




1. The annual cost per eligible for medical services and support is calculated based on total expenditures of $5,079,977,508 in FY 2014 divided by the annual average of monthly eligibles of 1,012,125. Total expenditures exclude the Medicaid Agency administrative expense, school-based services administration, expenses of the Health Information Exchange, and Disproportionate Share Hospital payments and includes encumbrances and payables at the end of the fiscal year.

## Definitions of Eligibles and Recipients

**Potential Eligibles**

Potential Eligibles are individuals who potentially qualify for Medicaid but have not applied. It is typically an estimate based on census or other demographic data.

**Annual Eligibles**

An unduplicated count of individuals who qualified for full or partial Medicaid coverage and were enrolled in Medicaid for at least one month of the fiscal year.

**Annual Recipients**

An unduplicated count of Medicaid eligibles who received at least one medical service that Medicaid paid for during the fiscal year. This count excludes SLMB and QI-1 recipients who only receive the benefit of having their Medicare Part B premiums paid as well as those eligibles whose third-party payer covered their medical costs resulting in a zero payment by Medicaid.

**Monthly Average Eligibles**

The arithmetic average of the unduplicated number of individuals who qualified for full or partial Medicaid coverage in each month of the fiscal year.

**Monthly Average Recipients**

The arithmetic average of the unduplicated number of Medicaid eligibles in each month of the fiscal year who received at least one medical service that Medicaid paid for during the month. This excludes SLMB and QI-1 recipients who only receive the benefit of having their Medicare Part B premiums paid.

## FY 2005 - FY 2014
## Medicaid Annual Eligibles as a Percent of Population by Year

| Year | State Population[1] | Annual Eligibles[2] | Annual Eligibles as % of Population |
|---|---|---|---|
| **FY 2005** | 4,642,736 | 963,600 | 20.8% |
| **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% |
| **FY 2009** | 4,799,189 | 964,171 | 20.1% |
| **FY 2010** | 4,779,735 | 1,026,429 | 21.5% |
| **FY 2011** | 4,801,695 | 1,070,781 | 22.3% |
| **FY 2012** | 4,817,484 | 1,110,037 | 23.0% |
| **FY 2013** | 4,833,996 | 1,095,266 | 22.7% |
| **FY 2014** | 4,849,377 | 1,206,970 | 24.9% |

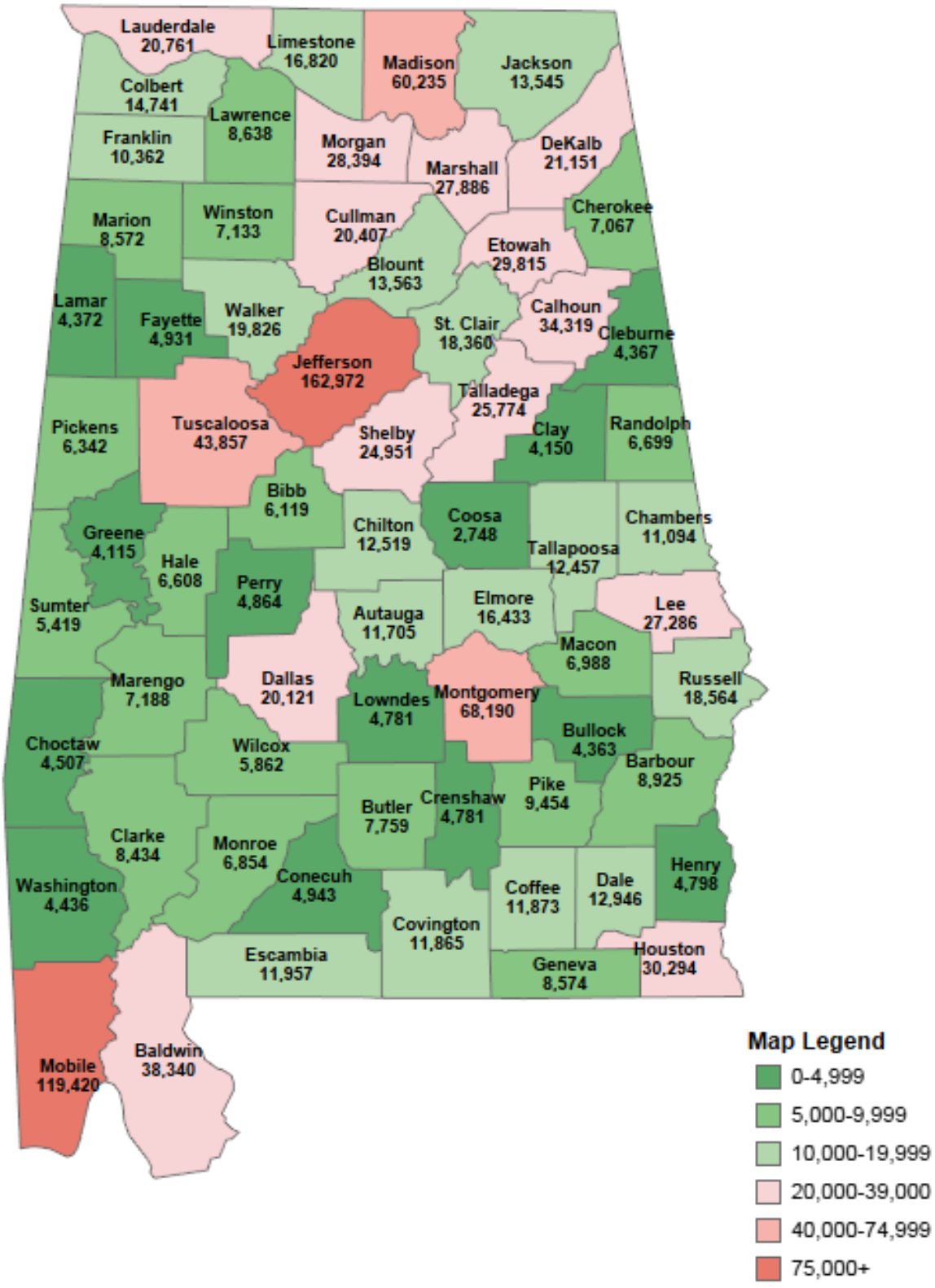
1. Population figures are based on U.S. Census data from the Center for Business and Economic Research, University of Alabama. The 2011-2014 population counts are extrapolated from 2010 census data.
2. An unduplicated count of individuals who qualified for full or partial Medicaid coverage and were enrolled in Medicaid for at least one month of the fiscal year.

## FY 2005 - FY 2014
## Monthly and Average Annual Medicaid Eligibles[1]

| | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **October** | 810,259 | 840,428 | 769,076 | 746,397 | 787,515 | 834,747 | 894,496 | 949,808 | 933,907 | 972,720 |
| **November** | 800,590 | 840,777 | 746,561 | 735,163 | 782,764 | 828,165 | 890,932 | 938,776 | 930,019 | 973,349 |
| **December** | 800,177 | 819,256 | 738,971 | 734,810 | 782,786 | 825,655 | 891,327 | 934,512 | 930,965 | 972,173 |
| **January** | 805,956 | 814,988 | 739,342 | 741,620 | 790,064 | 832,160 | 897,984 | 939,100 | 935,580 | 997,545 |
| **February** | 809,000 | 780,510 | 737,447 | 748,861 | 794,954 | 835,136 | 902,351 | 939,021 | 941,429 | 1,000,824 |
| **March** | 812,725 | 789,201 | 735,476 | 755,318 | 801,523 | 842,963 | 911,268 | 941,197 | 945,267 | 1,014,931 |
| **April** | 816,260 | 789,493 | 728,489 | 759,935 | 804,925 | 851,089 | 913,068 | 941,707 | 949,439 | 1,020,802 |
| **May** | 818,767 | 791,830 | 724,680 | 762,390 | 808,273 | 855,952 | 914,397 | 940,538 | 953,232 | 1,024,358 |
| **June** | 820,629 | 785,949 | 724,424 | 764,914 | 812,220 | 862,949 | 922,321 | 937,851 | 955,355 | 1,034,955 |
| **July** | 821,593 | 780,400 | 728,054 | 770,387 | 817,174 | 872,501 | 930,736 | 935,778 | 959,607 | 1,041,588 |
| **August** | 824,988 | 778,452 | 731,458 | 777,111 | 825,421 | 883,443 | 939,943 | 935,901 | 966,066 | 1,047,957 |
| **September** | 827,392 | 774,561 | 740,324 | 781,857 | 830,621 | 889,627 | 944,375 | 940,722 | 970,267 | 1,044,302 |
| **Annual Average** | 814,028 | 798,820 | 737,025 | 756,564 | 803,187 | 851,199 | 912,767 | 939,576 | 947,594 | 1,012,125 |

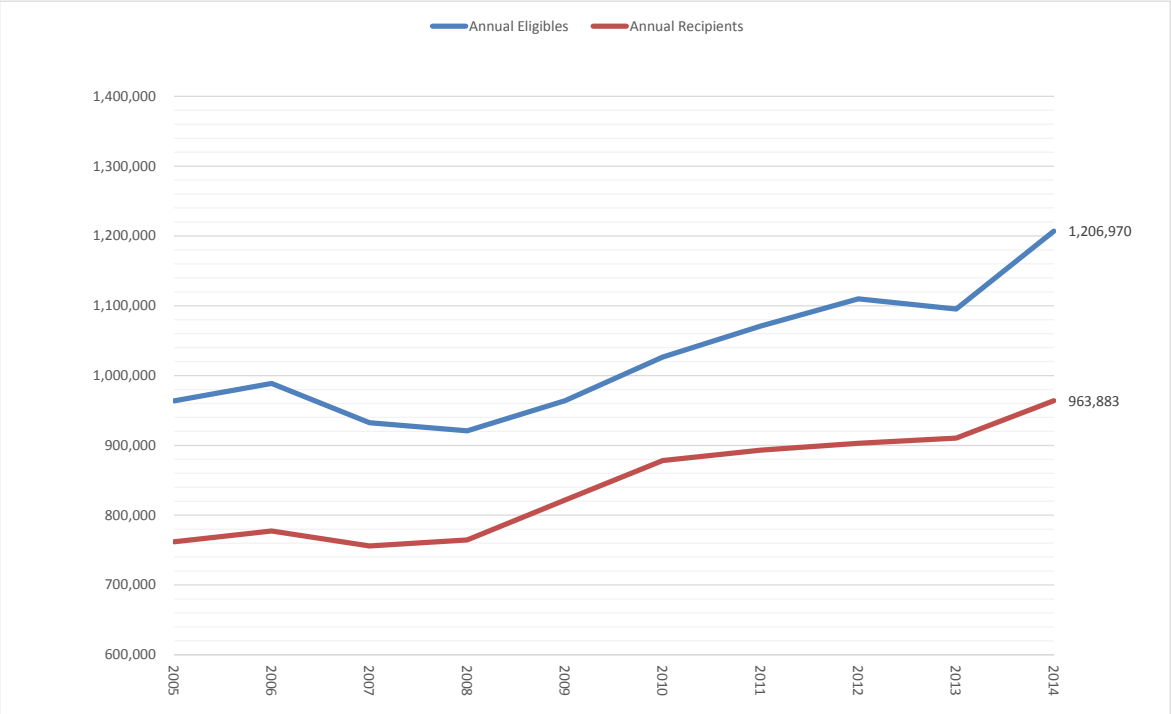
1. An unduplicated number of individuals who qualified for full or partial Medicaid coverage in each month of the fiscal year. Annual average is the arithmetic average of the twelve months.

# FY 2014
# Population Annually Eligible[1] for Medicaid by County




1. Annual Eligibles: An unduplicated count of individuals who qualified for full or partial Medicaid coverage and were enrolled in Medicaid for at least one month of the fiscal year.

# FY 2005 - FY 2014
# Annual Eligibles[1] and Recipients[2]
# Utilization




| Year | Annual Eligibles[1] | Annual Recipients[2] | Percentage[3] |
|---|---|---|---|
| **FY 2005** | 963,600 | 761,903 | 79.1 |
| **FY 2006** | 988,678 | 777,374 | 78.6 |
| **FY 2007** | 932,521 | 755,856 | 81.1 |
| **FY 2008** | 920,937 | 764,420 | 83.0 |
| **FY 2009** | 964,171 | 821,602 | 85.2 |
| **FY 2010** | 1,026,429 | 878,232 | 85.6 |
| **FY 2011** | 1,070,781 | 893,312 | 83.4 |
| **FY 2012** | 1,110,037 | 902,870 | 81.3 |
| **FY 2013** | 1,095,266 | 910,562 | 83.1 |
| **FY 2014** | 1,206,970 | 963,883 | 79.9 |

1. Annual Eligibles: An unduplicated count of individuals who qualified for full or partial Medicaid coverage and were enrolled in Medicaid for at least one month of the fiscal year.
2. Annual Recipients: An unduplicated count of Medicaid eligibles who received at least one medical service that Medicaid paid for during the fiscal year. This count excludes recipients who only receive the benefit of having their Medicare Part A, B, C and/or D premiums paid by Medicaid.
3. Percentage of Annual Eligibles who received at least one medical service during the fiscal year.

# FY 2014
# Medicaid Annual Eligibles[1] by Category of Aid and County

| COUNTY | MLIF | AGED | DISABLED | SOBRA | QMB | BLIND | SLMB | PLAN FIRST | TOTAL[2] |
|---|---|---|---|---|---|---|---|---|---|
| Autauga | 1,550 | 244 | 1,806 | 6,084 | 656 | 9 | 617 | 1,541 | 11,705 |
| Baldwin | 4,577 | 597 | 4,196 | 22,356 | 2,051 | 25 | 1,894 | 5,166 | 38,340 |
| Barbour | 1,579 | 295 | 1,544 | 4,156 | 605 | 8 | 464 | 1,014 | 8,925 |
| Bibb | 701 | 161 | 1,225 | 3,001 | 421 | 10 | 333 | 724 | 6,119 |
| Blount | 1,353 | 324 | 1,919 | 7,649 | 874 | 4 | 844 | 1,421 | 13,563 |
| Bullock | 693 | 171 | 849 | 1,979 | 284 | 3 | 189 | 526 | 4,363 |
| Butler | 1,490 | 248 | 1,322 | 3,658 | 483 | 5 | 407 | 1,027 | 7,759 |
| Calhoun | 6,661 | 693 | 5,816 | 15,783 | 2,095 | 37 | 1,676 | 4,246 | 34,319 |
| Chambers | 1,481 | 413 | 1,911 | 5,363 | 701 | 11 | 736 | 1,345 | 11,094 |
| Cherokee | 1,248 | 187 | 1,081 | 3,265 | 588 | 7 | 560 | 662 | 7,067 |
| Chilton | 1,769 | 248 | 1,714 | 6,919 | 763 | 9 | 678 | 1,394 | 12,519 |
| Choctaw | 711 | 183 | 870 | 1,949 | 359 | 5 | 244 | 553 | 4,507 |
| Clarke | 1,279 | 273 | 1,730 | 3,853 | 527 | 10 | 395 | 1,161 | 8,434 |
| Clay | 252 | 176 | 645 | 2,198 | 306 | 2 | 298 | 522 | 4,150 |
| Cleburne | 617 | 118 | 661 | 2,201 | 276 | 4 | 293 | 501 | 4,367 |
| Coffee | 1,931 | 382 | 1,763 | 6,105 | 733 | 6 | 528 | 1,384 | 11,873 |
| Colbert | 1,957 | 338 | 2,530 | 7,092 | 1,007 | 15 | 844 | 2,128 | 14,741 |
| Conecuh | 985 | 142 | 915 | 2,086 | 406 | 6 | 280 | 521 | 4,943 |
| Coosa | 194 | 80 | 602 | 1,260 | 261 | 5 | 259 | 257 | 2,748 |
| Covington | 1,743 | 509 | 1,852 | 5,786 | 868 | 7 | 709 | 1,391 | 11,865 |
| Crenshaw | 957 | 207 | 760 | 2,019 | 358 | 4 | 292 | 607 | 4,781 |
| Cullman | 1,974 | 738 | 3,188 | 10,623 | 1,433 | 10 | 1,470 | 2,271 | 20,407 |
| Dale | 2,123 | 341 | 2,387 | 6,150 | 776 | 9 | 578 | 1,547 | 12,946 |
| Dallas | 3,327 | 624 | 4,910 | 8,199 | 1,304 | 17 | 947 | 2,385 | 20,121 |
| DeKalb | 2,055 | 561 | 2,643 | 12,672 | 1,361 | 7 | 1,220 | 1,873 | 21,151 |
| Elmore | 1,975 | 333 | 2,771 | 8,598 | 903 | 18 | 782 | 2,094 | 16,433 |
| Escambia | 2,168 | 284 | 1,749 | 5,986 | 694 | 8 | 569 | 1,462 | 11,957 |
| Etowah | 4,007 | 689 | 5,406 | 14,622 | 2,072 | 16 | 1,895 | 3,279 | 29,815 |
| Fayette | 902 | 209 | 885 | 2,249 | 336 | 4 | 295 | 560 | 4,931 |
| Franklin | 1,339 | 249 | 1,426 | 5,789 | 648 | 5 | 557 | 971 | 10,362 |
| Geneva | 1,481 | 277 | 1,505 | 3,956 | 611 | 5 | 539 | 903 | 8,574 |
| Greene | 685 | 135 | 934 | 1,834 | 245 | 3 | 161 | 480 | 4,115 |
| Hale | 850 | 228 | 1,420 | 2,965 | 469 | 6 | 301 | 914 | 6,608 |
| Henry | 523 | 200 | 762 | 2,320 | 390 | 6 | 310 | 594 | 4,798 |
| Houston | 4,929 | 786 | 4,957 | 15,155 | 1,831 | 21 | 1,487 | 3,739 | 30,294 |
| Jackson | 1,277 | 440 | 2,139 | 7,026 | 1,070 | 12 | 897 | 1,356 | 13,545 |
| Jefferson | 19,649 | 3,586 | 30,064 | 82,685 | 9,595 | 133 | 8,197 | 20,446 | 162,972 |
| Lamar | 786 | 176 | 776 | 1,868 | 359 | 7 | 312 | 451 | 4,372 |
| Lauderdale | 2,172 | 559 | 3,403 | 10,467 | 1,475 | 10 | 1,244 | 3,042 | 20,761 |
| Lawrence | 1,393 | 229 | 1,353 | 4,215 | 598 | 8 | 514 | 1,051 | 8,638 |
| Lee | 3,974 | 437 | 3,778 | 15,198 | 1,207 | 24 | 1,098 | 3,598 | 27,286 |
| Limestone | 1,410 | 388 | 2,334 | 9,486 | 1,061 | 15 | 847 | 2,130 | 16,820 |
| Lowndes | 936 | 129 | 893 | 1,946 | 413 | 7 | 250 | 578 | 4,781 |
| Macon | 1,529 | 211 | 1,316 | 2,778 | 413 | 6 | 290 | 974 | 6,988 |
| Madison | 5,557 | 1,323 | 8,254 | 35,198 | 2,926 | 49 | 2,241 | 8,164 | 60,235 |
| Marengo | 1,065 | 244 | 1,594 | 3,076 | 546 | 4 | 327 | 937 | 7,188 |
| Marion | 1,260 | 305 | 1,326 | 4,132 | 663 | 4 | 623 | 978 | 8,572 |
| Marshall | 3,173 | 672 | 3,753 | 16,752 | 1,587 | 16 | 1,340 | 2,238 | 27,886 |
| Mobile | 16,124 | 2,450 | 17,406 | 64,345 | 6,234 | 86 | 5,122 | 17,410 | 119,420 |
| Monroe | 873 | 211 | 1,195 | 3,447 | 451 | 2 | 346 | 807 | 6,854 |
| Montgomery | 12,723 | 1,330 | 11,845 | 32,934 | 3,431 | 60 | 2,605 | 9,596 | 68,190 |
| Morgan | 2,888 | 765 | 4,501 | 16,016 | 1,441 | 33 | 1,206 | 3,408 | 28,394 |
| Perry | 680 | 151 | 1,189 | 1,981 | 377 | 2 | 223 | 607 | 4,864 |
| Pickens | 640 | 258 | 1,407 | 2,837 | 450 | 4 | 314 | 830 | 6,342 |
| Pike | 1,363 | 258 | 1,882 | 4,340 | 560 | 7 | 388 | 1,401 | 9,454 |
| Randolph | 754 | 219 | 1,020 | 3,527 | 445 | 3 | 414 | 792 | 6,699 |
| Russell | 3,427 | 434 | 2,859 | 9,025 | 883 | 18 | 843 | 2,308 | 18,564 |
| St. Clair | 2,893 | 264 | 2,469 | 9,805 | 1,065 | 12 | 990 | 2,182 | 18,360 |
| Shelby | 2,804 | 401 | 2,756 | 15,286 | 1,062 | 11 | 1,006 | 3,093 | 24,951 |
| Sumter | 1,067 | 201 | 1,312 | 1,990 | 334 | 3 | 185 | 746 | 5,419 |
| Talladega | 4,271 | 625 | 5,063 | 11,348 | 1,731 | 61 | 1,647 | 2,902 | 25,774 |
| Tallapoosa | 1,555 | 400 | 2,151 | 6,131 | 867 | 9 | 799 | 1,415 | 12,457 |
| Tuscaloosa | 4,546 | 998 | 8,085 | 22,858 | 2,264 | 41 | 1,753 | 6,403 | 43,857 |
| Walker | 2,366 | 544 | 4,048 | 9,302 | 1,364 | 13 | 1,298 | 2,218 | 19,826 |
| Washington | 670 | 141 | 858 | 2,109 | 289 | 4 | 228 | 461 | 4,436 |
| Wilcox | 787 | 171 | 1,670 | 2,319 | 365 | 3 | 204 | 736 | 5,862 |
| Winston | 967 | 268 | 1,262 | 3,314 | 622 | 4 | 555 | 700 | 7,133 |
| Youth Services | 24 | 0 | 3 | 499 | 0 | 0 | 0 | 2 | 503 |
| Unknown | 15 | 0 | 1 | 42 | 0 | 0 | 0 | 2 | 59 |
| STATEWIDE [2] | 162,647 | 30,218 | 197,811 | 619,750 | 73,468 | 971 | 61,686 | 152,280 | 1,206,970* |

1. Annual Eligibles: An unduplicated count of individuals who qualified for full or partial Medicaid coverage and were enrolled in Medicaid for at least one month of the fiscal year.
2. Rows/columns do not sum to overall unduplicated count of eligibles* because during the year some persons live in multiple counties and some qualify for benefits under different categories.

**Parents and Other Caretaker Relatives (POCR)** (formerly known as MLIF - Medicaid for Low Income Families) - a relative of a dependent child under age 19 who assumes primary responsibility for the child's care and is related to the child by blood, marriage, or adoption.

The following four categories are included in the POCR category:

- Refugee Medical Assistance (RMA) - Time limited medical assistance benefits are provided to refugees determined eligible through the refugee resettlement program who are not otherwise eligible for any Medicaid program.
- Foster /Adoptive Child – Federal - Foster children and children receiving adoption subsidies who meet federal requirements for title IV-E eligibility are automatically eligible for Medicaid.
- Foster /Adoptive Child – State - Children in foster care or state adoptive placements who do not meet title IV-E requirements for federal foster care payments but meet income levels and have special circumstances.
- Former Foster Care Children – Children who are between the ages of 18-25 who aged out of Title IV-E or non-Title IV-E foster care and previously received Medicaid while in Alabama foster care.
- Newborns of Supplemental Security Income (SSI) mothers - Children under 1 year of age who are born to mothers certified for Medicaid through SSI who are eligible for Medicaid up to the child's first birthday.

**Aged** - Individuals who are age 65 or older and meet income and asset (resource) requirements. Aged recipients fall into one of three general categories: 1) Institutional care recipients in nursing homes, hospitals and ICF-IID facilities; 2) Elderly or disabled people who live in the community and receive services through a Medicaid Home and Community-Based Waiver program; or 3) People who no longer receive SSI payments but have their Medicaid benefits protected under certain laws.

**Disabled (by Social Security standards)** – Individuals who have been certified as disabled by the Social Security Administration or the Alabama Medicaid Agency. Recipients must also meet income and asset (resource) requirements. Disabled recipients fall into one of three general categories: 1) Institutional care recipients in nursing homes, hospitals and ICF-IID facilities; 2) Disabled people who live in the community and receive services through a Medicaid Home and Community-Based Waiver program; or 3) People who no longer receive Supplemental Security Income (SSI) payments but have their Medicaid benefits protected under certain laws.

**Pregnant Women and Children Program** – (formerly known as SOBRA) Medicaid's largest eligibility group includes pregnant women and children under age 19 whose family income is 146 percent of the FPL (Federal Poverty Level) or less. Pregnant women and children receive full coverage.

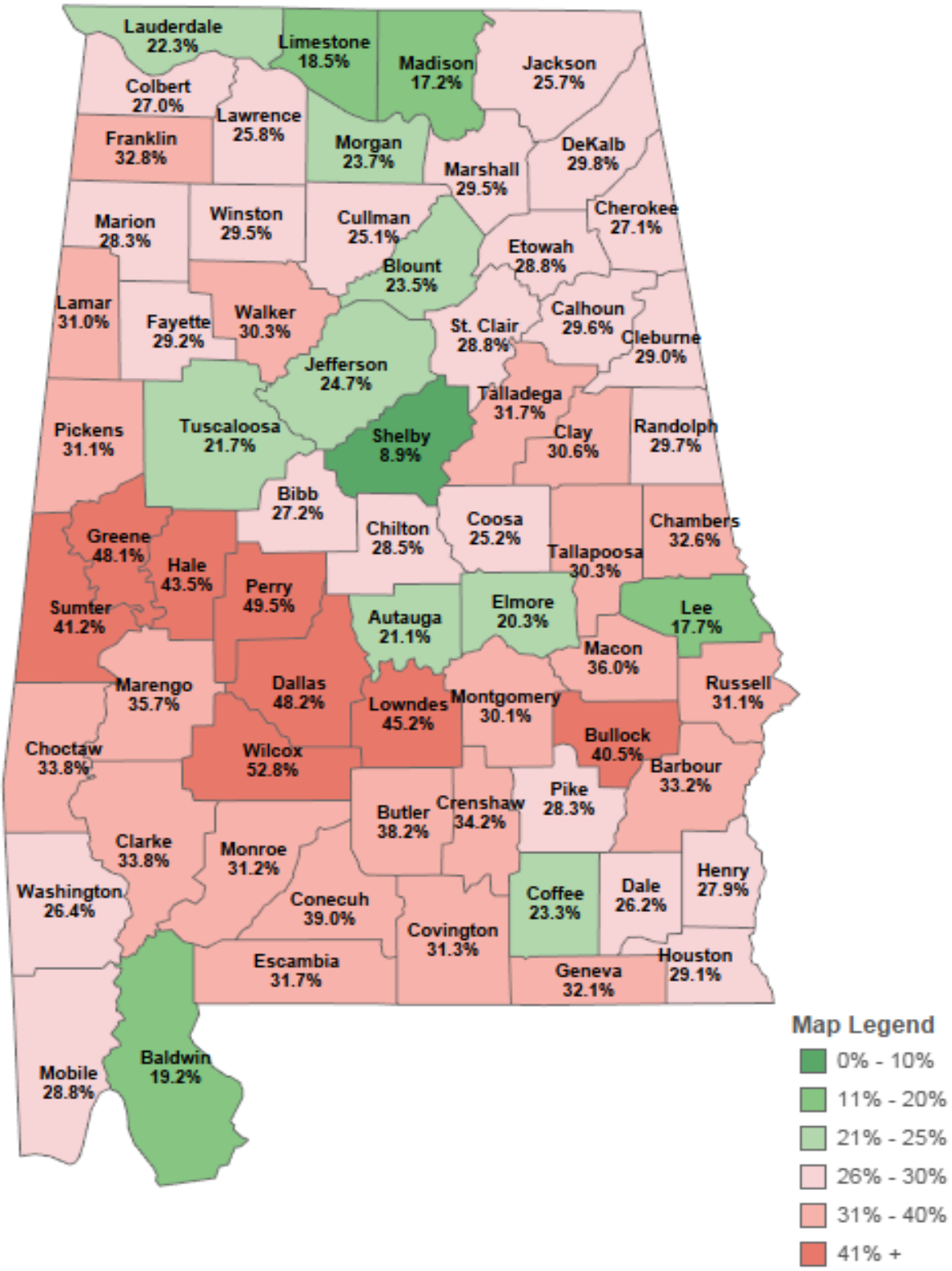
**Plan First Program** – Women age 19 through 55 years and men age 21 and over whose income is below 146 percent of the Federal Poverty Level qualify for family planning services only from Medicaid.

**Qualified Medicare Beneficiary (QMB) only** – Medicare beneficiaries whose income is at or below 100 percent of the Federal Poverty Level. No asset test is required. Coverage is limited to payment of Medicare monthly Part B premiums, plus Medicare deductibles, coinsurance and co-payments.

**Blind** – Blind individuals who receive SSI assistance.

**Specified Low Income Medicare Beneficiary (SLMB) only and QI-1** – Limited coverage programs that pay for the Medicare Part B premium only. To participate in either program, applicants must have Medicare Part A coverage. No asset test is required. SLMB recipients must have incomes of more than 100 percent and less than 120 percent of the Federal Poverty Level. QI-1 recipients must have income between 120-135 percent of the Federal Poverty Level.

# FY 2014
# Percent of Annual Eligibles[1] by County




1. Annual Eligibles: An unduplicated count of individuals who qualified for full or partial Medicaid coverage and were enrolled in Medicaid for at least one month of the fiscal year.

# FY 2014
# County Impact
# Average Annual Benefit Payments[1] Per Average Annual Eligible[2] by County

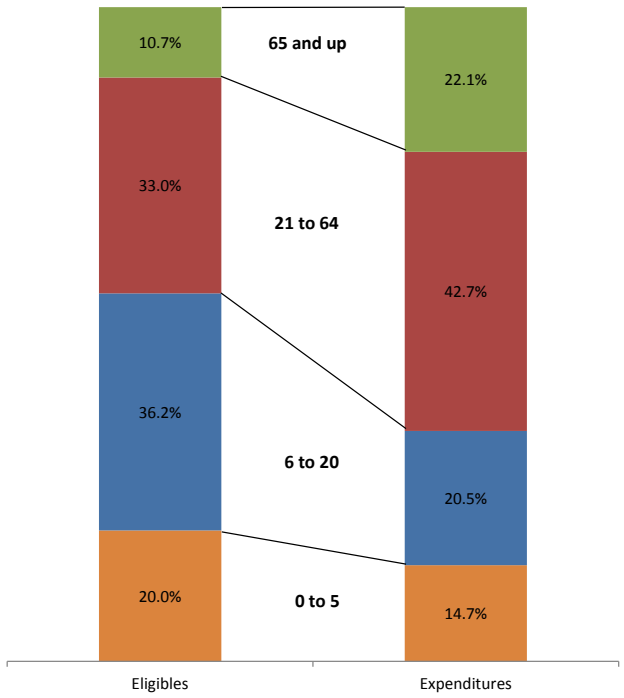
| County | Benefit Payments | Monthly Avg. Eligibles | Avg. Payment Per Eligible | County | Benefit Payments | Monthly Avg. Eligibles | Avg. Payment Per Eligible |
|---|---|---|---|---|---|---|---|
| Autauga | $43,071,660 | 9,027 | $4,771 | Houston | $123,979,387 | 24,851 | $4,989 |
| Baldwin | $130,853,857 | 29,708 | $4,405 | Jackson | $57,842,853 | 10,728 | $5,392 |
| Barbour | $37,643,166 | 7,458 | $5,047 | Jefferson | $782,969,144 | 134,109 | $5,838 |
| Bibb | $25,004,100 | 5,057 | $4,944 | Lamar | $22,476,409 | 3,650 | $6,158 |
| Blount | $51,267,647 | 10,813 | $4,741 | Lauderdale | $82,598,543 | 16,726 | $4,938 |
| Bullock | $20,678,751 | 3,778 | $5,473 | Lawrence | $30,832,381 | 6,991 | $4,410 |
| Butler | $30,262,160 | 6,519 | $4,642 | Lee | $86,889,360 | 21,775 | $3,990 |
| Calhoun | $134,507,674 | 28,344 | $4,746 | Limestone | $58,719,711 | 13,419 | $4,376 |
| Chambers | $43,610,560 | 9,100 | $4,792 | Lowndes | $17,812,013 | 4,087 | $4,358 |
| Cherokee | $28,398,797 | 5,652 | $5,025 | Macon | $27,846,051 | 5,859 | $4,753 |
| Chilton | $44,909,107 | 10,160 | $4,420 | Madison | $216,470,797 | 47,707 | $4,538 |
| Choctaw | $16,426,288 | 3,768 | $4,359 | Marengo | $32,075,654 | 6,163 | $5,205 |
| Clarke | $35,465,691 | 7,130 | $4,974 | Marion | $37,856,983 | 6,994 | $5,413 |
| Clay | $17,679,352 | 3,369 | $5,248 | Marshall | $103,859,512 | 22,643 | $4,587 |
| Cleburne | $15,742,349 | 3,513 | $4,481 | Mobile | $521,417,867 | 98,994 | $5,267 |
| Coffee | $46,516,801 | 9,473 | $4,910 | Monroe | $28,494,883 | 5,668 | $5,027 |
| Colbert | $55,847,110 | 11,853 | $4,712 | Montgomery | $257,784,665 | 57,239 | $4,504 |
| Conecuh | $18,531,906 | 4,160 | $4,455 | Morgan | $124,637,144 | 22,964 | $5,428 |
| Coosa | $11,244,262 | 2,196 | $5,120 | Perry | $18,298,064 | 4,215 | $4,341 |
| Covington | $50,504,064 | 9,698 | $5,208 | Pickens | $27,698,215 | 5,357 | $5,170 |
| Crenshaw | $20,819,714 | 3,950 | $5,271 | Pike | $39,710,715 | 7,893 | $5,031 |
| Cullman | $89,305,041 | 16,451 | $5,429 | Randolph | $27,653,513 | 5,517 | $5,012 |
| Dale | $51,653,520 | 10,431 | $4,952 | Russell | $56,279,521 | 14,658 | $3,840 |
| Dallas | $80,328,458 | 17,648 | $4,552 | St. Clair | $70,635,098 | 14,718 | $4,799 |
| DeKalb | $83,107,393 | 17,402 | $4,776 | Shelby | $77,970,021 | 19,320 | $4,036 |
| Elmore | $68,987,189 | 12,915 | $5,342 | Sumter | $18,309,625 | 4,527 | $4,045 |
| Escambia | $42,105,970 | 9,962 | $4,227 | Talladega | $110,026,183 | 21,565 | $5,102 |
| Etowah | $141,390,425 | 24,300 | $5,819 | Tallapoosa | $53,995,081 | 10,146 | $5,322 |
| Fayette | $23,424,941 | 4,110 | $5,699 | Tuscaloosa | $199,964,716 | 36,200 | $5,524 |
| Franklin | $39,810,114 | 8,439 | $4,717 | Walker | $93,007,880 | 16,406 | $5,669 |
| Geneva | $34,267,582 | 7,049 | $4,861 | Washington | $19,057,748 | 3,594 | $5,303 |
| Greene | $15,564,475 | 3,435 | $4,531 | Wilcox | $21,191,994 | 5,132 | $4,129 |
| Hale | $24,719,246 | 5,625 | $4,395 | Winston | $31,923,404 | 5,762 | $5,540 |
| Henry | $24,314,303 | 3,905 | $6,226 | Youth Services | $1,728,698 | 150 | $11,525 |
| | | | | Statewide | $5,079,977,508 | 1,012,125 | $5,019 |

1. Benefit payments for medical care in FY 2014 exclude administrative expenses of the Medicaid Agency, school-based services administration, expenses of the Health Information Exchange, Disproportionate Share Hospital payments and certified public expenditure adjustments.

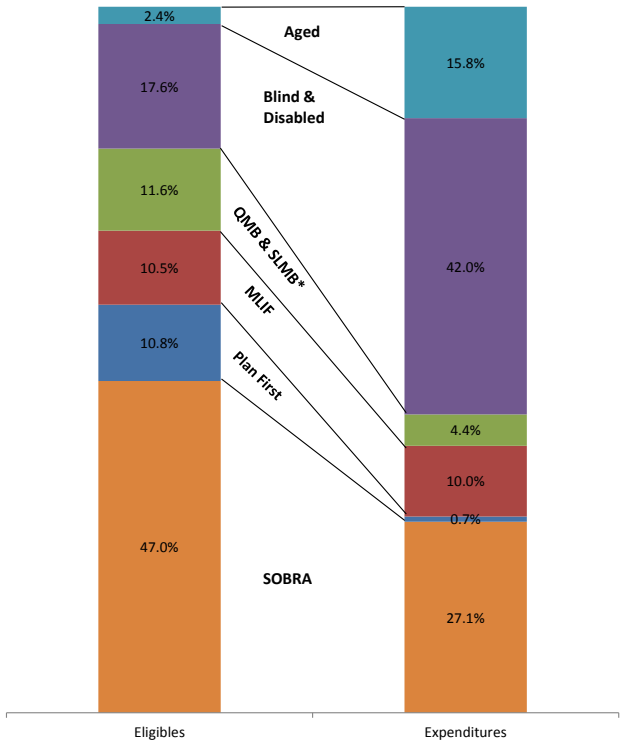
2. The annual average of monthly eligibles.

# FY 2014
# Average Annual Eligibles and Medical Expenditures[1]

## FY 2014 Percent Distribution By Age




## FY 2014 Percent Distribution By Category of Aid




1. Total expenditures for medical services and support in FY 2014 were $5,079,977,508. Total expenditures exclude the Medicaid Agency administrative expense, school-based services administration, expenses of the Health Information Exchange, and Disproportionate Share Hospital payments and includes encumbrances and payables at the end of the fiscal year. The average of monthly eligibles was 1,012,125. Medical care costs not associated with a specific recipient, such as enhancement payments to hospitals, were allocated to recipients based on their related direct expenses incurred by hospitals.

* QMB & SLMB - 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 2014

# Managed Care

Medicaid uses a variety of managed care programs to ensure improved health outcomes through coordinated care. The Agency's Patient 1st program operates a Primary Care Case Management program while routine and high-risk maternity care services are available to pregnant women through regional care systems. The PACE program provides an alternative to nursing home care for qualified individuals age 55 or older in Mobile and Baldwin counties.

## Patient 1st

Based on the medical home concept, the Patient 1st program links the Medicaid recipient with a physician or clinic that serves as the primary care provider to encourage a strong doctor/patient relationship. 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.

Health Homes in four Primary Care Networks provide enhanced care coordination for recipients with specific medical conditions.

Each month in Fiscal Year 2014, an average of 589,508 Alabamians were enrolled in the Patient 1st program, including 487,791 children under age 21.

## Maternity Care

The Maternity Care Program is designed to ensure that every pregnant woman has access to medical care, with the goal of lowering Alabama's infant mortality rate and improving maternal and infant health.

Services for Medicaid-eligible pregnant women include prenatal care and delivery services, care coordination, home visits to help improve the infant's health outcome, outreach services, and educational programs including family planning.

In FY 2014, Medicaid paid for more than half of all deliveries in the State of Alabama.

## PACE

The PACE Program (Program of All-Inclusive Care for the Elderly) provides community-based care and services to elderly and disabled adults who would otherwise need nursing home care. The program offers participants comprehensive medical and social services in an adult day health center that is supplemented by in-home and referral services as needed.

# FY 2014

# Programs and Services

In FY 2014, nearly 1 million Medicaid recipients received at least one medical service, ranging from hospital care and doctor visits to medication, transportation or medical equipment. Medicaid covered services are furnished in a variety of locations such as hospitals, private physician offices, drug stores and federal clinics, among others.

## 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 also include dental, 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.

Medicaid's Well Child Check-Up program, or EPSDT, offers preventive health services to Medicaid-eligible children under 21 years of age, except those who receive pregnancy-related or family planning services only.

Medicaid offers Family Planning services that are designed to help Medicaid-eligible men and women prevent or delay pregnancy. Females of child-bearing age (ages 8 through 55) and males of any age who may be sexually active and meet the criteria for Medicaid eligibility may receive family planning services. Family Planning expenditures for Fiscal Year 2014 totaled $35,271,789. A total of 70,958 recipients received Plan First progam services.

## Clinical Services and Support

Clinical Services and Support Division includes Medicaid's Pharmacy Services and Durable Medical Equipment (DME) Unit. Pharmacy Services takes advantage of several electronic systems and tools to aid providers in complying with Medicaid's Preferred Drug List, brand limit requirements and prior authorization and override programs.

Pharmacy Services relies on the Pharmacy and Therapeutics 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.

The Agency's Drug Rebate Program is responsible for invoicing, collecting and processing federal and supplemental drug rebates due from and paid by drug manufacturers.

The Durable Medical Equipment Unit coordinates between providers and recipients in the delivery of supplies and appliances that are medically necessary and suitable for use in the home. These include prosthetics, orthotics and pedorthics for eligible recipients ages 21- 65 in non-institutional and institutional settings.

## Transportation Program

Medicaid covers two types of transportation to and from medical facilities for eligible recipients: ambulance transportation for emergency and non-emergency situations and non-emergency transportation coordinated by the Agency's Non-Emergency Transportation (NET) Program that helps recipients pay for rides to dental and doctor offices, hospitals and other medical facilities. A total of over 673,000 trips were paid for by Medicaid in Fiscal Year 2014.

### FY 2010 - FY 2014
### Lab and X-ray Program
### Cost and Utilization

| Year | Payments | Recipients[1] | Cost per Recipient |
|---|---|---|---|
| **FY 2010** | $80,069,652 | 499,899 | $160 |
| **FY 2011** | $81,950,413 | 511,208 | $160 |
| **FY 2012** | $81,270,711 | 508,195 | $160 |
| **FY 2013** | $84,968,624 | 515,575 | $165 |
| **FY 2014** | $85,744,753 | 523,784 | $164 |

1. Recipient count is an unduplicated count of individuals who received at least one Lab or X-ray program service.

## FY 2010 - FY 2014
## Optometry Services
## Cost and Utilization

| Year | Payments | Recipients[1] | Cost per Recipient |
|---|---|---|---|
| **FY 2010** | $13,413,138 | 148,326 | $90 |
| **FY 2011** | $13,660,579 | 153,130 | $89 |
| **FY 2012** | $13,686,938 | 158,429 | $86 |
| **FY 2013** | $13,772,693 | 153,098 | $90 |
| **FY 2014** | $13,722,166 | 154,230 | $89 |

## FY 2010 - FY 2014
## Eyeglasses Only
## Cost and Utilization

| Year | Payments | Recipients[1] | Cost per Recipient |
|---|---|---|---|
| **FY 2010** | $4,751,566 | 113,301 | $42 |
| **FY 2011** | $4,641,623 | 116,310 | $40 |
| **FY 2012** | $3,338,044 | 114,565 | $29 |
| **FY 2013** | $3,093,988 | 106,531 | $29 |
| **FY 2014** | $3,209,895 | 110,331 | $29 |

[1.] Recipient count is an unduplicated count of individuals who received at least one eyeglass or optometry program service.

# FY 2010 - FY 2014
# Physician Program
# Cost and Utilization by Age Category

| Benefit Payments[1] | | | | | |
|---|---|---|---|---|---|
| **Age** | **FY 2010** | **FY 2011** | **FY 2012** | **FY 2013** | **FY 2014** |
| **0 to 5** | $96,418,238 | $96,381,582 | $96,412,806 | $108,122,608 | $121,076,564 |
| **6 to 20** | $62,050,018 | $64,208,357 | $64,622,217 | $71,467,515 | $79,367,134 |
| **21 to 64** | $132,731,684 | $134,216,535 | $137,548,448 | $141,815,081 | $152,540,801 |
| **65 and up** | $10,343,938 | $7,180,788 | $8,013,766 | $10,035,342 | $12,218,842 |
| **All Ages** | $301,543,879 | $301,987,262 | $306,597,238 | $331,440,546 | $365,203,340 |

| Recipients[2] | | | | | |
|---|---|---|---|---|---|
| **Age** | **FY 2010** | **FY 2011** | **FY 2012** | **FY 2013** | **FY 2014** |
| **0 to 5** | 194,681 | 197,630 | 196,250 | 196,967 | 203,836 |
| **6 to 20** | 212,226 | 221,107 | 224,793 | 233,427 | 243,850 |
| **21 to 64** | 167,357 | 174,968 | 178,613 | 179,951 | 186,684 |
| **65 and up** | 61,524 | 59,729 | 57,555 | 55,612 | 55,588 |
| **All Ages** | 623,569 | 641,790 | 645,263 | 653,170 | 674,417 |

| Cost Per Recipient | | | | | |
|---|---|---|---|---|---|
| **Age** | **FY 2010** | **FY 2011** | **FY 2012** | **FY 2013** | **FY 2014** |
| **0 to 5** | $495 | $488 | $491 | $549 | $594 |
| **6 to 20** | $292 | $290 | $287 | $306 | $325 |
| **21 to 64** | $793 | $767 | $770 | $788 | $817 |
| **65 and up** | $168 | $120 | $139 | $180 | $220 |
| **All Ages** | $484 | $471 | $475 | $507 | $542 |

1. Payment amounts exclude lump sum payments made retroactively to physicians at Paid Teaching Facilities due to changes in reimbursement policies.
2. Recipient count is an unduplicated count of individuals who received at least one physician program service.

# FY 2010 - FY 2014
# Pharmacy Program
# Expenditures

| Year | Expenditures | | | Clawback Payments As % of Pharmacy Expenditures |
|---|---|---|---|---|
| | Benefit Payments [1] | Clawback Payments [2] | Pharmacy Expenditures | |
| | | | | |
| **FY 2010** | $502,254,947 | $33,567,187 | $535,822,134 | 6.3% |
| **FY 2011** | $496,128,925 | $50,798,631 | $546,927,556 | 9.3% |
| **FY 2012** | $526,082,696 | $67,028,930 | $593,111,626 | 11.3% |
| **FY 2013** | $525,307,376 | $67,938,260 | $593,245,636 | 11.5% |
| **FY 2014** | $560,729,827 | $66,736,487 | $627,466,314 | 10.6% |

# FY 2010 - FY 2014
# Pharmacy Program
# Cost Per Member and Recipient

| Year | Pharmacy Payments | Cost Per Prescription | Per Member Per Year Cost | Cost Per Recipient |
|---|---|---|---|---|
| **FY 2010** | $502,254,947 | $60.02 | $871 | $882 |
| **FY 2011** | $496,128,925 | $57.90 | $791 | $837 |
| **FY 2012** | $526,082,696 | $60.91 | $822 | $885 |
| **FY 2013** | $525,307,376 | $60.97 | $820 | $883 |
| **FY 2014** | $560,729,827 | $79.52 | $805 | $975 |

# FY 2010 - FY 2014
# Pharmacy Program
# Member Utilization

| Year | Monthly Average Pharmacy Eligibles [3] | Number of Prescription Recipients | Recipients as % of Eligibles | Number of Prescriptions | Prescriptions Per Recipient |
|---|---|---|---|---|---|
| **FY 2010** | 576,910 | 569,769 | 99% | 8,368,091 | 14.69 |
| **FY 2011** | 627,243 | 592,688 | 94% | 8,568,094 | 14.46 |
| **FY 2012** | 640,347 | 594,296 | 93% | 8,636,945 | 14.53 |
| **FY 2013** | 640,431 | 594,665 | 93% | 8,616,219 | 14.49 |
| **FY 2014** | 696,285 | 575,194 | 83% | 7,051,269 | 12.26 |

1. Pharmacy benefit payments exclude pharmacy benefits paid for family planning and alternative care.
2. Clawback payments are the amounts states pay to the federal government as required by the Medicare Prescription Drug Improvement and Modernization Act of 2003 for Medicare Part D coverage.
3. Monthly average pharmacy eligibles is total Medicaid eligibles less Plan First eligibles and members that are eligible for Medicare benefits ("dual eligibles").

# FY 2014

# Long Term Care

A comprehensive program of long term care services 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, and hospice care, as well as care in nursing and other long term care facilities.

During FY 2014, more than 15,000 Alabama residents participated in one of seven Home and Community Based Waiver programs as an alternative to institutional care. Waiver services are available to eligible Medicaid recipients who qualify for nursing home level of care in a nursing home, hospital or other institution.

More recipients began moving back into the community since Alabama Medicaid's Gateway to Community Living initiative operating plan was approved in 2013. This initiative expanded home and community-based resources for aging or disabled recipients who prefer to receive services in their own home rather than in a nursing home. Gateway supports individuals who wish to transition from nursing homes and institutional settings to community living. Gateway uses the state's existing long-term care system as a foundation, allowing individuals currently living in institutional settings to enroll in one of seven Home and Community-based Waiver programs.

## Elderly and Disabled Waiver

This waiver allows qualified elderly and/or disabled individuals who would otherwise require care in a nursing facility to live in the community. The basic services covered are case management, homemaker services, personal care, respite care, adult day health, adult companion services and home-delivered meals.

### FY 2010 - FY 2014
### Long Term Care Program
### Intermediate Care Facility for the Intellectually Disabled
### Utilization and Cost

| Year | Payments[1] | Recipients | Average Cost Per Day | Average Cost Per Recipient |
|---|---|---|---|---|
| **FY 2010** | $34,861,353 | 223 | $462 | $156,329 |
| **FY 2011** | $32,104,030 | 202 | $496 | $158,931 |
| **FY 2012** | $10,584,848 | 123 | $553 | $86,056 |
| **FY 2013** | $1,784,376 | 39 | $190 | $45,753 |
| **FY 2014** | $1,582,024 | 28 | $182 | $56,501 |

1. The reduction in payments for FY 2012 is due to termination of a public intermediate care facility (Partlow Developmental Center) effective December 31, 2011.

## Intellectual Disabilities Waiver

Under this waiver, intellectually disabled adults and children who would otherwise qualify for care in an intermediate care facility for the intellectually disabled are able to receive services in the community.

## Technology Assisted Waiver

The Technology Assisted waiver is designed for individuals over age 21 who have had a tracheostomy or who are ventilator dependent and require skilled nursing services. This waiver allows continuation of private duty nursing services in an effort to allow qualified participants to remain at home.

## Living at Home Waiver

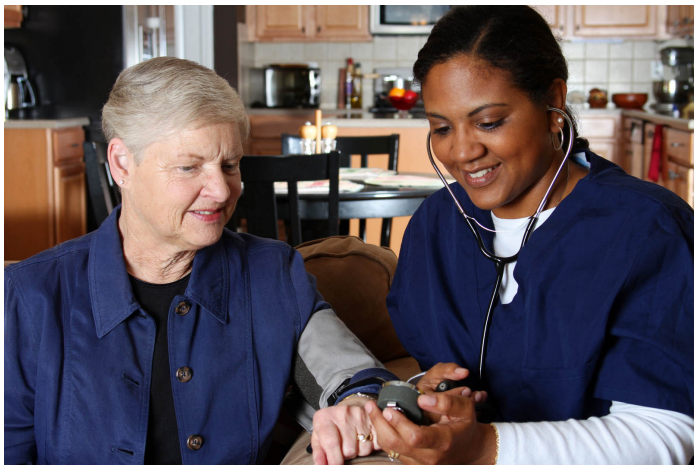
Children age 3 or older and adults who have a diagnosis of intellectual disabilities who would otherwise qualify for care in an Intermediate Care Facility for Individuals with Intellectual Disabilities receive services under this waiver.

## State of Alabama Independent Living

The State of Alabama Independent Living (SAIL) waiver serves adults age 18 or older who have specific medical diagnoses and who would otherwise qualify for care in a nursing home. The diagnoses include, but are not limited to, quadriplegia, traumatic brain injury, Amyotrophic Lateral Sclerosis, Multiple Sclerosis, Spinal Muscular Atrophy, Muscular Dystrophy, severe Cerebral Palsy, stroke and other neurological or severely debilitating diseases or rare genetic diseases.

## Alabama Community Transition Waiver

The ACT waiver serves individuals with disabilities or long term illnesses who currently live in a nursing facility and who desire to transition to the home and community setting.



## HIV/AIDS Waiver

Qualifying adults diagnosed with HIV, AIDS and/or related illnesses who would otherwise require care in a nursing facility or institution are able to receive home and community services under this waiver.

### FY 2010- FY 2014
### Long Term Care Program
### Utilization

| Year | Total Nursing Home Patients (Unduplicated) | Percent Change | Avg. Length of Stay During Year | Total Patient Days Paid for Medicaid Recipients | Percent Change | State Licensed Beds[1] | Percent Change | Medicaid Bed Days as % of State Bed Days |
|---|---|---|---|---|---|---|---|---|
| **FY 2010** | 25,421 | -2.8% | 243 | 6,178,916 | -1.9% | 26,046 | -2.7% | 65% |
| **FY 2011** | 24,882 | -2.1% | 248 | 6,025,614 | -2.5% | 25,687 | -1.4% | 64% |
| **FY 2012** | 24,330 | -2.2% | 245 | 5,963,114 | -1.0% | 26,649 | 3.7% | 61% |
| **FY 2013** | 24,599 | 1.1% | 237 | 5,840,469 | -2.1% | 26,479 | -0.6% | 60% |
| **FY 2014** | 24,248 | -0.3% | 246 | 5,971,896 | 0.1% | 26,316 | -1.2% | 62% |

1. The number of licensed nursing home beds is derived from the State Health Planning and Development Agency's (SHPDA) annual reports and the Alabama Department of Public Health's Healthcare Facilities Directory. This number represents the number of licensed nursing home beds as of June 30 of each year and includes skilled nursing facilities (SNFs), and nursing facilities for individuals with developmental delays (NFIDDs). This number excludes intermediate care facilities for the intellectually disabled, swing beds (temporary nursing home beds in hospitals), and veterans' homes.

## FY 2010 - 2014
## Long Term Care Program
## Patients, Days and Costs

| Year | Nursing Home Patient Days Paid by Medicaid | Percent Change | Claims Paid[1] By Medicaid | Percent Change | Average Medicaid Cost Per Patient Day | Percent Change | Nursing Home Tax[2] | Tax as % of Claims Paid | Cost to Medicaid Net of Tax | Average Medicaid Cost Per Patient Day Net of Tax |
|---|---|---|---|---|---|---|---|---|---|---|
| **FY 2010** | 6,179,912 | -1.9% | $874,469,195 | -0.2% | $142 | 1.7% | $49,409,534 | 5.7% | $825,059,661 | $134 |
| **FY 2011** | 6,170,511 | -0.2% | $916,393,701 | 4.8% | $149 | 5.0% | $77,904,662 | 8.5% | $838,489,039 | $136 |
| **FY 2012** | 5,963,914 | -3.3% | $918,431,563 | 0.2% | $154 | 3.7% | $106,049,403 | 11.5% | $812,382,160 | $136 |
| **FY 2013** | 5,840,977 | -2.1% | $901,558,920 | -1.8% | $154 | 0.2% | $103,250,591 | 11.5% | $798,308,329 | $137 |
| **FY 2014** | 5,972,542 | 0.1% | $932,676,388 | 1.6% | $156 | 1.4% | $102,860,996 | 11.0% | $829,815,392 | $139 |

1. Claims Data Only - Claims data excludes medical costs not associated with a specific recipient such as enhancement payments and Disproportionate Share Hospital (DSH) payments to hospitals, Certified Public Expenditures (CPEs) for indigent care, health insurance premiums for Medicare enrollees and "clawback" payments to the federal government for Medicare Part D recipients.
2. Nursing Home provider tax data provided by the Alabama Department of Revenue.

# FY 2012 - 2014
# Long Term Care Program
# Recipients and Claims Payments by Gender, Race and Age

| | Recipients | | | Claims Payments[1] | | | Annual Average Cost Per Recipient | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY 2012 | FY 2013 | FY 2014 | FY 2012 | FY 2013 | FY 2014 | FY 2012 | FY 2013 | FY 2014 |
| **By Gender** | | | | | | | | | |
| Female | 17,129 | 17,171 | 16,831 | $653,054,687 | $635,965,462 | $652,681,285 | $38,126 | $37,037 | $38,779 |
| Male | 7,201 | 7,428 | 7,417 | $265,376,876 | $265,593,458 | $279,995,103 | $36,853 | $35,756 | $37,750 |
| **By Race** | | | | | | | | | |
| African Am. | 7,247 | 7,375 | 7,270 | $283,113,949 | $282,420,560 | $294,760,053 | $39,066 | $38,294 | $40,545 |
| Am. Indian | 11 | 16 | 19 | $420,567 | $525,296 | $619,412 | $38,233 | $32,831 | $32,601 |
| Asian | 56 | 67 | 71 | $2,385,170 | $2,478,394 | $2,929,869 | $42,592 | $36,991 | $41,266 |
| Hispanic | 53 | 75 | 71 | $2,334,787 | $2,839,399 | $3,068,221 | $44,053 | $37,859 | $43,214 |
| Other | 18 | 19 | 20 | $747,174 | $803,919 | $758,036 | $41,510 | $42,312 | $37,902 |
| Unknown | 420 | 438 | 470 | $11,632,251 | $12,529,583 | $15,016,242 | $27,696 | $28,606 | $31,949 |
| White | 16,525 | 16,609 | 16,327 | $617,797,666 | $599,961,769 | $615,524,555 | $37,386 | $36,123 | $37,700 |
| **By Age** | | | | | | | | | |
| 0-5 | 20 | 21 | 12 | $1,191,743 | $1,149,847 | $657,147 | $59,587 | $54,755 | $54,762 |
| 6-20 | 106 | 100 | 92 | $6,585,670 | $6,524,349 | $6,128,217 | $62,129 | $65,243 | $66,611 |
| 21-64 | 4,866 | 5,287 | 4,912 | $186,718,902 | $195,590,626 | $192,195,283 | $38,372 | $36,995 | $39,128 |
| 65-74 | 4,466 | 4,581 | 4,574 | $166,277,845 | $168,607,267 | $175,723,880 | $37,232 | $36,806 | $38,418 |
| 75-84 | 7,057 | 6,912 | 6,481 | $259,538,457 | $257,946,394 | $247,877,803 | $36,777 | $37,319 | $38,247 |
| 85 & Over | 7,815 | 7,698 | 8,177 | $298,118,947 | $271,740,437 | $310,094,057 | $38,147 | $35,300 | $37,923 |
| **Statewide** | 24,330 | 24,599 | 24,248 | $918,431,563 | $901,558,920 | $932,676,388 | $37,749 | $36,650 | $38,464 |

1. Claims Data Only - Claims data excludes medical costs not associated with a specific recipient such as enhancement payments and Disproportionate Share Hospital (DSH) payments to hospitals, Certified Public Expenditures (CPEs) for indigent care, health insurance premiums for Medicare enrollees and "clawback" payments to the federal government for Medicare Part D recipients.

# FY 2014

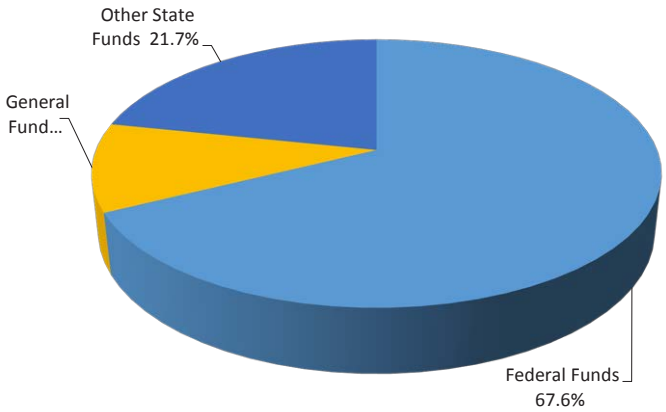
# Fiscal

In Fiscal Year 2014, approximately 97 cents of every Medicaid dollar went directly to providing care and services to recipients. Medicaid paid $5,561,360,297 for health care services provided to Alabama citizens. Another $149,417,813 was spent administering the Medicaid program. The agency's Federal Medical Assistance Percentage (FMAP) matching rate was 68.12 percent.

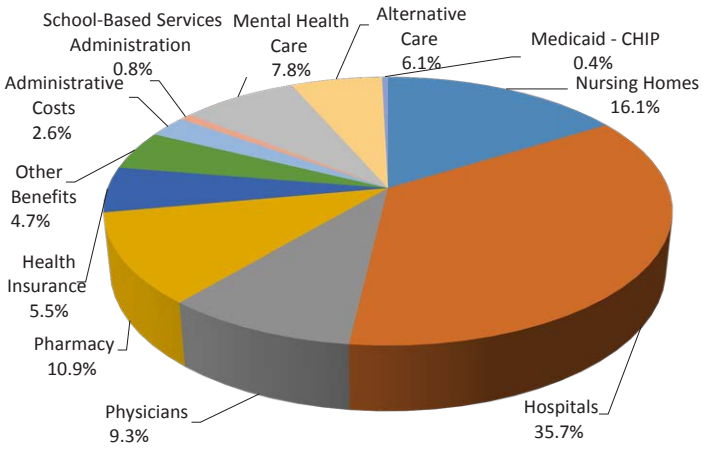
## FY 2014
## Medicaid Budget
## Composition and Disbursement

**State Funds**
**32.4%**

**Administrative Costs**
**3%**




**Federal Funds**
**67.6 %**




**Benefit Payments**
**77 %**

## FY 2010 - FY 2014
## Expenditures by Type of Service (total Federal and State dollars)[1]

| Service | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|---|---|
| Nursing Facilities | $872,633,303 | $898,684,381 | $932,613,072 | $899,428,257 | $929,139,998 |
| Hospital Care | 1,258,686,324 | 1,149,906,070 | 1,398,531,841 | 1,354,835,782 | 1,573,467,865 |
| Hospital Care CPE[2] | 85,991,013 | 83,365,628 | 189,752,920 | 213,162,048 | |
| Physicians | 393,671,379 | 394,295,050 | 397,504,473 | 426,992,044 | 537,851,048 |
| Pharmacy | 535,822,134 | 546,927,556 | 593,111,626 | 593,245,636 | 627,466,314 |
| Health Support | 241,118,981 | 206,590,686 | 215,512,000 | 214,165,029 | 212,761,945 |
| Alternative Care | 384,075,482 | 396,450,006 | 395,014,560 | 376,600,493 | 352,131,320 |
| Mental Health Facilities | 34,859,102 | 32,663,368 | 10,626,732 | 1,794,348 | 1,830,948 |
| Mental Health Waivers | 275,738,103 | 285,804,858 | 287,322,840 | 304,528,666 | 318,973,130 |
| Mental Health Other | 123,205,822 | 126,149,169 | 132,413,000 | 123,496,077 | 127,956,081 |
| Medicaid - CHIP | | | | | 22,804,953 |
| Health Insurance | 266,472,795 | 303,737,351 | 296,483,036 | 304,686,039 | 315,446,895 |
| Family Planning | 53,755,687 | 62,825,818 | 64,265,900 | 61,306,375 | 60,147,011 |
| **Total Medicaid Medical Benefits** | $4,526,030,125 | $4,487,399,941 | $4,913,152,000 | $4,874,240,794 | $5,079,977,508 |
| Disproportionate Share/Hospitals[3] | 607,964,023 | 524,839,766 | 461,923,211 | 478,418,802 | 481,382,789 |
| **Total Medical Benefits** | $5,133,994,148 | $5,012,239,707 | $5,375,075,211 | $5,352,659,596 | $5,561,360,297 |
| General Administrative Costs | $134,966,896 | $126,893,693 | $146,345,301 | $148,755,326 | $149,417,813 |
| School-Based Admin. Costs | 40,443,057 | 69,098,883 | 45,329,475 | 44,373,774 | 44,264,248 |
| **Total Medicaid Expenditures** | $5,309,404,101 | $5,208,232,283 | $5,566,749,987 | $5,545,788,697 | $5,755,042,358 |
| Health Information Exchange | | $32,398,855 | $60,209,095 | $40,224,122 | $28,088,044 |
| **Agency Total Expenditures** | $5,309,404,101 | $5,240,631,138 | $5,626,959,082 | $5,586,012,819 | $5,783,130,402 |

## FY 2010 - FY 2014
## Expenditures by Type of Service (as percent of total)[1]

| Service | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|---|---|
| Nursing Facilities | 16.4% | 17.3% | 16.8% | 16.2% | 16.1% |
| Hospital Care | 23.7% | 22.1% | 25.1% | 24.4% | 27.3% |
| Hospital Care CPE | 1.6% | 1.6% | 3.4% | 3.8% | 0.0% |
| Physicians | 7.4% | 7.6% | 7.1% | 7.7% | 9.3% |
| Pharmacy | 10.1% | 10.5% | 10.7% | 10.7% | 10.9% |
| Health Support | 4.5% | 4.0% | 3.9% | 3.9% | 3.7% |
| Alternative Care | 7.2% | 7.6% | 7.1% | 6.8% | 6.1% |
| Mental Health Facilities | 0.7% | 0.6% | 0.2% | 0.0% | 0.0% |
| Mental Health Waivers | 5.2% | 5.5% | 5.2% | 5.5% | 5.5% |
| Mental Health Other | 2.3% | 2.4% | 2.4% | 2.2% | 2.2% |
| Medicaid - CHIP | | | | | 0.4% |
| Health Insurance | 5.0% | 5.8% | 5.3% | 5.5% | 5.5% |
| Family Planning | 1.0% | 1.2% | 1.2% | 1.1% | 1.0% |
| **Total Medicaid Medical Benefits** | 85.2% | 86.2% | 88.3% | 87.9% | 88.3% |
| Disproportionate Share/Hospitals[3] | 11.5% | 10.1% | 8.3% | 8.6% | 8.4% |
| **Total Medical Benefits** | 96.7% | 96.2% | 96.6% | 96.5% | 96.6% |
| General Administrative Costs | 2.5% | 2.4% | 2.6% | 2.7% | 2.6% |
| School-Based Administrative Costs | 0.8% | 1.3% | 0.8% | 0.8% | 0.8% |
| **Total Medicaid Expenditures** | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

1. Data is based on the Executive Budget Office Form 1 for the Medicaid Agency and includes expenditures, purchase orders, and year-end encumbrances.
2. Hospital Care CPE - Certified Public Expenditure - The uncompensated cost of care incurred by public hospitals in serving Medicaid recipients that can be claimed as an expense and reimbursed by the Federal Government at the applicable FMAP rate.
3. Disproportionate Share Hospital (DSH) - Payments provided to hospitals for serving a disproportionately high share of Medicaid and uninsured individuals.

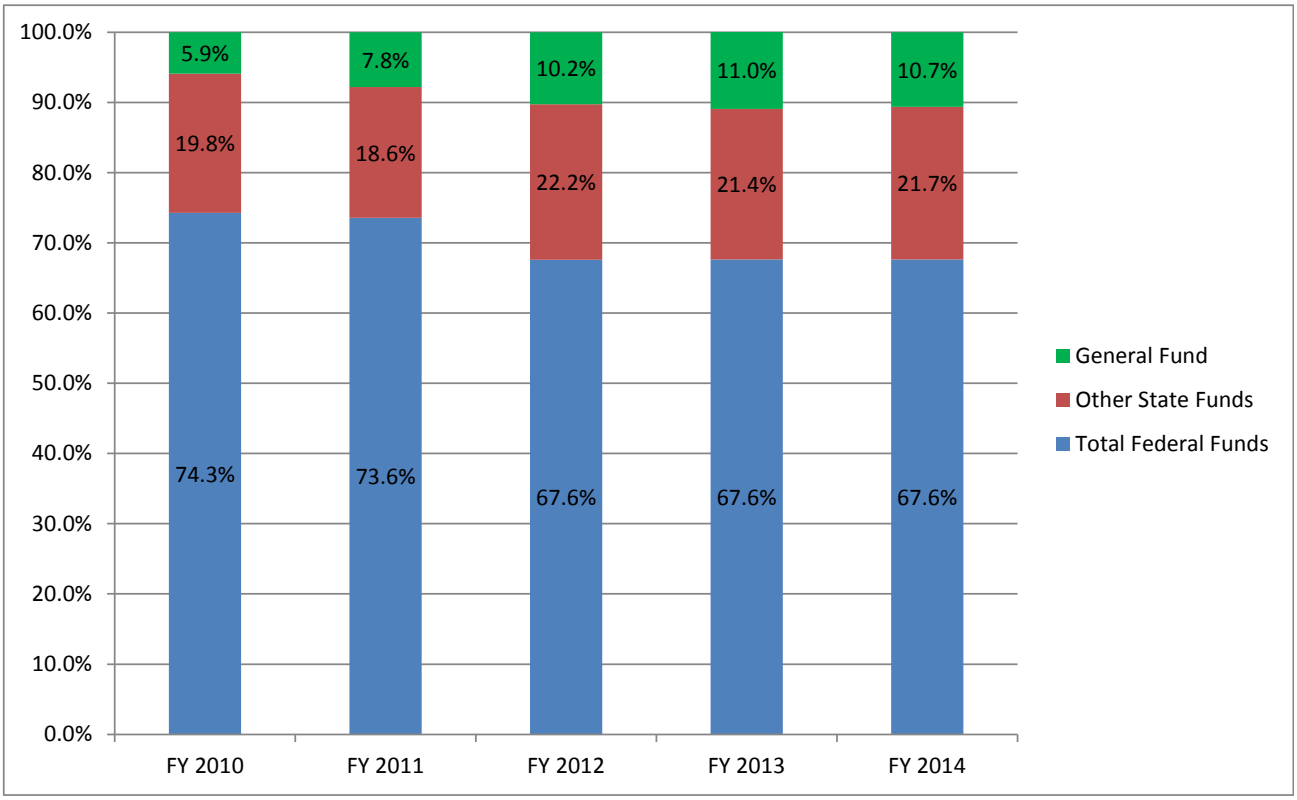
# FY 2010 - FY 2014
# State Share Funding Sources

| | | | | | | As a % of Total State Share Funding | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
| **General Fund** | | | | | | | | | | |
| Current Year Appropriation | $307,968,537 | $345,310,381 | $643,788,706 | $603,125,607 | $615,125,607 | 22.5% | 25.5% | 35.4% | 33.4% | 32.9% |
| Adjustments | $6,999,282 | $54,976,729 | -$68,370,361 | $12,000,000 | | 0.5% | 4.1% | -3.8% | 0.7% | 0.0% |
| Total General Fund | $314,967,819 | $400,287,110 | $575,418,345 | $615,125,607 | $615,125,607 | 23.0% | 29.6% | 31.6% | 34.1% | 32.9% |
| **Certified Public Expenditures** | | | | | | | | | | |
| Hospitals | $422,973,043 | $270,871,386 | $499,912,172 | $395,375,218 | $154,436,077 | 30.9% | 20.0% | 27.5% | 21.9% | 8.3% |
| Admin. Assistance & School-Based Services | $21,627,419 | $34,377,361 | $22,704,404 | $22,107,068 | $34,294,178 | 1.6% | 2.5% | 1.2% | 1.2% | 1.8% |
| Total CPEs | $444,600,462 | $305,248,747 | $522,616,576 | $417,482,286 | $188,730,255 | 32.4% | 22.6% | 28.7% | 23.1% | 10.1% |
| **Ala. Health Care Trust Fund** | | | | | | | | | | |
| Hospital Provider Tax | $211,242,108 | $215,521,701 | $226,276,852 | $241,930,276 | $261,287,050 | 15.4% | 15.9% | 12.4% | 13.4% | 14.0% |
| Nursing Home Provider Tax | $49,409,534 | $77,904,662 | $106,049,403 | $103,250,591 | $102,860,996 | 3.6% | 5.8% | 5.8% | 5.7% | 5.5% |
| Pharmacy Provider Tax | $8,629,329 | $8,938,136 | $9,262,104 | $9,217,779 | $9,159,988 | 0.6% | 0.7% | 0.5% | 0.5% | 0.5% |
| Total Ala. Health Care Trust Fund | $269,280,971 | $302,364,499 | $341,588,359 | $354,398,646 | $373,308,034 | 19.7% | 22.4% | 18.8% | 19.6% | 20.0% |
| **Intergovernmental Transfers** | | | | | | | | | | |
| State Agencies | | | | | | | | | | |
| Dept. of Mental Health | $112,279,686 | $131,619,537 | $148,104,358 | $150,391,339 | $154,853,521 | 8.2% | 9.7% | 8.1% | 8.3% | 8.3% |
| Dept. of Human Resources | $24,928,735 | $33,107,350 | $39,411,775 | $34,876,380 | $35,990,775 | 1.8% | 2.4% | 2.2% | 1.9% | 1.9% |
| Dept. of Public Health | $31,721,219 | $30,583,658 | $26,714,938 | $20,174,821 | $27,050,212 | 2.3% | 2.3% | 1.5% | 1.1% | 1.4% |
| Dept. of Senior Services | $11,360,842 | $12,497,563 | $16,623,308 | $25,029,938 | $22,334,201 | 0.8% | 0.9% | 0.9% | 1.4% | 1.2% |
| Dept. of Rehabilitation Services | $4,926,530 | $5,177,379 | $6,466,094 | $6,372,435 | $5,967,221 | 0.4% | 0.4% | 0.4% | 0.4% | 0.3% |
| Dept. of Youth Services | $3,436,914 | $3,742,082 | $5,080,662 | $6,090,951 | $5,513,677 | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| Dept. of Education | | | | | | | | | | |
| Total State Agencies | $188,653,926 | $216,727,569 | $242,401,135 | $242,935,864 | $251,709,607 | 13.8% | 16.0% | 13.3% | 13.5% | 13.5% |
| Other Governmental Bodies | $14,268,298 | $2,967,067 | $29,134,723 | $29,663,131 | $286,540,162 | 1.0% | 0.2% | 1.6% | 1.6% | 15.3% |
| Total Intergovernmental Transfers | $202,922,224 | $219,694,636 | $271,535,858 | $272,598,995 | $538,249,769 | 14.8% | 16.2% | 14.9% | 15.1% | 28.8% |
| **Other Funding Sources** | | | | | | | | | | |
| Drug Rebates | $38,828,121 | $55,833,463 | $64,963,187 | $69,522,963 | $87,310,845 | 2.8% | 4.1% | 3.6% | 3.9% | 4.7% |
| Medicaid Trust Fund - Tobacco | $36,925,675 | $29,956,125 | $30,644,931 | $30,700,104 | $30,375,487 | 2.7% | 2.2% | 1.7% | 1.7% | 1.6% |
| Other Miscellaneous Receipts | $62,838,171 | $39,197,658 | $13,281,513 | $44,780,946 | $35,289,216 | 4.6% | 2.9% | 0.7% | 2.5% | 1.9% |
| Total Other Funding Sources | $138,591,967 | $124,987,246 | $108,889,631 | $145,004,013 | $152,975,548 | 10.1% | 9.2% | 6.0% | 8.0% | 8.2% |
| Total State Funds | $1,370,363,443 | $1,352,582,238 | $1,820,048,769 | $1,804,609,547 | $1,868,389,213 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Note: Data is based on Agency's Executive Budget Office financial records and includes expenditures, purchase orders, and year-end encumbrances.

# FY 2010 - FY 2014
# Sources of Medicaid Funding

| | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|---|---|
| **Federal Funds** | | | | | |
| Match FMAP[1] | $3,540,721,118 | $3,492,130,946 | $3,734,479,126 | $3,730,138,013 | $3,876,791,070 |
| Stimulus Funds | 416,456,973 | 240,226,571 | - | - | - |
| Health Information Exchange | - | 32,163,520 | 60,114,778 | 39,247,858 | 27,754,916 |
| **Total Federal Funds** | 3,957,178,091 | 3,764,521,037 | 3,794,593,904 | 3,769,385,871 | 3,904,545,986 |
| | | | | | |
| **State Funds** | | | | | |
| General Fund | 314,967,819 | 400,287,110 | 575,418,345 | 615,125,607 | 615,125,607 |
| Other State Funds | 1,055,395,624 | 952,295,128 | 1,244,630,424 | 1,189,483,940 | 1,253,263,606 |
| **Total State Funds** | 1,370,363,443 | 1,352,582,238 | 1,820,048,769 | 1,804,609,547 | 1,868,389,213 |
| | | | | | |
| **Total Funding** | $5,327,541,534 | $5,117,103,275 | $5,614,642,673 | $5,573,995,418 | $5,772,935,199 |




1. Federal Medical Assistance Percentage (FMAP) is the share of the cost of Medicaid that the federal government bears. That share varies by state depending on a state's per capita income. The average state FMAP is 59%, but ranges from 50% in wealthier states, up to 73% in states with lower per capita incomes (an FMAP cannot be less than 50% or more than 83% by statute). FMAPs are adjusted for each state on a three-year cycle to account for fluctuations in the economy.

   Federal match rates in FY 2010 and the first quarter of FY 2011 were enhanced due to federal stimulus provisions of the American Reinvestment and Recovery Act of 2009 (ARRA). This enhanced match rate resulted in the state receiving additional federal funds during this period.

# FY 2014

# 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

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.

### Provider Review Unit

The Provider Review Unit examines medical provider billing to assure proper claim payment and recovery of identified overpayments. In Fiscal Year 2014 reviews of 53 medical providers resulted in $382,009 in identified recoupments and $570,925 in collected recoupments.

Sanctions against providers and recipients resulted in $664,011 in cost savings for the Agency. In all, 70 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 $56,440. Suspension of 371 recipients from the Medicaid program resulted in a cost savings of $607,571.

### 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 Fiscal Year 2014, the Recipient Review Unit conducted 1,511 reviews. As a result, 619 recipients were restricted or "locked-in" to one doctor and one drug store resulting in $697,489 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 (error) rate for Fiscal Year 2014 was 0.3257 percent.

## Enrollment and Sanction Unit

The Enrollment and Sanction Unit is responsible for the management and performance of all provider enrollment and reenrollment activities including those activities performed by the Fiscal Agent, and all activities related to Medicaid provider sanctions, suspect providers, and recipient sanctions.

# Third Party

During Fiscal Year 2014, the Third Party Division was successful in saving Alabama taxpayers over $909 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 2012 - FY 2014
# Collections

| | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|
| **Third Party Liability** | | | |
| 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 eligibiity errors. | $34,853,998 | $36,285,497 | $27,409,578 |
| **Program Integrity Division** | | | |
| Provider Recoupment | | | |
| Medical Provider Recoupment Collected | $2,091,548 | $1,140,059 | $570,925 |
| Pharmacy Recoupments | - | - | - |
| Recovery Audit Contractor | $727,514 | $337,299 | $1,386,151 |
| Investigations | $90,636 | $100,225 | $72,813 |
| **Pharmacy Program** | | | |
| In-House Processed Claims Corrections | $93,436 | $77,084 | $23,700 |
| **Total Collections** | $37,857,132 | $37,940,164 | $29,463,167 |

# FY 2012 - FY 2014
# Measureable Cost Avoidance

| | FY 2012 | FY 2013 | FY 2014 |
|---|---|---|---|
| **Third Party Claim Cost Avoidance Savings** | | | |
| Traditional Medicare Net Savings (includes Provider Payments/Costs Avoidance/Recoupments less premium cost of FY 2014-$264,953,694, FY2013-$260,843,578, FY2012-$258,244,762 | $709,994,047 | $666,560,140 | $687,150,232 |
| Provider Reported Collections - Health and Casualty Insurance | $51,985,828 | $54,016,740 | $60,632,235 |
| Medicare Advantage Capitated Program Net Savings | $3,153,562 | $3,528,487 | $6,386,566 |
| Claims denied and returned to providers to file health/casualty | $119,846,479 | $122,721,934 | $129,007,170 |
| Health Insurance Premium Payment Cost Avoidance | $100,286 | $615,333 | $684,059 |
| **Waiver Services Cost Avoidance** | | | |
| Elderly and Disabled Waiver* | $391,776,045 | $460,780,277 | $413,133,650 |
| State of Alabama Independent Living (SAIL) Waiver | $22,673,900 | $26,922,054 | $21,653,080 |
| Intellectual Disabilities Waiver** | $157,948,560 | $101,887,254 | $436,379,945 |
| Living at Home Waiver | $38,234,568 | $32,657,211 | $65,058,930 |
| HIV / AIDS Waiver | $6,582,309 | $5,866,443 | $4,775,558 |
| **Program Integrity Cost Avoidance** | | | |
| Pharmacy Cost Avoidance | - | - | - |
| Provider Review Cost Avoidance | $2,504,401 | $5,848,529 | $707,533 |
| Recipient Review Cost Avoidance | $351,568 | $790,668 | $697,489 |
| Investigations Cost Avoidance | $266,282 | $92,092 | $69,590 |
| Sanctioned Provider and Recipients | $2,651,360 | $921,660 | $664,011 |
| **Total Measurable Cost Avoidance** | $1,508,069,195 | $1,483,208,822 | $1,827,000,048 |

* In FY 2012/FY 2013, fundamental changes occurred as program management transitioned from Department of Public Health to Department of Senior Services.
** In FY 2012 Alabama's largest ICF/Intellectually Disabled facility closed. Therefore cost avoidance is lower.

# FY 2012 - FY 2014
# Program Integrity

| PROVIDER REVIEWS | | | |
|---|---|---|---|
| | **FY 2012** | **FY 2013** | **FY 2014** |
| **Medical Providers** | 53 | 134 | 53 |
| Medical Providers Recoupments-Identified | $3,053,958 | $2,258,152 | $382,009 |
| Medical Providers Recoupments-Collected | $2,091,548 | $1,140,059 | $570,925 |
| **Recovery Audit Contractor** | 93 | 70 | 95 |
| Recoupments - Identified | $434,293 | $496,821 | $1,977,979 |
| Recoupments - Collected | $727,514 | $337,299 | $1,386,151 |

| RECIPIENT REVIEWS | | | |
|---|---|---|---|
| | **FY 2012** | **FY 2013** | **FY 2014** |
| Reviews Conducted | 1,281 | 137 | 1,511 |
| Restricted Recipients | 938 | 925 | 619 |
| Recipient Review Cost Avoidance | $351,568 | $790,668 | $697,489 |

| INVESTIGATIONS | | | |
|---|---|---|---|
| | **FY 2012** | **FY 2013** | **FY 2014** |
| Provider & Recipient Recoupments - Identified | $581,577 | $218,199 | $155,143 |
| Provider & Recipient Recoupments - Collected | $90,636 | $100,225 | $72,813 |

| TAX INTERCEPT RECEIPTS | | | |
|---|---|---|---|
| | **FY 2012** | **FY 2013** | **FY 2014** |
| Tax Intercept Receipts | $33,189 | $37,202 | $40,502 |

FY 2014 Annual Report
October 1, 2013 - September 30, 2014
Alabama Medicaid Agency
PO Box 5624 (501 Dexter Avenue)
Montgomery, AL 36103-5624

Statistical data provided by the Alabama Medicaid Quality Analytics Division

This report can be viewed at
www.medicaid.alabama.gov/newsroom