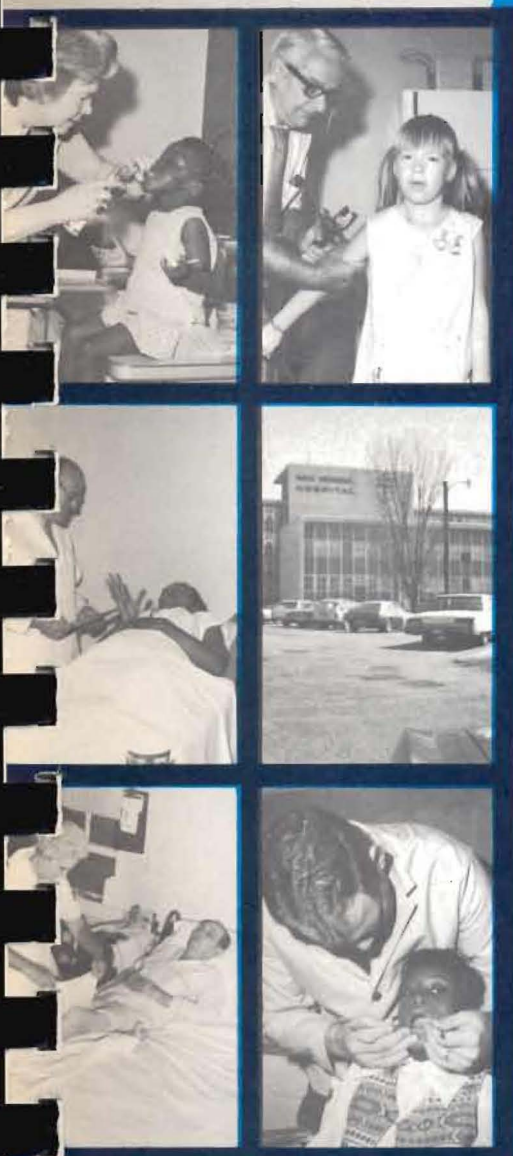


ALABAMA MEDICAID

AFY '74



MEDICAL SERVICES ADMINISTRATION
DEPARTMENT OF PUBLIC HEALTH

MEDICAID TRENDS IN ALABAMA

ALABAMA FISCAL YEAR 1974

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DEPARTMENT OF PUBLIC HEALTH
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ALABAMA MEDICAID IN 1974

Medical Services Administration (MSA) directs a program which benefits Alabamians at many socioeconomic levels. In addition to assuring that the indigent receive necessary health care, MSA provides employment for professionals in several areas of specialization and purchases goods and services from numerous vendors. Each of these in turn stimulates the economy, producing far-reaching effects. Medicaid, with one of Alabama's largest governmental budgets, already has an annual expenditure of \$115 million and anticipates this reaching \$175 million in the next two years.

Few persons are aware of the widespread benefits which the recipients, the state, and each county receive from this program. This second management report reveals the extensiveness of the Medicaid program by giving details of its activities and expenditures. For some, the following synopsis discloses some startling facts.

For every \$1 appropriated by the Alabama Legislature, approximately \$3 is added in federal funds.

Categorically needy persons who receive health care through this program are located in every county in the state.

Consequently, Medicaid expenditures are made in every county, augmenting the total income within each county.

Over 6,000 providers of health care receive income from the Medicaid Program. Just the salaried personnel of these providers number in the thousands, reducing unemployment and increasing tax income.

Medicaid is funded from the General Fund. This fund, however, is only 15% of the total state revenue.

One of every three senior citizens in Alabama is served by Medicaid.

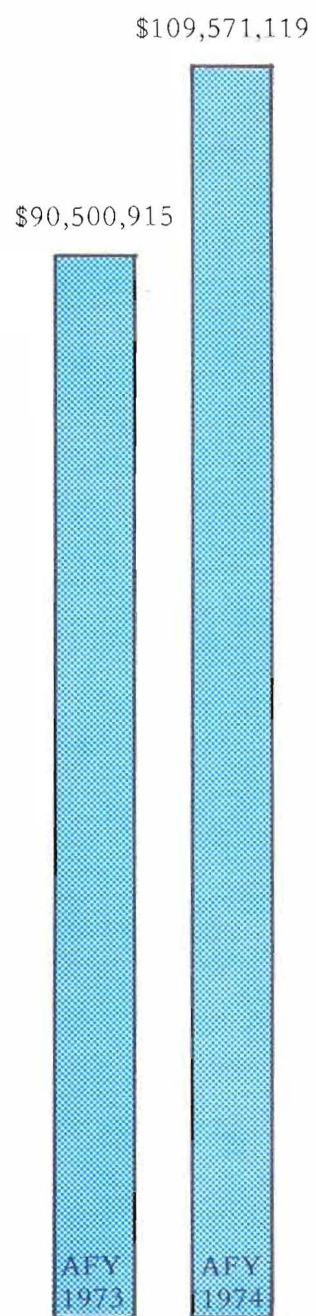
Ten percent (10%) of Alabama's population is eligible for Medicaid benefits. Without the Medicaid Program these people would be supported only by state welfare funds or would receive no medical care assistance.

Many people eligible for Medicaid have other family members who are economically unable to meet the high cost of health care. This considerably increases the percentage of Alabama's population who receives direct or indirect benefits from the Medicaid Program.

RISING COSTS IN 1974

Alabama fiscal year 1974 was a year in which rising prices and increasing demands for medical care put strains on Medicaid's budget. Specifically, Medicaid's payments for health care rose by \$19 million—21% higher than total payments in AFY '73.

Several factors interacted to force payments up. The following charts illustrate the interacting factors.

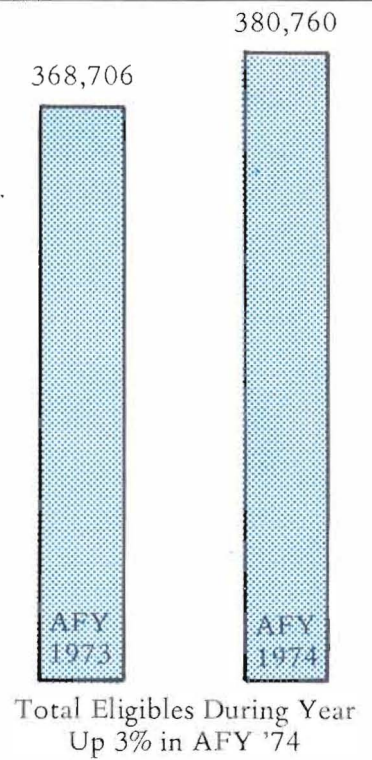


Total Payments Per Year
Up 21% in AFY '74

SEVERAL FACTORS WORKED TO BOOST EXPENDITURES

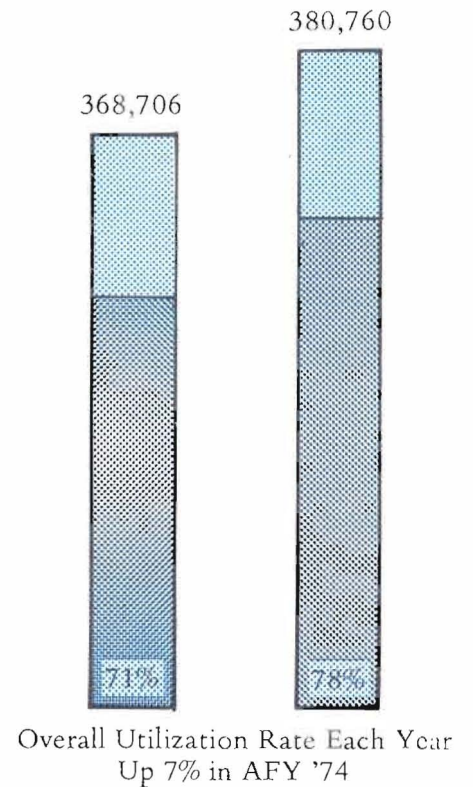
1. ELIGIBLES

The overall rise in eligibles for the year was relatively small—only 3%. Most of the rise, however, came in the disabled category.



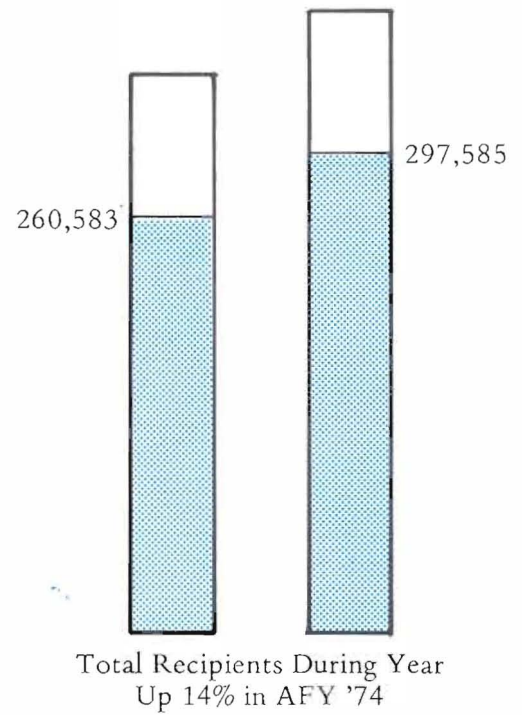
2. UTILIZATION OF ELIGIBILITY

A larger percent of the eligible people used their Medicaid benefits in '74. The overall utilization rate rose 7%.



3. RECIPIENTS

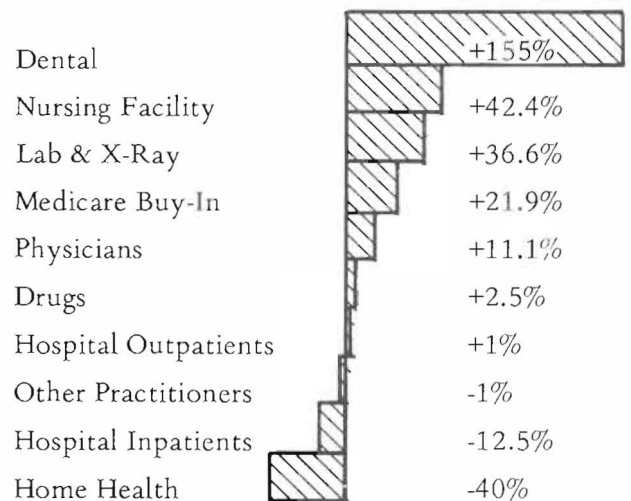
With more eligibles and a higher utilization rate, the number of recipients rose 14%.



4. CHANGES IN UTILIZATION RATES PER SERVICE

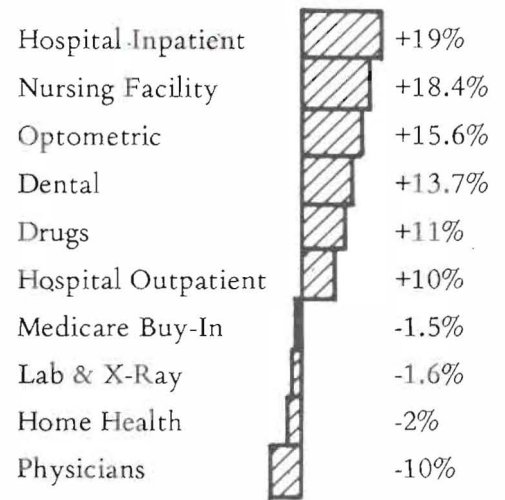
Utilization rates for most services also rose. The greatest increase in demand was for dental care with the utilization rate more than doubling. More significant, from a cost standpoint, was the 42.4% rise in the utilization rate of the aged in nursing homes.

The increasing demand for nursing home service was partially offset by a decreasing demand for hospital care.



5. ANNUAL COST PER RECIPIENT PER SERVICE

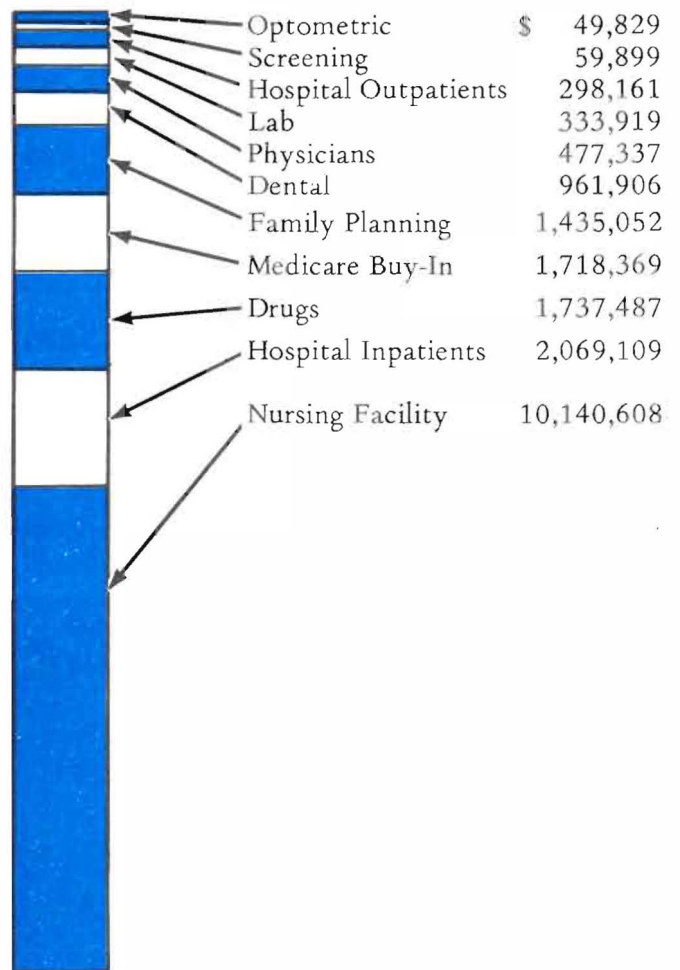
The recipient cost of most medical services rose, particularly the cost of institutional care—nursing homes and hospitals.



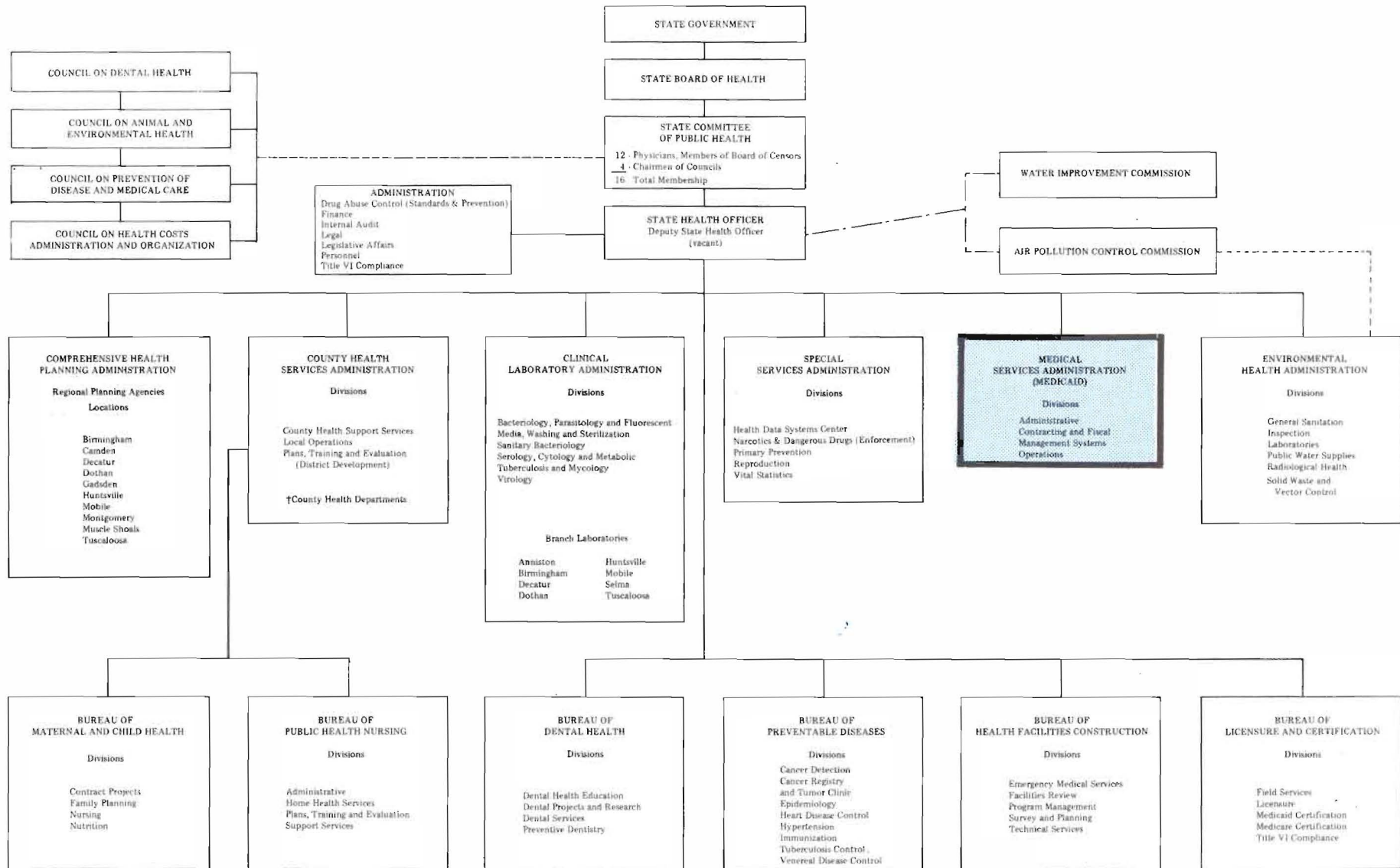
6. RESULTING INCREASES IN PAYMENTS PER SERVICE

The combined effect of more eligibles, more recipients, higher costs, and higher utilization rates was to push Medicaid's 1974 payments \$19 million higher than 1973 payments. The chart at the right shows how much of the \$19 million increase was incurred by each service.

The decline in the utilization rate for hospital care was more than offset by rising prices. Even though Medicaid paid for hospital care for fewer patients in 1974 than 1973, payments to hospitals rose by \$2 million.



ORGANIZATION OF THE ALABAMA DEPARTMENT OF PUBLIC HEALTH



Administrative Relationship —————
 Chairmanship Relationship - - - - -
 Advisory Relationship - - - - -

ADMINISTRATIVE HIGHLIGHTS OF 1974

To facilitate supervision MSA is divided into four divisions: Administrative, Management Systems, Contracting and Fiscal, and Operations. The graphic representation of this organization as well as Medicaid's relationship to the Department of Public Health is shown in Plate 1.

For AFY '74 the state's share of Medicaid's net expenditure of \$111,173,775 was \$27,729,375. The bulk of state funds was provided by an appropriation of \$24.5 million and an AFY '73 balance of \$10,829,930. Additional revenue came from imprinter rental funds, third party collections, provider overpayment recoveries, and retroactive adjustments.

In accordance with state and federal regulations for Title XIX, payment for services under Medicaid is always secondary to other third party liability. Thus, there must be adequate determination that all available benefits have been exhausted before applying Medicaid. If not, then there must be an attempt to recover due funds. In this respect, Alabama was successful in recovering \$525,199 during the year.

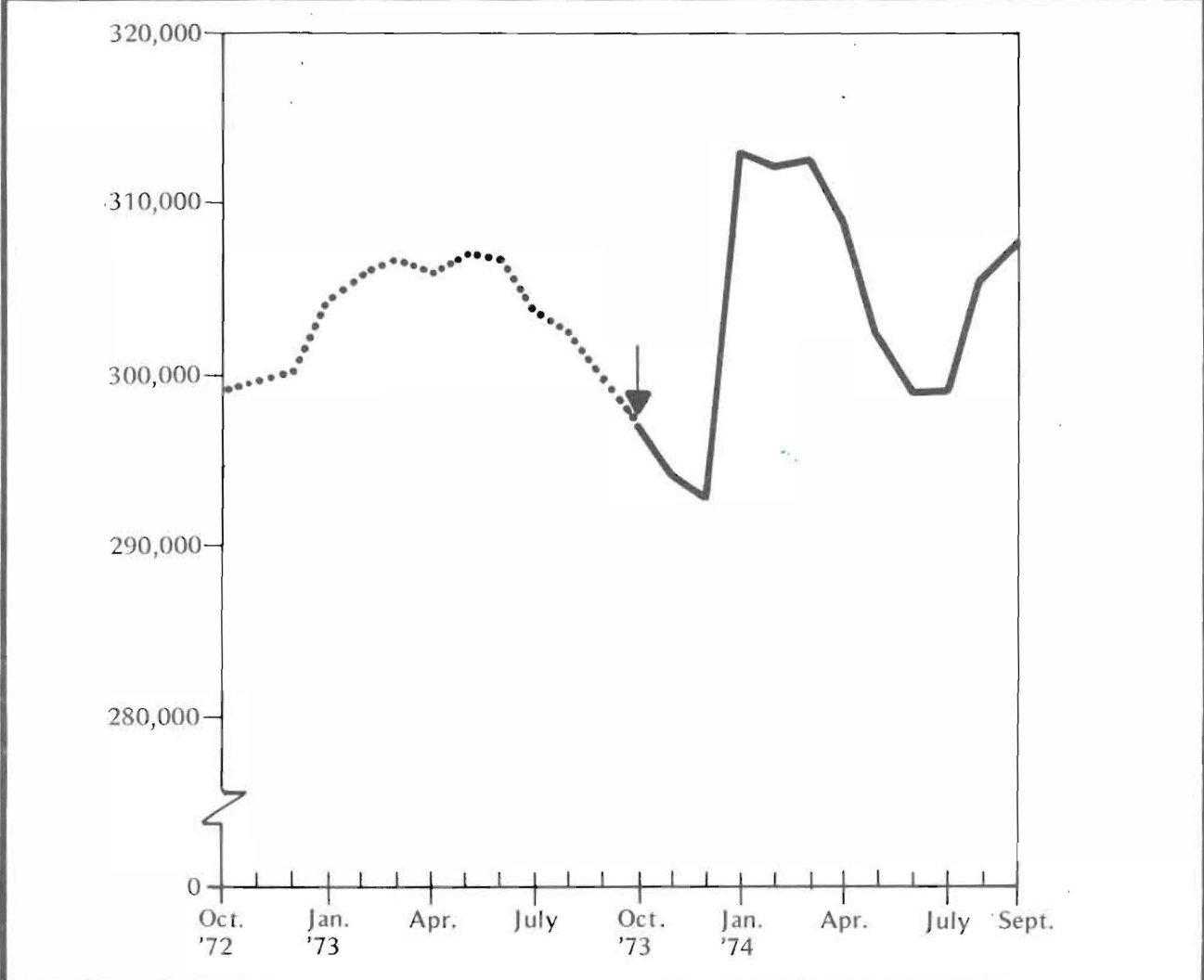
Alabama has chosen to have an outside fiscal agent process and pay Medicaid claims for the past five years. In AFY '74 Blue Cross and Blue Shield was awarded the contract to process Medicaid claims. Some aspects of the program were sub-contracted to Central Computer Services of Birmingham. Blue Cross receives, approves (or rejects) and pays all Medicaid claims for physicians, hospitals, home health care, screening, hearing aids and services, family planning, lab and x-ray, and optometric services. Central Computer Services handles Medicaid claims for drugs, both skilled and intermediate care nursing facilities, and transportation services.

The total administrative expense of MSA for AFY '74 was almost \$5 million—4.48% of net expenditure—an increase from AFY '73 of 0.29%. Fiscal agent fees (included in the 4.48%) decreased from 2.15% in AFY '73 to 2.13% in AFY '74.

Medical Services Administration employed 98 professional and supportive staff members as of September, 1974. In addition the equivalent of 32 persons with the Bureau of Licensure and Certification were used in assuring compliance with regulations.

ELIGIBLES

Number per month



•Sources: Ala. Dept. Pensions & Security (#4), ABC printouts (#13, #14)

Also MSA paid for the full-time equivalent of 13 employees with the computer division of Alabama Beverage Control. Blue Cross, as the MSA fiscal agent, had 106 staff who were responsible for Medicaid claims processing, and Central Computer Services, the sub-contractor, employed 23 who devoted their time to the Medicaid operation. Medicaid Eligibility Determination Offices (MEDO) utilized the services of 39 persons to check eligibility for the institutional patients whose incomes exceeded permissible limits. This equivalent of at least 311 who are directly involved with Medicaid administration excludes the largest group on whom Medicaid relies for assistance. MSA "piggy-backs" on the Department of Pensions

and Security for determining Medicaid eligibility of persons on the state-administered public assistance program. If its staff were included in this tabulation, Medicaid related personnel would be increased tremendously.

Throughout AFY '74 it was difficult to know which persons were eligible to receive Medicaid benefits. The average monthly count of eligibles in AFY '74 changed only slightly from AFY '73. But behind this stable average there were sharp fluctuations from month to month, as shown in Plate 2. These unusual monthly fluctuations began when responsibility for determining eligibility was divided. For several months the combined lists of eligibles

contained numerous errors of inclusion, omission, or duplication. These errors not only slowed payments but also created situations in which neither patient nor provider knew if the patient were eligible for Medicaid coverage.

In order for Medical Services Administration to guarantee uninterrupted medical care to those

eligible, it was necessary to find a way to cope with the volume of changes in records being sent to MSA by SSI and the State Pensions and Security office. Coping with the problem required the augmentation of personnel and equipment in the Division of Management Systems. The following chart will provide insight into the extent of expansion.

PLATE 3

MANAGEMENT SYSTEMS STAFFING & EQUIPMENT

	JANUARY, 1974	JANUARY, 1975
Staff	1 Information Systems Specialist II 2 Medical Claim Reviewers 1 Information Systems Specialist I 1 Stenographer II	1 Information Systems Specialist II 2 Medical Claim Reviewers 2 Clerk I's 1 Data Entry Operator II 2 Office Occupation Student Trainees 1 Systems Analyst III 1 Stenographer II
Equipment	1 IBM Video Display Terminal 2 Microfiche Readers	4 IBM Video Display Terminals 4 Microfiche Readers
ABC Computer Time & Related Cost	20% of Total ABC Operation \$9,200/mo	37% of Total ABC Operation \$27,900/mo
No. of Inquiries Using Terminals	250/day	850/day

FEDERAL PARTICIPATION IN 1974

Since 1970 Medicaid—Title XIX of the Social Security Act—has made available a broad program of medical assistance to many needy Alabama citizens. As Dr. Paul Robinson, the former director of MSA has said, “Medicaid is a mechanism for extending welfare—beyond money payments, food stamps, low-income housing, and foster care—into the health field.” Four groups of beneficiaries were eligible for Medicaid in AFY '74.

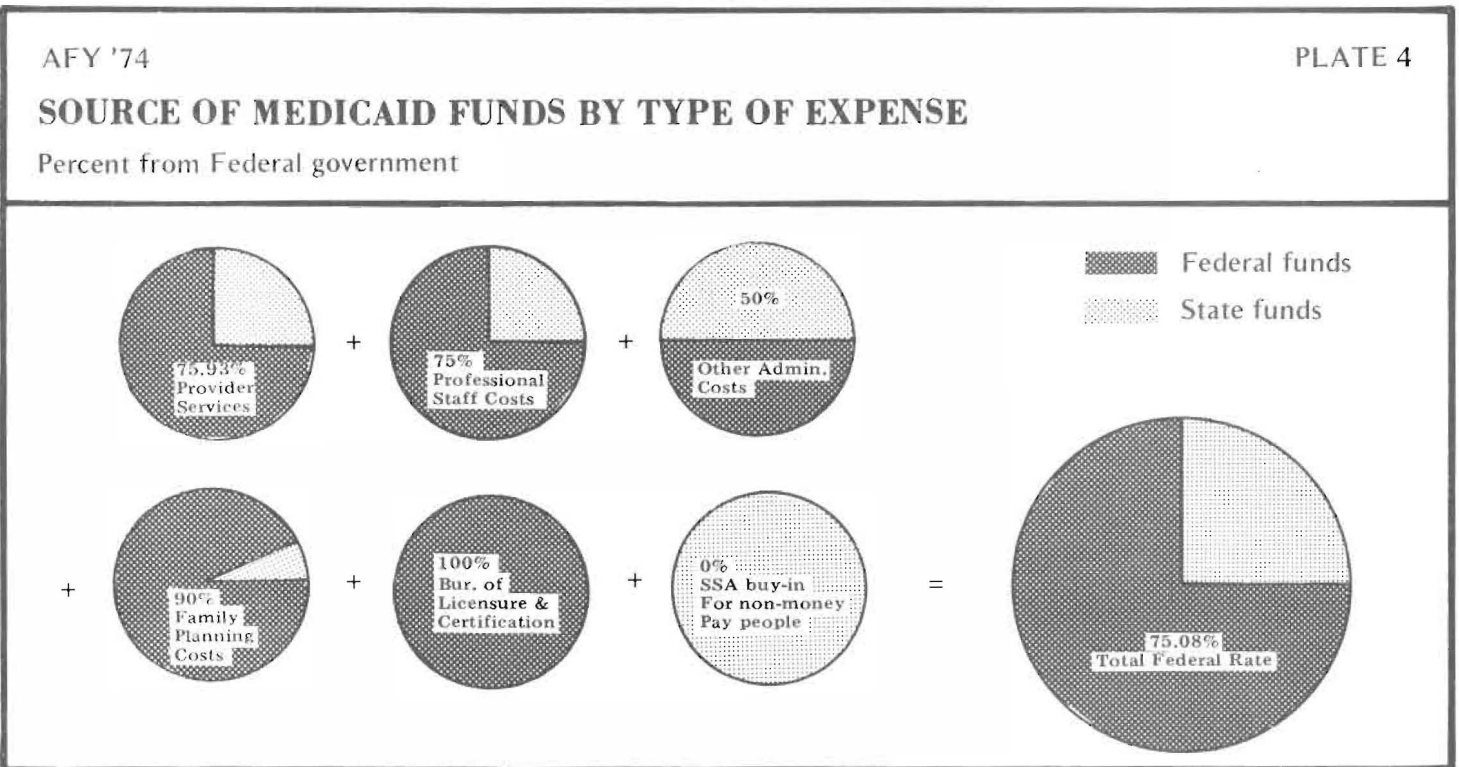
1. Old Age Assistance (OAP)
2. Aid to the Blind (AB)
3. Aid to the Permanently and Totally Disabled (APTD)
4. Aid to Families with Dependent Children (AFDC)

The enactment of federal law 92-603 gave the states the option of who determines Medicaid eligibility of the aged, the blind and the disabled. Alabama elected to let the federal government have that responsibility. Consequently determination has been made under the Supplemental Security Income Program (SSI) since January 1, 1974. The Alabama

Department of Pensions and Security continued to determine eligibility for the category of dependent children, as well as for certain other special groups. By executive order of the Governor, Medical Services Administration of the Department of Public Health provided medical assistance to those determined eligible.

During AFY '74 the federal government (HEW) supplied 75.93% of the money which Medicaid distributed to providers of health care services in Alabama. The ceiling for federal contributions for this purpose is 83%. Furthermore, HEW paid 75% of professional staff salaries, 50% of other salaries and administrative costs, 90% of the family planning program and its administrative costs, and 100% of the contract with the Bureau of Licensure and Certification. Together these five rates brought federal funds to Alabama equal to 75.08% of all state Medicaid expenditures for the fiscal year.

As this information suggests, medical care for the indigent in Alabama has been greatly improved and expanded by federal funds. The extent of the benefits derived from the cooperative effort will be evident as one studies this report further.



SERVICES--DEFINITIONS, DESCRIPTIONS, AND LIMITS

In the text of this report "eligible person" refers to one who has been certified as meeting the requirements for welfare assistance and is, therefore, eligible for Medicaid benefits. Certification is valid for one month. Each year some are eligible for only one month while others remain eligible for all year. Each eligible person is mailed a new Medicaid card monthly. This card shows the name and Medicaid number of the eligible person and entitles him to medical care, at Medicaid's expense, during the month indicated. Not all services are included in every eligibility. Dental care and help with hearing problems are restricted to those under 21 years of age.

A "recipient" is a person who has used his Medicaid card to receive at least one medical service during the year. Of the 380,760 persons to whom

Alabama sent eligibility cards in 1974, 297,585 (78%) used them to secure health care. Medicaid paid for services rendered, and thus these 297,585 became recipients.

Services available to those eligible in 1974 were:

- Physicians' services
- Hospital services, inpatient and outpatient
- Lab and X-Ray
- Drugs
- Eyeglasses and eye care
- Transportation
- Family planning
- Home health care
- Skilled and intermediate nursing facility care
- Screening, including dental services, hearing tests and aids

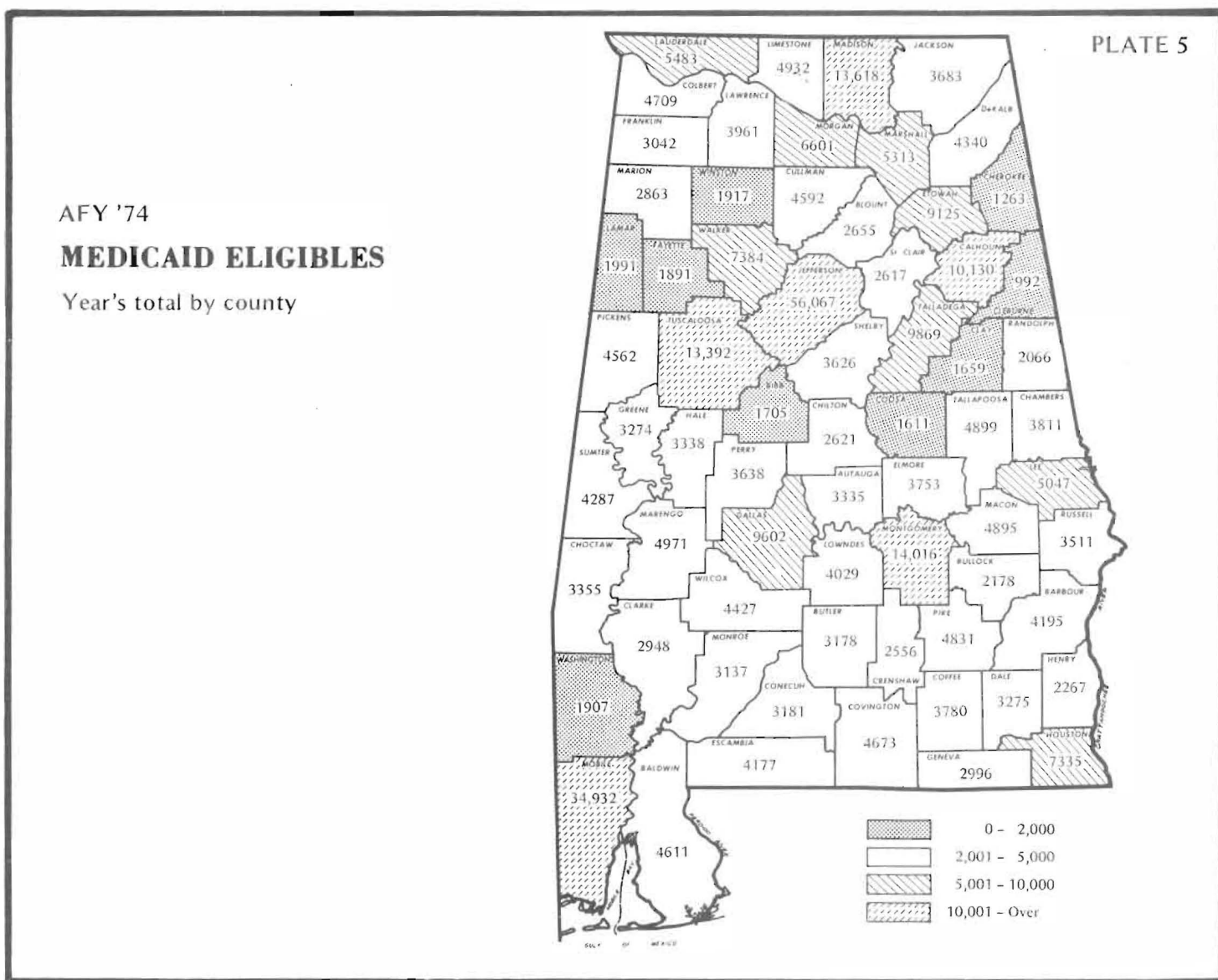
DEMOGRAPHICS

Alabama's population was last counted in 1970. Samples and estimates since then indicate that it is growing at a rate of about .5% a year and had reached 3,519,600 by mid 1974. Other trends include:

- a. an increasing percentage of whites, which rose to 75% in '74.
- b. a decreasing percentage of females, down to 51.6% in '74.

Economic conditions of the population are marked by conflicting trends. Per capita income was up in '74 but so was unemployment.

The overall result of economic changes was that a slightly larger percent of the population became eligible for Medicaid—10.8% in AFY '74 as compared to 10.5% in AFY '73. The number of eligibles in each county is shown in Plate 5.



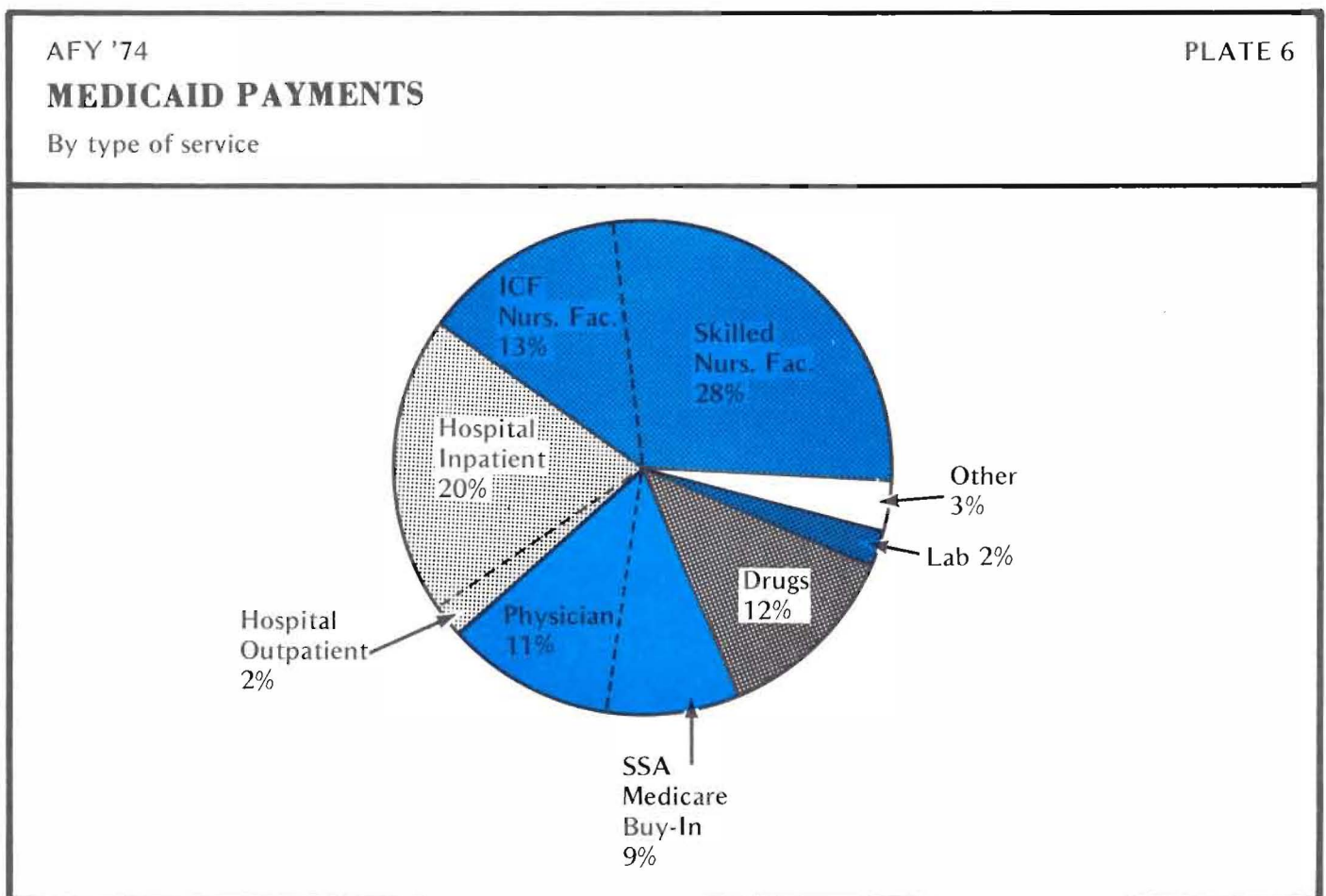
Source: ABC printout (#13)

MEDICAID PAYMENTS

Medicaid paid \$109,577,878 for health care services for Medicaid patients in AFY '74. Net payments were approximately \$2.25 million less because of refunds and recoveries Medicaid collected from private health insurers and other "third parties." To find net payments to providers another \$9.4 million should be deducted. This amount was paid by Medicaid to Medicare for "buy-in" insurance. This insurance is bought to cover nearly 150,000 people,

mostly in the aged category, and saves Medicaid several times its cost.

Plates 6 and 7 show that nursing facility payments, both skilled and ICF, consumed 41% of the budget. Most of the increase in nursing facility reimbursement costs which has occurred over the past two years was attributed to stringent federal staffing requirements, inflation, the increase in minimum wage, and high interest and building costs.



Source: Plate 7 of this publication

AFY '72, '73, '74

MEDICAID PAYMENTS

By type of service

PLATE 7

SERVICE	PAYMENTS	PERCENT OF PAYMENTS BY SERVICE AFY '74	PERCENT OF PAYMENTS BY SERVICE AFY '73	PERCENT OF PAYMENTS BY SERVICE AFY '72
Skilled Nursing Care	\$ 30,776,935	28.1%	26.5%	28.8%
Intermediate Nursing Care	13,762,774	12.6%	11.5%	8.0%
Hospital-Inpatients	21,551,294	19.7%	21.5%	20.4%
Hospital-Outpatients	2,726,414	2.5%	2.7%	2.6%
Physicians' Services	12,572,436	11.5%	13.4%	12.6%
Medicare Buy-In Insurance	9,365,618	8.6%	8.4%	12.8%
Drugs	12,631,781	11.5%	12.0%	12.2%
Lab & X-Ray	2,016,146	1.8%	1.9%	1.2%
Dental Service	1,513,583	1.4%	.6%	
Optometric Care	469,674	.4%	.5%	
Screening	366,240	.3%	.3%	
Home Health	248,950	.2%	.3%	
Family Planning Service	1,435,032	1.3%		
Other Care	141,001	.1%	.4%	1.4%
Total For All Services	\$109,577,878	100.0%	100.0%	100.0%
Administrative Costs	4,993,241			
Total	\$114,571,119			

Sources: Ala. Dept. Public Health (#2), ABC printout (#16)

Hospital services ranked second in percentage of budget expenditures at 22% for both inpatient and outpatient benefits. Physicians' payments, including buy-in insurance (the Medicare premium for Part B)

ranked third in budget expenditure with 20%. Both hospital services and physicians' payments experienced a decrease from the previous years. Drugs ranked fourth at 12%.

AFY '74

MEDICAID PAYMENTS

By category By sex
By race By age

PLATE 8

Plate 8 shows relative distributions of expenditures for recipients by category, race, sex and age. AFY '74 shows a decrease in the percentage of payments for beneficiaries age 65 and over. Payments on behalf of the AFDC category and the disabled category rose slightly, while payments for blind recipients remained the same as previously.

The aged beneficiaries of medical care remained the most expensive, whereas medical care for children remained relatively inexpensive. There was a significant decrease in the percentage of payments in behalf of non-whites even though the number (and percent) of non-white eligibles increased.

CATEGORY	PAYMENTS AFY '74	PERCENT AFY '74	PERCENT AFY '73
Category 1 Age	\$ 65,876,219	60.0%	61.1%
Category 2 Blind	1,000,284	.9%	.9%
Categories 3&7 Dependent Children	11,755,020	10.8%	10.0%
Category 3 Adults	14,379,394	13.2%	13.5%
Category 4 Disabled	16,566,961	15.1%	14.5%
ALL CATEGORIES	\$109,577,878	100.0%	100.0%

RACE	PAYMENTS AFY '74	PERCENT AFY '74	PERCENT AFY '73
White	\$ 70,709,509	64.5%	54.5%
Non-White	38,868,369	35.5%	45.5%
ALL RACES	\$109,577,878	100.0%	100.0%

SEX	PAYMENTS AFY '74	PERCENT AFY '74	PERCENT AFY '73
Female	\$ 80,236,210	73.2%	76.4%
Male	29,341,668	26.8%	23.6%
BOTH SEXES	\$109,577,878	100.0%	100.0%

AGE	PAYMENTS AFY '74	PERCENT AFY '74	PERCENT AFY '73
65 & over	\$ 67,689,543	61.8%	63.2%
21-64	27,531,442	25.1%	25.3%
6-20	10,048,291	9.2%	7.9%
Under 6	4,308,602	3.9%	3.6%
ALL AGES	\$109,577,878	100.0%	100.0%

Source: ABC printout (= 16)

MEDICAID PAYMENTS

By county and by type of service

	PHYSICIAN CY	HOSPITAL FY	NURS. FAC. FY	HOME HEALTH FY	TRANS. 3 mos.	FP CLINIC CY	DRUG CY	OPTOMETRIC FY	SCREENING CY	DENTAL PRIVATE CY	DENTAL HEALTH DEPT. CY	HEARING SERVICES CY	STATE LAB. CY	TOTAL IN MILLIONS
Autauga	\$ 30,469	\$ 35,156	\$ 241,605	\$ 5,824	\$ 53	\$	\$ 85,810	\$ -----	\$ 2,910	\$ -----	\$ 3,749	\$	\$	\$ 0.4
Baldwin	60,674	110,396	928,316	1,064			153,859	3,240	2,810	11,403				1.3
Barbour	96,103	94,852	135,237	6,384			177,480		3,340	17,793				0.5
Bibb	1,574	4,417	203,498	-----	108		32,073	-----	1,080	6,766				0.2
Blount	13,375	98,702	341,247	490			133,767	4,675	900	5,112				0.6
Bullock	6,527	10,472	98,918	196	53		57,072	-----	1,120	-----	969			0.2
Butler	48,245	74,885	171,892	2,534			102,916	-----	1,410	12,642				0.4
Calhoun	310,938	484,983	1,233,919	140			298,517	13,649	9,910	45,731				2.4
Chambers	40,036	106,433	373,711	1,750			122,786	-----	2,400	4,361				0.7
Cherokee	20,002	61,480	159,870	2,030			67,205	-----	580	2,350				0.3
Chilton	28,360	42,538	363,989	1,568	57		152,118	-----	2,360	327				0.6
Choctaw	105,219	153,953	190,299	2,086	166		152,558	6,505	1,170	-----				0.6
Clarke	94,876	133,161	226,370	126			239,813	-----	950	15,714				0.7
Clay	23,192	35,345	312,702	-----			96,541	-----	380	-----	173			0.5
Cleburne	3,730	9,675	171,720	784			25,500	-----	830	351				0.2
Coffee	78,866	167,471	384,398	798			185,936	-----	2,910	19,548	449			0.8
Colbert	146,751	285,038	626,111	13,986			206,090	3,875	1,880	1,165	1,323			1.3
Conecuh	8,472	25,159	205,960	1,218			51,378	-----	2,610	45,318				0.3
Coosa	16,106	-----	152,789	4,270			18,932	-----	590	16				0.2
Covington	165,171	329,258	612,177	4,074			367,870	-----	3,490	21,795				1.5
Crenshaw	45,444	111,744	194,269	1,176			85,886	-----	1,960	32,641				0.5
Cullman	52,428	92,850	1,338,277	1,022	385		270,315	-----	970	3,124	1,572			1.8
Dale	37,400	79,641	760,228	784			158,682	-----	2,130	18,207				1.1
Dallas	359,720	541,461	861,624	4,480	345		262,749	10,515	12,180	195,182				2.2
DeKalb	34,956	66,007	768,216	784			248,901	15	2,050	19,147				1.1
Elmore	80,953	41,101	667,390	3,668	35		175,389	4,485	2,470	37,097				1.0
Escambia	101,011	174,981	369,986	532			191,037	13,285	5,420	16,413				0.9
Etowah	270,898	386,117	1,524,386	5,222	185		351,384	10,460	12,130	68,689				2.5
Fayette	14,707	27,969	150,341	1,022			72,942	1,350	320	952	742	272		0.3
Franklin	70,502	100,934	717,789	5,572			167,604	3,175	1,230	600				1.1
Geneva	36,636	44,071	191,301	2,296			190,763	-----	1,040	7,166				0.5
Greene	87,492	49,493	128,415	-----			138,297	-----	790	-----				0.4
Hale	56,964	75,237	222,655	462			78,586	-----	2,620	32,206				0.5
Henry	38,482	51,789	-----	84			65,244	-----	2,010	3,962				0.2
Houston	238,697	444,181	631,238	6,412			292,752	16,172	7,040	40,159				1.7
Jackson	87,550	135,829	414,365	1,400			209,892	5,880	3,130	7,807				0.9
Jefferson	2,656,134	6,284,618	7,174,197	35,025			1,270,584	44,100	50,090	267,560	44,643	3,136		17.8
Lamar	28,561	39,459	300,341	2,758			114,955	-----	700	2,964				0.5
Lauderdale	147,962	228,410	925,644	1,862			196,084	6,460	3,470	33,923				1.5
Lawrence	109,118	213,331	283,742	350			179,625	-----	3,080	23,666				0.8
Lee	174,992	256,614	452,862	770			110,167	5,806	1,290	3,427	1,081			1.0
Limestone	48,719	112,256	723,766	-----	227		129,225	3,864	2,550	22,922				1.0
Lowndes	71,353	-----	-----	5,334			119,086	-----	1,190	11,398				0.2
Macon	182,784	322,006	415,391	3,654			251,672	310	3,060	320	3,654			1.2
Madison	631,010	908,100	884,644	672	750		297,891	12,326	12,580	125,206		723		2.9
Marengo	179,436	178,283	377,967	1,176			256,939	355	3,170	14,960				1.0
Marion	40,731	105,421	716,972	910			164,489	-----	1,180	9,430				1.0
Marshall	48,009	122,674	1,011,416	2,268	215		324,137	4,970	3,780	21,420				1.5
Mobile	1,327,533	2,086,324	3,083,825	8,405	667		953,932	33,750	12,580	104,941	74,706	4,039		7.7
Monroe	34,931	92,183	380,152	2,184	336		82,129	-----	50	3,061				0.6
Montgomery	629,524	931,909	1,373,441	11,084	1,073	4,564	500,468	25,120	10,210	34,318			93,803	3.6
Morgan	188,593	378,576	1,254,145	1,806	220		295,976	3,819	3,390	24,136				2.2
Perry	37,289	26,104	397,728	-----			136,958	-----	2,260	12,622				0.6
Pickens	61,627	131,511	262,613	308			145,711	-----	6,650	78,870				0.7
Pike	105,894	209,370	280,281	2,338			151,484	9,750	4,710	46,997				0.8
Randolph	28,485	86,698	473,520	1,288	118		105,683	-----	540	5,066				0.7
Russell	50,635	178,317	505,895	616	354		132,148	-----	1,770	2,519				0.9
Saint Clair	29,352	54,878	800,915	1,932			72,592	-----	1,080	3,718				1.0
Shelby	61,039	107,631	405,235	2,142			121,288	-----	1,810	9,572				0.7
Sumter	121,306	238,712	138,428	-----	45		151,447	-----	2,570	7,881				0.7
Talladega	322,610	438,755	608,681	448			397,565	9,170	6,520	26,938				1.8
Tallapoosa	125,172	290,522	1,430,973	3,402	68		265,347	-----	4,703	3,997				2.1
Tuscaloosa	535,424	773,203	1,001,116	10,948			350,416	21,173	7,150	37,657		491		2.7
Walker	194,816	323,336	1,413,506	4,760	1,529		334,362	6,415	6,500	23,510				2.3
Washington	18,464	33,571	63,354	42			35,201	-----	1,050	1,655				0.2
Wilcox	48,319	53,454	-----	-----			42,467	-----	1,680	-----				0.1
Winston	46,221	67,176	305,882	19,376	53		100,347	-----	1,200	4,016				0.5
TOTAL	\$11,198,569	\$19,960,182	\$43,521,840	\$210,096	\$7,042	\$4,564	\$13,479,059	\$289,372	\$260,120	\$1,662,314	\$138,756	\$9,654	\$93,803	\$90.8

Sources: BC printout (#20), CCS printout (#30)

MEDICAID ELIGIBLES

AFY '71 - '74

MEDICAID ELIGIBLES

Monthly average by category PLATE 11

	AFY '71	AFY '72	AFY '73	AFY '74
Category 1 Aged	120,671	119,109	117,713	118,757
Category 2 Blind	1,927	1,935	2,014	2,190
Category 3 Dependent	158,081	151,877	163,327	257,750
Category 4 Disabled	19,000	18,516	20,290	27,613
Total	299,679	291,437	303,344	303,310

During AFY '74, 380,760 persons were eligible for at least one month. The monthly average number of eligibles was 303,310. Plate 11 shows that those in Category 3 constitute the largest number of eligible persons, followed by the aged, then the disabled and the blind.

Sources: Ala. Dept. Public Health (#2), ABC printout (#13)

AFY '74

MEDICAID ELIGIBLES

Year's total by category, race, and sex

PLATE 12

	CATEGORY 1 AGED	CATEGORY 2 BLIND	CATEGORIES 3 & 7 DEPENDENT CHILDREN & ADULTS	CATEGORY 4 DISABLED	ALL CATEGORIES
White Male	23,275	633	18,832	8,816	51,556
White Female	53,231	648	26,308	10,716	90,903
Non-White Male	19,070	554	60,484	7,510	87,618
Non-White Female	42,877	739	96,099	10,968	150,683
ALL RACES & SEXES	138,453	2,574	201,723	38,010	380,760

Source: ABC printout (#13)

AFY '74

MEDICAID ELIGIBLES

Year's total by category and age

PLATE 13

	CATEGORY 1 AGED	CATEGORY 2 BLIND	CATEGORIES 3 & 7 DEPENDENT CHILDREN & ADULTS	CATEGORY 4 DISABLED	ALL CATEGORIES
65 & Over	133,924*	74*	3,186*	3,730*	140,914
21 - 64	4,529*	2,272*	37,987*	33,710*	78,498
0 - 20	0	228*	160,550*	570*	161,348
ALL AGES	138,453	2,574	201,723	38,010	380,760

*Estimates

Sources: ABC printouts (#12, #13)

Plate 13 shows Medicaid eligibles by category and age. By category, three of the four groups showed substantial increases. Category 1 showed a 6% increase over last year while Category 2 increased by 17%. Category 4 showed a 57% increase. But the

AFDC Category had a 5% decrease in eligibles compared to last year. Besides the reduction of young people, who comprise most of the AFDC, the percent of eligible males and whites was reduced again in 1974.

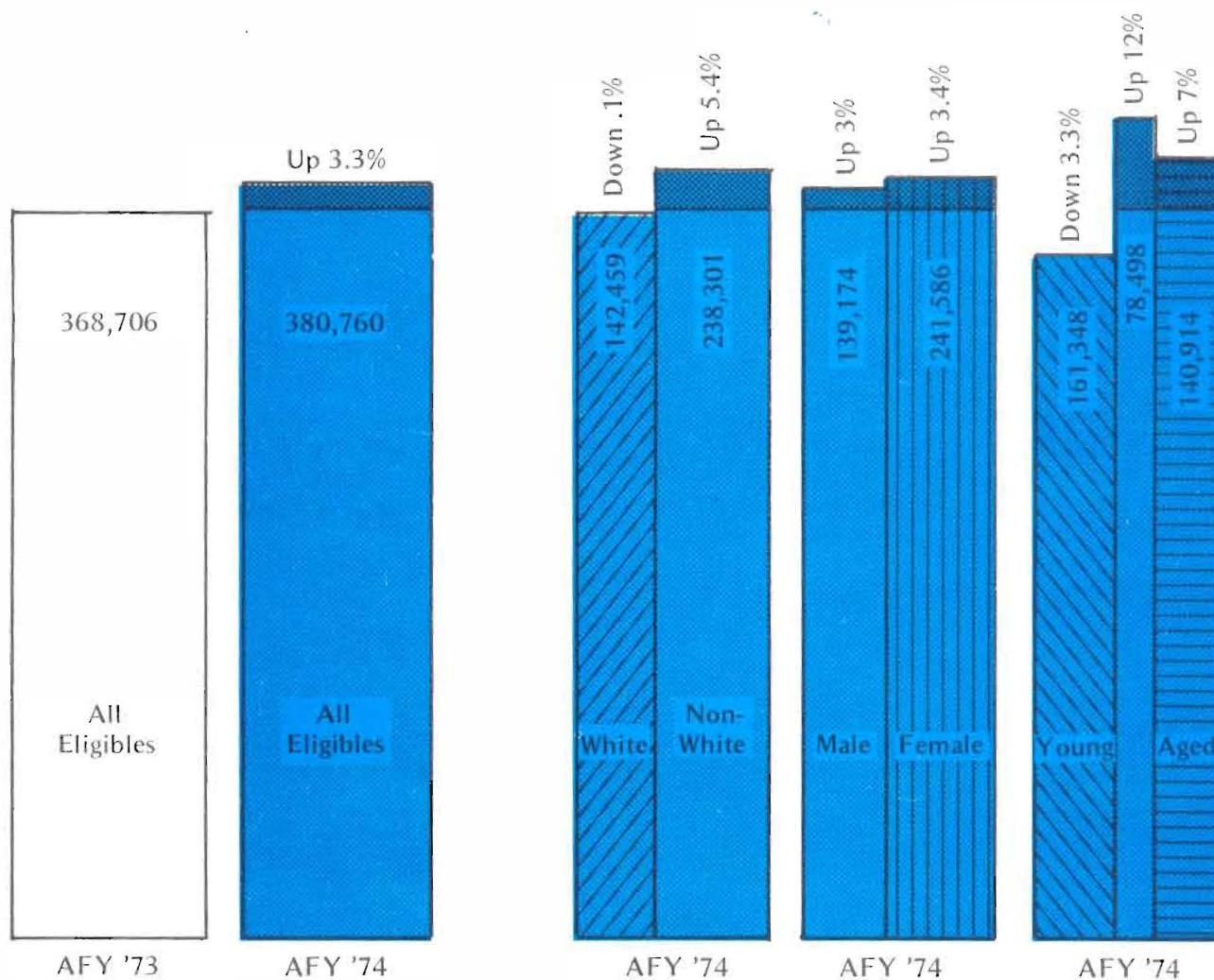
The total number of Alabama citizens eligible for Medicaid increased 12,054, or 3% in AFY '74. The gains were not equally distributed by sex, race, and age. Most added to their number, but two groups—young people and whites—decreased in number. The reduction among whites was entirely female; the number of white males rose slightly. Among non-whites, eligibles of both sexes increased in number.

AFY '73 & '74

PLATE 14

MEDICAID ELIGIBLES

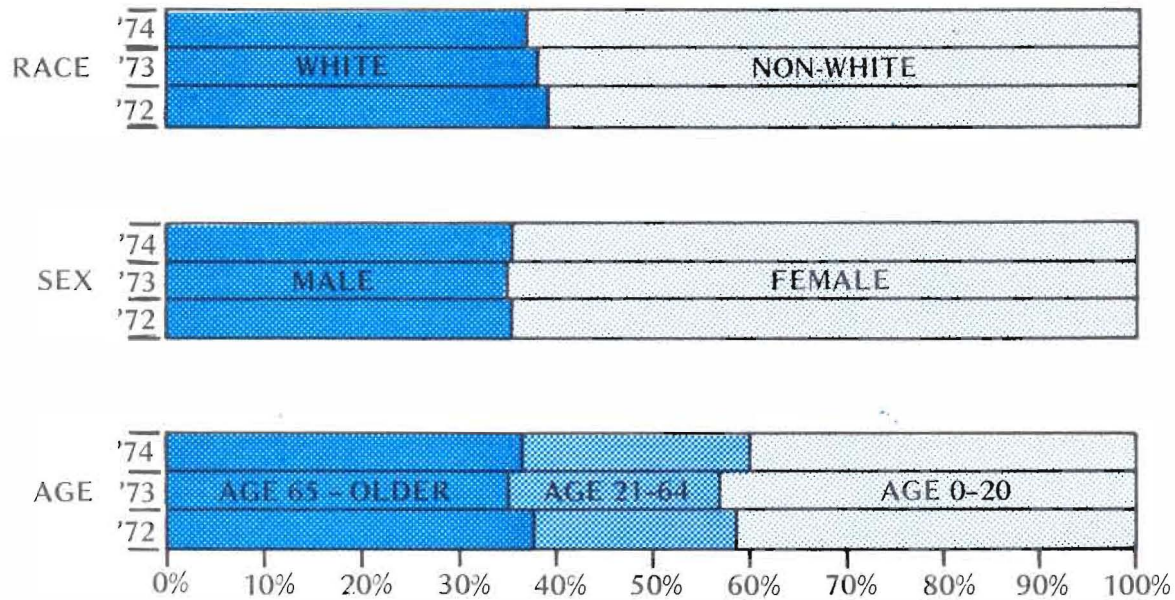
Percent change during year by race, by sex, by age



Sources: Ala. Dept. Public Health (#2), ABC printout (#13)

MEDICAID ELIGIBLES

Percent during year by race, by sex, by age



Sources: Ala. Dept. Public Health (#2), ABC Printout (#13)

Plate 15 is an extension of Plate 14. It compares three fiscal years of eligibles by race, sex, and age in graphic form. The distribution of eligibles by sex has changed very little over three years, in spite of numerous other changes.

MEDICAID RECIPIENTS

Of those who were eligible for Medicaid 297,285 became recipients by receiving health care for which Medicaid paid the bills. This means that 78% of all eligibles had received at least one Medicaid benefit by the end of AFY '74. Conversely, 22% used no services at all. Furthermore, on an average only 43% of those eligible used their benefits during each month. This monthly utilization rate was 5% more than in 1973 while the annual rate increased from 71%.

Males, whites, and young people are always outnumbered by females, non-whites, and the aged when Medicaid recipients are counted by sex, race, and age. Even though the number of eligible in these smaller groups decreased further in AFY '74, they used more medical services than ever before. Consequently, the percent of male, white, and young recipients increased. The most striking example was among the young. Here, though eligibles declined by 6,000 in AFY '74, the number of recipients was 21,000 more than in 1973.

AFY '73 & '74

MEDICAID RECIPIENTS

Age 0-20, the changing ratio
of recipients to eligibles

PLATE 16

	1973	1974	Difference
Eligibles	167,000	161,000	down 6,000
Recipients	91,000	112,000	up 21,000

Sources:

Ala. Dept. Public Health (#2), Plates 13 and 18 of this publication

AFY '73 & '74

MEDICAID RECIPIENTS

Average monthly by category

PLATE 17

	1973	1974
Category 1—Aged	65,910	71,070
Category 2—Blind	960	458
Categories 3&7—AFDC Children	21,416	27,262
AFDC Adults	15,702	18,188
Category 4—Disabled	11,015	14,234
Total	115,003	131,212

Sources: Ala. Dept. Public Health (#2), ABC printout (#16)

Plate 17 shows the monthly average number of recipients by category for the last two years. Plates 18-20 show Medicaid recipients by category, race, sex, and age.

AFY '74

MEDICAID RECIPIENTS

Year's total by category and age

PLATE 18

	CATEGORY 1 AGED	CATEGORY 2 BLIND	CATEGORIES 3 & 7 DEPENDENT CHILDREN & ADULTS	CATEGORY 4 DISABLED	ALL CATEGORIES
65 & Older	116,726*	65*	3,101*	3,665*	123,557
21 - 64	845	1,854*	35,115*	23,721*	61,535
0 - 20	0	200*	111,793*	500*	112,493
Total	117,571	2,119	150,009	27,886	297,585

*Estimates

Source: ABC printout (#16)

All four categories had more recipients in '74 than in '73, but only one category, the disabled, showed a sharp increase of 40%. The average increase for all categories was 14%.

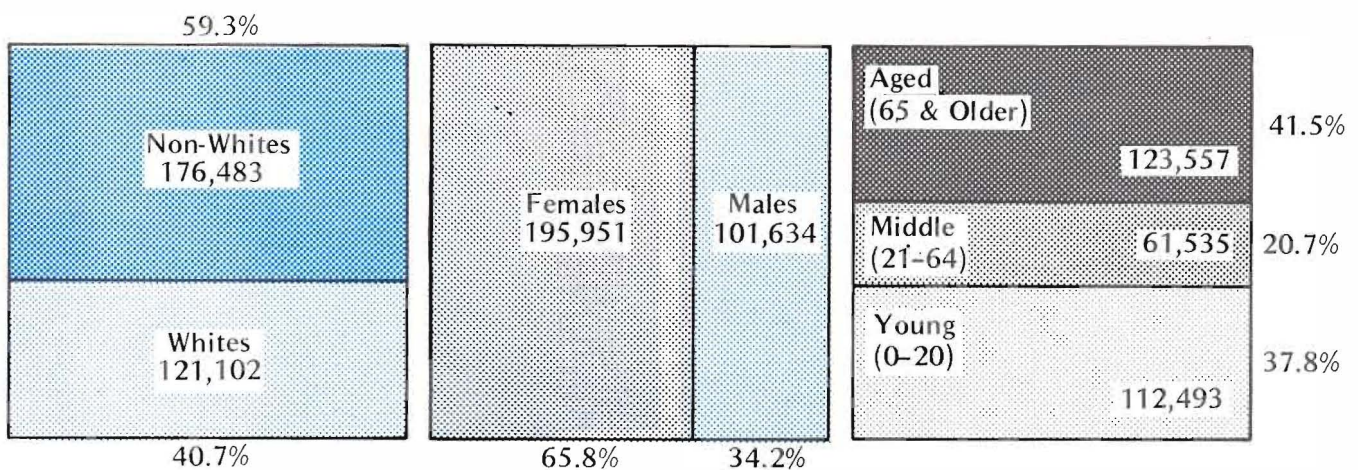
Both races, both sexes, and all three age groups furnished more recipients in '74 than in '73. The largest rise was in white recipients who increased by 25.7% this year. Male recipients rose by 25.2% and young recipients by 23.3%.

AFY '74

PLATE 19

MEDICAID RECIPIENTS

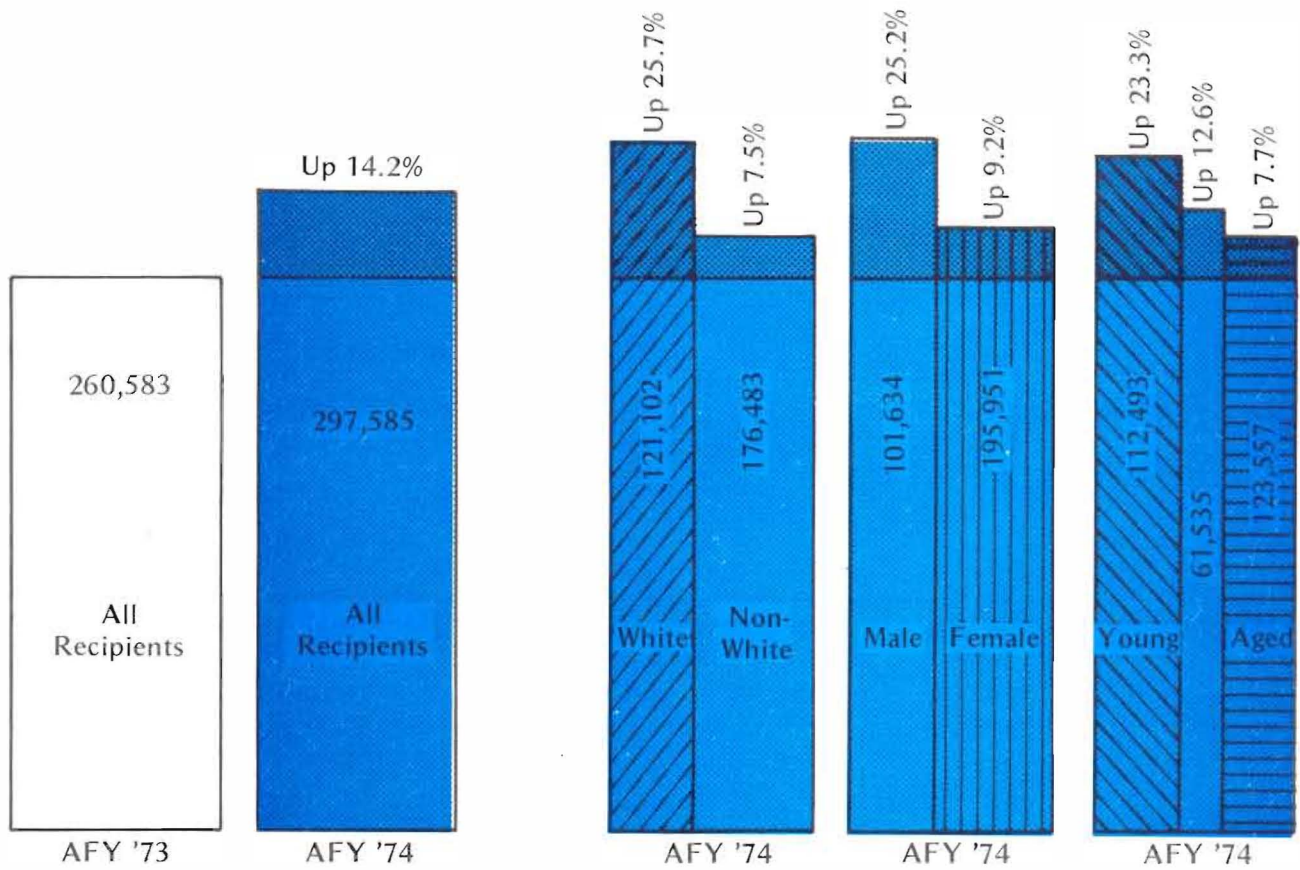
Year's total by race, by sex, by age



Source: ABC Printout (# 16)

MEDICAID RECIPIENTS

Percent change during year by race, by sex, by age



Sources: Ala. Dept. Public Health (#2), ABC printout (#16)

MAN-MONTHS

Man-months are a unit of measurement. They are used to count the months of eligibility (MME) of a group (a category, a sex, a race, or an age group). With two counts one can compare two groups (Plate 21) or trace the change between two time periods for a single group. Man-months of medical services (MMS) is a unit to count the number of months in which eligibles use their benefits (Plate 22).

In AFY '74 Medicaid paid for 3,639,724 MME (Plate 21). Since these MME were used by 380,760 eligibles during the year, the average eligible had his

eligibility card for 9.56 months during the year. In AFY '73 the average was 9.87 months.

Using the 9.56 months as the norm, it is seen that the aged and blind held their cards for longer than the average time, while the AFDC eligibles and the disabled had cards for less than the average.

The disabled average MME dropped from 10.08 months in AFY '73 to 8.72 months in AFY '74. The number of disabled began to increase in January, 1974, and this hike undoubtedly caused the drop in average MME.

AFY '74

MAN-MONTHS OF ELIGIBILITY

Year's total by category
Average per eligible by category

PLATE 21

	CATEGORY 1 AGED	CATEGORY 2 BLIND	CATEGORIES 3 & 7 DEPENDENT CHILDREN & ADULTS	CATEGORY 4 DISABLED	ALL CATEGORIES
Man-Months of Eligibility	1,425,083	26,286	1,857,001	331,354	3,639,724
Annual Number of Eligibles	138,453	2,574	201,723	38,010	380,760
Average Months of Eligibility Per Eligible	10.29	10.21	9.21	8.72	9.56

Source: ABC printouts (#12, #13, #14)

Plate 22 shows the number of MMS that Medicaid paid for during the year. This total (1,574,550) is approximately 43% of the total for MME (3,639,724). This percentage indicates that the average card holder used his card every 2.5 months. (Last year he used it about every third month.) In fact, one would expect each average eligible to use his eligibility card for 4.14 man-months, while the average recipient would receive medical benefits during 5.29 months.

AFY '74

MAN-MONTHS OF MEDICAL SERVICE

Year's total by category
 Average per recipient by category
 Average per eligible by category

PLATE 22

	CATEGORY 1 AGED	CATEGORY 2 BLIND	CATEGORIES 3 & 7 DEPENDENT CHILDREN	CATEGORY 3 DEPENDENT ADULTS	CATEGORY 4 DISABLED	ALL CATEGORIES
Man-Months of Received Medicaid Benefits	852,845	5,495	327,141	218,256	170,813	1,574,550
Number of Recipients	117,571	2,119	105,008	45,001	27,886	297,585
Man-Months of Service Per Recipient	7.25	2.59	3.11	4.85	6.13	5.29
Man-Months of Service Per Eligible	6.16	2.13		2.70	4.49	4.14

Sources: BC printouts (#16, #17), ABC printout (#12)

TURNOVER RATES

Turnover rates are also a unit of measurement used to determine the rate at which old eligibles are replaced by new eligibles. Among all eligibles in AFY '74, approximately one-fourth of the people who were eligible at the start of the year lost their eligibility during the year and were replaced by new

names on the eligibility list. More precisely, the percent was 23.06% (Plate 23). If this rate were to continue, it would take four years and four months for a complete turnover (Plate 23). For aged and blind eligibles the turnover rate in AFY '74 was only about two-thirds as rapid.

AFY '74

TURNOVER RATES

Annual rate by category
Expected years of eligibility by category

PLATE 23

	CATEGORY 1 AGED	CATEGORY 2 BLIND	CATEGORIES 3 & 7 DEPENDENT CHILDREN & ADULTS	CATEGORY 4 DISABLED	ALL CATEGORIES
Annual Turnover Rate in 1974	16.59%	17.54%	30.35%	27.00%	23.06%
Expected Years of Eligibility	6 years	5 years 8 months	3 years 4 months	3 years 8 months	4 years 4 months

Source: ABC printouts (#12, #13, #14)

During the last half of AFY '74 the number of disabled eligibles rose from an average of 24,000 a month to an average of 31,500. Even though this increase is probably permanent, the suddenness with which it happened distorted the turnover rate of the disabled for the year, raising it to 37.65%.

If the 7,500 new eligibles are ignored and the turnover rate is calculated only among the other disabled eligibles, the annual turnover rate is approximately 27%, which is probably a closer approximation of "real" turnover rate. All turnover rates in '74 are considerably higher than the '73 rates.

AFY '73 & '74

TURNOVER RATES

Annual turnover rates
Expected years of eligibility

PLATE 24

	ALL CATEGORIES 1973	ALL CATEGORIES 1974
Annual Turnover Rate	19.3%	23.1%
Expected Years of Eligibility	5 years 2 months	4 years 4 months

Sources: Ala. Dept. Public Health (#2), Plate 23 of this publication

UTILIZATION RATES

Utilization rates measure the percent of eligibles who become recipients—that is, the percent of eligible persons who use their cards during the year. As Plate

25 shows, this percentage in AFY '74 for all eligibles was 78.2. No category had a utilization that differed greatly from this average.

AFY '74

UTILIZATION RATES

Percent of eligibles who used Medicaid by category

PLATE 25

	CATEGORY 1 AGED	CATEGORY 2 BLIND	CATEGORIES 3 & 7 DEPENDENT CHILDREN & ADULTS	CATEGORY 4 DISABLED	ALL CATEGORIES
Eligibles (Year's Total)	138,453	2,574	201,723	38,010	380,760
Recipients (Year's Total)	117,571	2,119	150,009	27,886	297,585
Percent of Eligibles Who Became Recipients	84.9%	82.3%	74.4%	73.4%	78.2%

Sources: ABC printout (#12), BC printout (#16)

Only the AFDC Category had a utilization rate that was higher in '74 than in '73. For all other categories utilization declined. The declines, however, were so slight that it is not misleading to say that these three categories had stable rates in '74 rather than declining ones.

Now that utilization rates for all four categories are approximately equal, it is possible that they will remain equal. The crucial question for Medicaid, however, is whether they will remain stable or start to climb in 1975.

AFY '73 & '74

UTILIZATION RATES

Annual utilization rates by category

PLATE 26

	1973	1974
Category 1—Aged	85.8%	84.9%
Category 2—Blind	84.7%	82.3%
Categories 3 & 7—AFDC	59.8%	74.4%
Category 4—Disabled	82.2%	73.4%
All Categories	70.7%	78.2%

Sources: Ala. Dept. Public Health (#2), Plate 25 of this publication

COST AND USE PER SERVICE

Which kinds of people on Medicaid use the most medical care, and which kinds cost Medicaid the most? The answer is complicated and depends on how you choose to measure use and costs.

Cost per individual can be measured in four different ways, as shown in Plate 27. All four ways are accurate, but they give different results because they measure different things. By all measures white individuals cost more than non-white individuals. Whether monthly costs, annual costs, cost per eligible or cost per recipient is considered, the expenditure for whites always exceeds that for non-whites. But when one compares individuals by category, not all measures reflect the same relationship. On a monthly

basis a Category 4 eligible costs more than a Category 1 eligible. On an annual basis the results are reversed. Obviously even though the disabled make fewer requests for medical service, the services they use are more expensive.

The cost per category, or other group, is affected by the number of people in that group and the type of service ordered. Therefore though Category 3 is the largest of all categories, it is not the most expensive. As a group Category 3 is five times as large as Category 4, but it costs only 50% more than Category 4. The Medicaid expenditure for the blind is comparatively low because the number of eligibles is limited.

AFY '74

COST PER ELIGIBLE AND PER RECIPIENT

Monthly cost per eligible and per recipient
Annual cost per eligible and per recipient
(ranked according to annual cost per eligible)

PLATE 27

	COST PER MAN-MONTH OF ELIGIBILITY	COST PER MAN-MONTH OF MEDICAL SERVICES	ANNUAL COST PER ELIGIBLE	ANNUAL COST PER RECIPIENT
Whites	\$53	\$110	\$496	\$584
Ages 65 & Up	47	104	480	548
Category 1	45	75	476	544
Category 4	52	101	435	660
Category 2	39	189	389	490
Ages 21-64	39	85	351	447
Females	34	77	332	409
All Categories	\$30	\$70	\$288	\$368
Males	\$23	\$72	\$211	\$382
Non-Whites	17	42	163	220
Categories 3 & 7	15	50	135	182
Ages 0-20	10	24	89	128

Sources: BC printout (#16), Plates 21 and 22 of this publication

Plate 28 compares the costs per eligible for the past two years. Only non-whites and Category 4 show significant decreases in cost per eligible, while cost for all other groups have risen. The decrease in cost per eligible for Category 4 is more apparent than real. Nearly 8,000 new eligibles were added to this category during the last few months of the year. This sudden increase in eligibles lowered the average cost without lowering the actual cost of the disabled who needed care.

Use Per Service: A fifth of the people who had Medicaid cards in 1974 did not use them during the year. Of those who did, only 18% were sick enough to need hospital care. In the preceding year, 22% of the recipients needed hospital care.

Section 2 of Plate 29 shows how many people in each category used each medical service in AFY '74. Section 4 converts these numbers to percentages and shows, for example, that 56.7% of Medicaid's eligible people used the services of a physician. The most used services, by far, were those of the physician and the pharmacist. Six out of ten needed one or the other at least once during the year.

Cost Per Service: Most aged people on Medicaid (over 90%) are also eligible for Medicare. Smaller percentages of Medicaid's blind and disabled also belong to Medicare. The total number of Medicaid patients with this double protection was 144,400 in 1974. They are shown on Plate 29, where figures also show how this total was divided among the aged, the blind, and the disabled.

Medical bills for these 144,400 people are divided and paid jointly by Medicaid and Medicare. For hospital care, Medicare pays far more than half the bill. For six other services (listed in Plate 29) Medicare also pays significant, but smaller, fractions of the total bill. This saves Medicaid millions of dollars each year. In return, Medicaid pays to Medicare a "buy-in" fee or premium of \$6.70 per month per person for each Medicaid eligible who is also on Medicare. Medicaid's total payment to Medicare for these buy-in premiums in '74 was \$9,365,618. This \$9 million outlay paid by the state agency (Medicaid) to the federal agency (Medicare) is a bargain for the state. Medicare spent considerably more than \$9 million in partial payment of medical bills incurred by Alabama citizens on Medicaid.

Plate 29 separates Medicaid eligibles who also have Medicare from the Medicaid eligibles who do not. In Section 3 the costs per service for these two groups are compared. All figures marked by asterisks are estimates. In each box containing estimates, one figure is a count and the other two are estimates. In Sections 1 and 2 each pair of estimates, when added, must equal the count. It is also known which of the

two estimates should be larger and roughly by how much. Beyond this point each pair of estimates (with data available this year) is an educated guess, based on varying amounts of evidence in each box and, therefore, of varying degree of accuracy. The overall picture they give, however, should be largely confirmed when the necessary data become available. All estimates in Section 3 were calculated by dividing the estimates of Section 2 into the estimates of Section 1.

This table classifies seven programs as "services whose costs are not shared with Medicare" and shows that these programs cost \$60.9 million, or 55% of Medicaid's total payments in AFY '74. Strictly speaking, the largest of these programs, skilled nursing home care, should be classified as a service whose cost is shared with Medicare. But Medicare's payments for this service are very small, and to call skilled care a shared cost program would transfer \$30.7 million from the total of unshared costs to the total of shared costs, and this would be misleading.

AFY '73 & '74

COST PER ELIGIBLE

Annual cost per eligible

PLATE 28

	1973	1974	CHANGE
Whites	\$346	\$496	+43%
Ages 65 & Up	434	480	+11%
Category 1	422	476	+13%
Category 4	534	435	-19%
Category 2	391	389	-.5%
Ages 21-64	327	351	+7%
Females	296	332	+12%
All Categories	\$245	\$288	+18%
Males	\$158	\$211	+34%
Non-Whites	182	163	-10%
Categories 3 & 7	101	135	+34%
Ages 0-20	62	89	+44%

Sources: Ala. Dept. Public Health (#2), Plate 27 of this publication

AFY '74

COST AND USE PER SERVICE

Annual cost per service by category
 Year's total number of recipients by service and category
 Annual cost per recipient by service and category
 Utilization rates by service and category

PLATE 29

SECTION 1 ANNUAL COST PER SERVICE All Categories	SERVICES WHOSE COSTS ARE SHARED WITH MEDICARE									SERVICES WHOSE COSTS ARE NOT SHARED WITH MEDICARE							ALL SERVICES	
	PHYSICIANS SERVICES	LAB & X RAY	HOSPITAL INPATIENTS	HOSPITAL OUTPATIENTS	HOME HEALTH CARE	OTHER CARE	MEDICARE BUY-IN	TOTAL OF MEDICAID'S SHARE	DRUGS	NURSING HOMES, SKILLED**	NURSING HOMES, ICF	DENTAL CARE	FAMILY PLANNING	OTHER PRACTITIONERS	SCREENING	TOTAL OF UNSHARED COSTS	TOTAL	
	\$12,572,436	\$2,016,146	\$21,551,294	\$2,726,414	\$248,950	\$141,001	\$9,365,618	\$48,621,859	\$12,631,781	\$30,776,935	\$13,762,774	\$1,513,583	\$1,435,032	\$469,674	\$366,240	\$60,956,019	\$109,577,878	
Category 1:	All Aged: \$ 3,489,302 Aged with Medicare: 146,495*	\$ 724,556 669,384*	\$ 3,882,466 3,199,466*	\$ 533,492 500,492*	\$103,152 100,147*	\$131,643 125,860*	\$8,871,769 8,871,769	\$17,736,380 17,010,125*	\$ 8,594,323	\$28,072,076 109,255*	\$11,264,725	\$ 8,500	\$200,215			\$48,139,839	\$ 65,876,219	
Category 2:	All Blind: 151,302 Blind with Medicare: 146,602*	25,766 1,458*	362,708 11,000*	28,580 4,000*	8,375 963*	294 60*	31,375 31,375	608,400 67,460*	136,369	27,962,821* 101,033	142,574	553	8,864	2,491		391,884	1,000,284	
Category 4:	All Disabled: 2,038,919 Disabled with Medicare: 392,418*	314,052 34,688*	5,968,846 701,554*	487,780 81,780*	127,801 30,201*	7,157 1,613*	462,474 462,474	9,447,029 1,706,728*	1,999,064	2,600,419 2,596,261*	2,355,105	6,754	108,072	50,518		7,119,932	16,566,961	
Categories 3&7: Category 3:	Dependent Children: 3,000,497 AFDC Adults: 3,870,416	437,723 496,049	4,661,269 6,674,005	918,781 757,381	301 9,321	412 1,495	---	9,020,983 11,809,067	745,729 1,156,296	---	3,407 370	1,418,947 87,329	78,474 1,231,122	124,647 91,803	366,240	2,734,037 2,570,327	11,755,020 14,379,194	
SECTION 2 YEAR 5 TOTAL NUMBER OF RECIPIENTS All Categories	216,038	140,600	53,340	69,129	1,138	1,669	144,400	218,486	11,210	5,648	19,562	10,447	22,581	26,607		297,585		
Category 1:	All Aged: 87,905 Aged with Medicare: 85,713*	57,210 55,782*	27,093 26,393*	20,804 20,183*	663 646*	4,452 4,340*	135,000	99,463	10,163	521*	4,679	0	15	9,744		117,571		
Category 2:	All Blind: 1,618 Blind with Medicare: 1,367*	800 124*	421 65*	306 80*	22 3*	9 2*	400	1,774	40	9,642*	50	4	49	158		2,119		
Category 4:	All Disabled: 19,273 Disabled with Medicare: 4,563*	10,057 2,181*	5,994 1,202*	5,968 1,202*	400 95*	166 40*	9,000	23,579	1,002	39*	918	79	352	2,310		27,886		
Categories 3&7: Category 3:	Dependent Children: 14,710* AFDC Adults: 37,039	7,676* 21,306	4,144* 11,282	4,766* 14,349	105* 50	126* 12	---	60,592 33,078	986* 5	---	0 1	18,597 882	1,467 8,564	5,947 4,422	26,607	105,008 45,001		
SECTION 3 ANNUAL COST PER RECIPIENT All Categories	\$ 58.20	\$18.34	\$ 404.04	\$39.44	\$218.76	\$30.20	\$64.86	\$57.82	\$2,745.49	\$2,436.75	\$ 77.37	\$137.36	\$20.80	\$13.76		\$368.22		
Category 1:	All Aged: \$ 39.69 Aged with Medicare: 39.00*	\$12.66 12.00*	\$ 141.30 128.80*	\$25.64 24.80*	\$155.58 151.36*	\$29.57 29.00*	65.72*	\$86.41	\$2,762.18 209.70*	\$2,407.51	\$566.67	\$20.55	\$120.55			\$560.31		
Category 2:	All Blind: 66.83* Blind with Medicare: 66.34*	38.63* 11.76*	690.00* 200.00*	53.14* 56.48	165.00* 380.68	31.63* 32.67	78.44*	76.87	2,900.11* 2,525.83	181.00*	2,851.48	138.25	180.90	15.77		472.05		
Category 4:	All Disabled: 106.83 Disabled with Medicare: 86.00*	31.22 15.57*	995.80 379.22*	81.73 69.70*	119.50 117.91*	43.11 40.12*	51.39*	84.78	2,585.95* 2,595.23	39*	2,565.47	85.50	307.02	21.87		594.10		
Categories 3&7: Category 3:	Dependent Children: 86.00* AFDC Adults: 104.50	15.57* 23.28	379.22* 391.56	69.70* 52.81	117.91* 186.42	40.12* 46.72	---	12.31 34.96	2,633.12*	---	370.00	76.30 99.01	53.49 143.76	20.96 20.76	13.76	111.94 319.53		
SECTION 4 UTILIZATION RATES All Categories	56.7%	36.9%	14.0%	18.2%	298%	1.22%	37.9%	57.4%	2.94%	1.5%	5.14%	2.74%	5.9%	7.0%		78.1%		
Category 1:	All Aged: 61.5% Aged with Medicare: 61.5%*	41.3% 41.3%*	19.6% 19.6%*	15.0% 15.0%*	479% 478%*	3.23% 3.23%*	100.0%	71.8%	3.40% 3.85%*	3.4%	.00%	.01%	7.0%			84.9%		
Category 2:	All Blind: 62.9% Blind with Medicare: 62.8%*	31.0% 11.0%*	16.4% 16.3%*	19.7% 20.0%*	84% 750%*	35% .50%*	15.5% 100.0%	68.9%	1.554% .250%*	1.9%	.16%	1.90%	6.1%			82.3%		
Category 4:	All Disabled: 50.7% Disabled with Medicare: 50.7%*	31.1% 26.5%*	16.4% 15.8%*	19.6% 13.4%*	871% 1,052%*	.32% .44%*	0.0% 23.7%*	62.0%	1.793% 2.636%*	2.4%	.21%	.93%	6.1%			73.4%		
Categories 3&7: Category 3:	Dependent Children: 50.7% AFDC Adults: 53.2%	26.5% 10.6%	20.6% 9.8%	13.4% 20.8%	1,056% 0.26%	45% .02%	100.0% 0.0%	46.4%	1.726% 3.398%*	---	Negligible	9.65%	4.97%	5.1%	13.2%	74.4%		

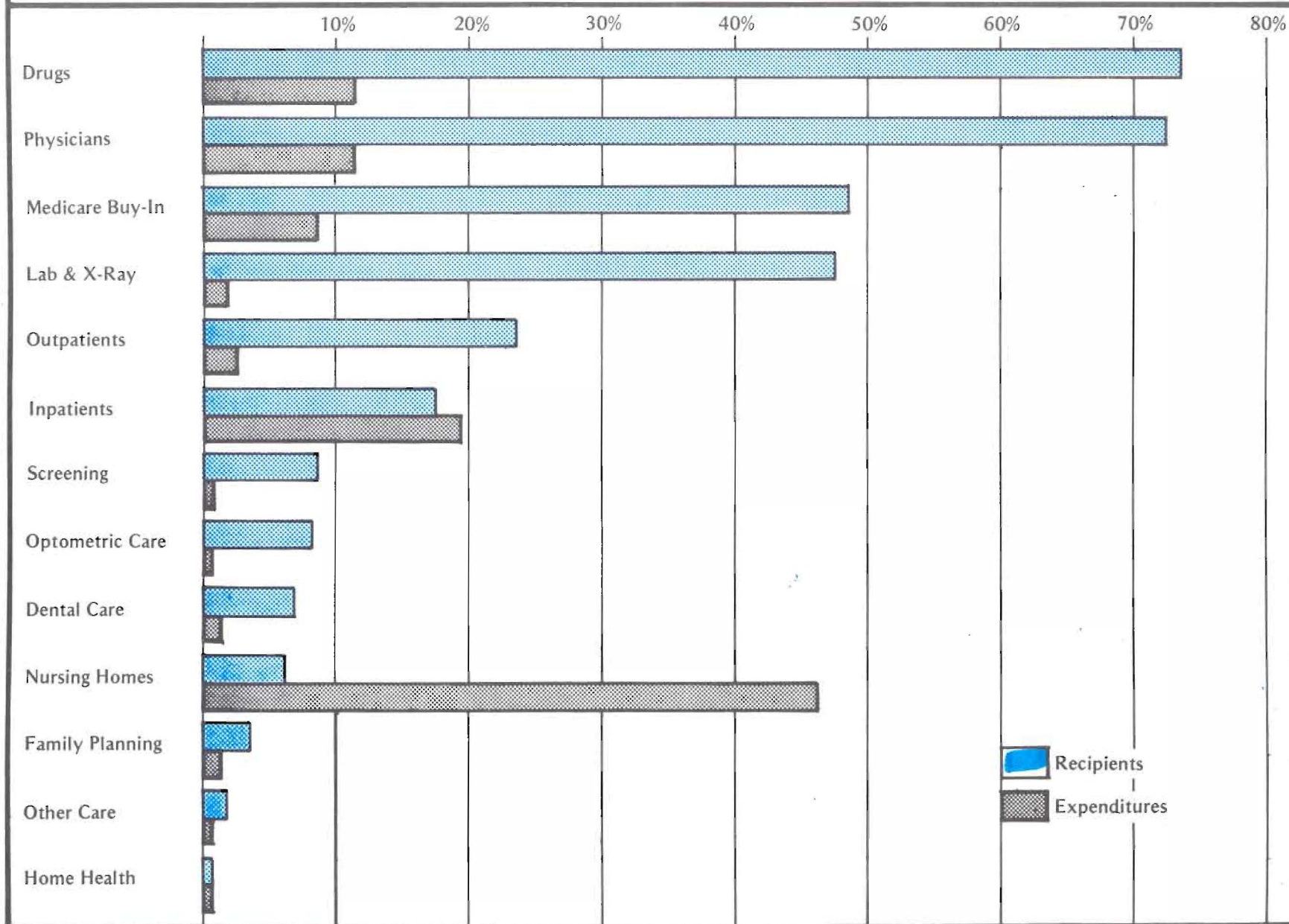
Sources: ABC printouts (4-12, -13); DC printout (4-16)

* Estimate

** Although some part of the cost of skilled care is paid by Medicare, the amount is insignificant.

COST AND USE PER SERVICE

Comparison of percent of recipients to percent of expenditures



Source: Plate 29 of this publication

UTILIZATION REVIEW

The Medical Services Administration Utilization Review Committee first met in October, 1973. The committee is composed of seven members from various program areas, including nursing facilities, hospitals, physicians, and pharmaceutical services. The committee meets monthly regarding problems of apparent inadequate or improper medical care. By far, there has been more activity regarding drug utilization than any other segment of the program, mostly because there is more information available for this aspect. Also, it should be mentioned that in the hospital and physician areas the fiscal agent is responsible for performing necessary review on provider activities. Nursing facility and pharmaceutical reviews are done at the state agency level.

Briefly stated, the purpose of utilization review is to guarantee that medical care which is adequate, proper, and necessary is provided to each patient. This includes review of suspected over-utilization, under-utilization, mis-utilization, and provider shopping, as well as other areas of concern. MSA has always taken into consideration the physician's personal knowledge of his patient which may not be readily apparent on an 11" x 15" computer print sheet. However, many a physician or other provider has been asked to verify that his care has been reasonable and proper. But in many cases, it has been apparent that a provider might not know that a patient is seeking aid from multiple sources. Sometimes, this shopping proved innocuous; other times it was dangerous and costly. As a tool, however, utilization review was meant to be more educative and informative than punitive.

Since October, 1973, the fiscal agent has reviewed sixty-one physicians and found their medical claims to be well within reason. However, funds were recovered from two physicians in the amount of \$4,450 for over-utilization of injections

and laboratory services. By no means was this the only savings to the physicians' program. The providers understand that any exceptional treatment plans may receive exceptional scrutiny in the interest of both the patient and the taxpayer.

All nursing facilities experience on-site medical review periodically by the professionals of the MSA staff. The facilities also have in-house utilization review committees who monitor the effectiveness of their patient care strategy. Because of increasing awareness and utilization of nursing home services, however, the UR Committee of MSA is also concerned with what occurs in a home. For instance, in one case it was possible to transfer a patient from skilled care to intermediate care after consultation with the attending physician by a UR staff member. This one transfer reduced the nursing home expenditure by \$1,000 per year, and yet the patient was not denied any necessary treatment because of the change.

From pharmaceutical review almost \$17,000 was saved in the first year of activity. One patient had a drug cost of \$6.64 per patient day at the end of September, 1973. At the end of September, 1974, her drug cost was reduced to \$2.62 per patient day. This reduction in cost was the result of gradual education and information which helped the provider. This patient had a chronic condition, not an acute one, which was not expected to improve much; however, the discussion of her case with attending professionals seemed to have a valuable impact.

The figures indicate that Alabama saved over \$22,000. In truth, the savings were greater than that. MSA potentially saved a little money on every Medicaid patient of every provider that was contacted. It would seem that the potential for savings was limited only by the amount of dedication to the practice of utilization review.

SELECTED PROGRAM REVIEWS

- 1. PHYSICIANS' PROGRAM**
- 2. FAMILY PLANNING PROGRAM**
- 3. PHARMACEUTICAL PROGRAM**
- 4. SCREENING PROGRAM**
- 5. LONG-TERM CARE PROGRAM**
- 6. HOSPITAL PROGRAM**

AFY '74

PHYSICIANS' PROGRAM

Number of physicians by specialty

PLATE 32

Aerospace Medicine	9	Hematology	9	Pathology	86
Allergy	14	Infectious Diseases	8	Pediatrics	233
Anesthesiology	95	Internal Medicine	391	Pharmacology, Clinical	1
Cardiovascular Diseases	69	Legal Medicine	1	Physical Med. & Rehab.	8
Clinical Pathology	6	Nephrology	4	Plastic Surgery	20
Dermatology	56	Neurology	18	Psychiatry	97
Diabetes	3	Nuclear Medicine	4	Public Health	24
Diagnostic Roentgenology	60	Nutrition	1	Pulmonary Diseases	12
Emergency Medicine	12	Obstetrics &/or Gynecology	254	Radiology	133
Endocrinology	6	Occupational Medicine	23	Rheumatology	8
Gastroenterology	15	Ophthalmology	123	Surgery	662
General Practice	698	Osteopathy	7	Unspecified	52
General Preventive Med.	4	Other Specialty	29		
Geriatrics	2	Otorhinolaryngology	80	TOTAL	3,337

Source: AMA Clearinghouse (#3)

AFY '74

PHYSICIANS' PROGRAM

Number of claims by procedure

PLATE 33

RANK	PROCEDURE	NUMBER
1.	Routine office visit (12 & older)	179,663
2.	Routine office visit (newborn to 12)	91,258
3.	Injections	77,837
4.	Routine urinalysis	58,457
5.	Amalgam - surface permanent	32,594
6.	Sickle cell preparation	29,466
7.	Routine screening visit	27,867
8.	Emergency room visit	24,993
9.	Examination & complete visual analysis	21,671
10.	Hemoglobin	20,635

Source: BC printout (#22)

Physicians in Alabama may participate in the Medicaid Program as general medical practitioners or specialists. In the Screening Program physicians must sign agreements with the Medical Services Administration to provide child screening services because of cost limitation; however, in the other programs, physicians are not required to sign agreements. They may provide medically necessary care to any eligible person who requires it. According to the Internal Revenue Service 1099 report of income for 1974, there were 1,925 physicians who were reimbursed by Medicaid funds for care provided to Medicaid recipients. This count excludes payments for deductible and coinsurance claims and also excludes dentists.

Plate 33 lists the ten most common medical and dental procedures for which the providers billed Medicaid during AFY '74.

PHYSICIANS' PROGRAM

Types of visits by number and by total cost for year

TYPE OF VISIT	COST	VISITS
TOTAL	\$4,928,641	694,219
Office	3,164,811	517,320
Hospital (With Inpatient)	1,368,260	136,377
Hospital Outpatient Clinics	329,217	29,950
Elsewhere	20,849	4,545
Intermediate Care Facility	20,982	2,827
Skilled Nursing Facility	12,038	1,654
Home	12,484	1,546

Source: BC printout (#22)

Plate 34 presents the cost and number of visits to physician for AFY '74. The most frequent type of visit was an office call with hospital inpatient visits ranked second.

Physicians submitted claims for services to 216,038 persons during AFY '74. This is an increase of 14% over last year. Plate 35 excludes dental recipients.

PHYSICIANS' PROGRAMYear's total number of recipients of physicians' care
Percent of total for each age, sex, and racial group

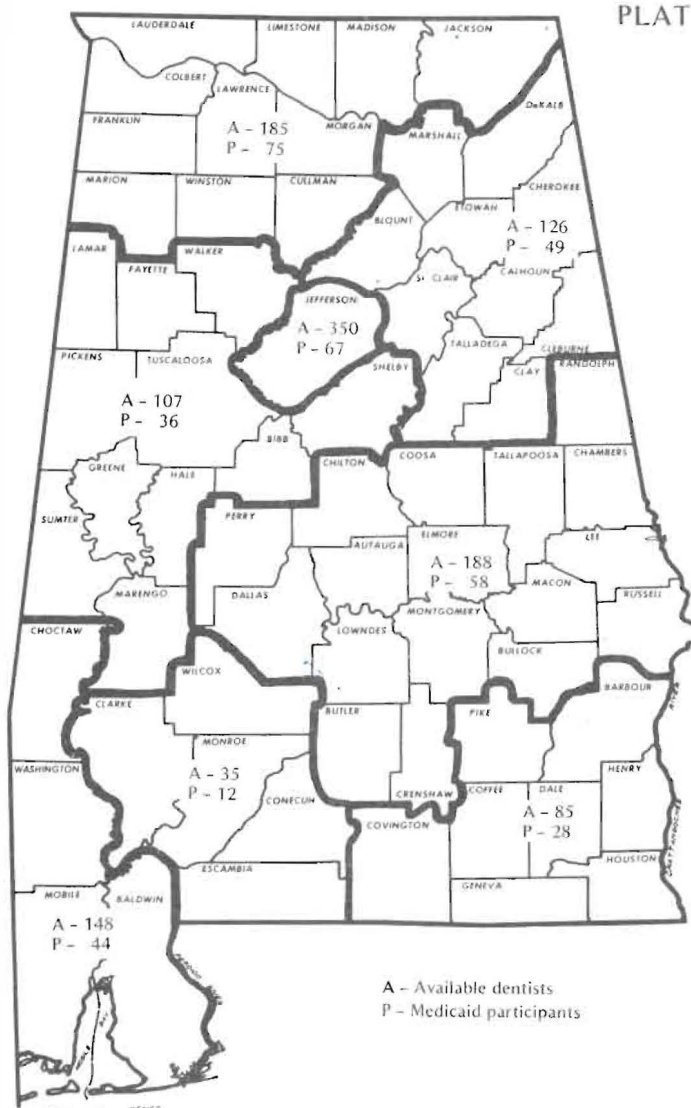
	AFY 1973	AFY 1974
Total Recipients	189,624	216,038
% by Age		
Under Age 6	12%	12%
Ages 6 - 20	22%	23%
Ages 21 - 64	22%	22%
Ages 65 - Over	44%	43%
% by Sex		
Male	31%	33%
Female	69%	67%
% by Race		
White	35%	41%
Non-White	65%	59%

Sources: Ala. Dept. Public Health (#2), BC printout (#16)

AFY '74

PHYSICIANS' PROGRAM

Number of dentists by area



Source: BC printout (#19)

The Dental Program was initiated in October, 1972, for all eligible persons under twenty-one years of age. A provider for the Dental Program must be a Doctor of Dentistry, licensed in the state in which the service is provided, and in the private practice of dentistry or in a dental clinic approved to render care for Medicaid patients. Under Medicaid, dental health care is provided as part of the Early and Periodic Screening, Diagnosis and Treatment Program. Effective in August, 1973, every person who had not had a dental checkup within the calendar year of his health screening examination was to be referred to a dentist.

Eligible persons in the over 21 age group are limited to dental procedures which are considered as

(a) surgery related to the jaw, (b) the reduction of any fracture related to the jaw or facial bones, or (c) surgery within the oral cavity for removal of lesions or the correction of congenital defects.

Plate 36 shows the number of available dentists by area, as defined by Blue Cross, and the number of Medicaid participating dentists. These are dentists who have billed the fiscal agent for dental services rendered to eligible persons. The participation rate for Alabama dentists, as of September, 1974, was 30%. Of the state's 1,224 dentists, 369 had provided care to 19,634 out-patient and 34 in-patient recipients. During the year, the county health departments' dental clinics treated 665 recipients and were reimbursed almost \$16,000.

AFY '73 & '74

PHYSICIANS' PROGRAM

Number and activity of dentists

PLATE 37

	1973	1974	CHANGE
Available Dentists	1,178	1,224	+ 4%
Participating Dentists	288	369	+ 28%
Participation Rate	24%	30%	+ 6%
Outpatients Treated	8,107	19,634	+ 142%
Inpatients Treated	21	34	+ 62%
Health Department Patients	445	665	+ 49%
Health Department Payments	\$7,000	\$15,830	+ 126%

Source: BC printout (= 19)

AFY '74

PHYSICIANS' PROGRAM

Dental services by number of recipients, by number of claims, and by amount of payments

PLATE 38

TYPE OF SERVICE	NUMBER OF RECIPIENTS	AMOUNT OF PAYMENTS	NUMBER OF SERVICES
Diagnostic Services	14,503	\$178,834	41,427
Preventive Care	13,660	197,435	29,309
Oral Surgery	7,795	124,518	16,834
Endodontics	2,053	89,394	3,901
Operative	11,809	788,270	74,662
Crown & Bridge	1,603	96,907	3,826
Orthodontics	294	15,806	395
Emergency Services	6,113	81,169	10,465

Source: BC printout (= 19)

CY '73 & '74

PHYSICIANS' PROGRAM

Optometric claims and charges

PLATE 39

	OPHTHALMOLOGISTS		OPTOMETRISTS & OPTICIANS		SUN OPTIC, INC.	
	1973	1974	1973	1974	1973	1974
Claims	5,965	7,386	18,742	16,958	17,629	15,624
Examination Charges	\$61,247	\$77,303	\$160,142	\$143,324	--	--
Fitting Charges	\$12,634	\$11,435	\$74,750	\$65,790	--	--
Lens Charges	--	--	--	--	\$92,681	\$100,289
Frame Charges	--	--	--	--	\$43,389	\$52,372

Sources: BC printout (#20), CCS printout (#30)

Ophthalmologists, optometrists, and opticians are providers under the Medicaid Program. During AFY '74 they provided eyeglasses and eye care services to approximately 23,000 persons. Medicaid will pay for a pair of eyeglasses each year for a child. Adults may receive eyeglasses every two years if necessary.

FAMILY PLANNING PROGRAM

Medicaid assumed Family Planning Services officially on March 1, 1973. Almost all family planning procedures such as tubal ligation, abortion, and contraceptive drugs were included for coverage. Section 299E of Public Law 92-603 made family planning a mandatory program under Medicaid to be financed with 90% matching funds. Although the official program began March, 1973, most family planning procedures were covered either through regular physician claims or through the Pharmaceutical Program prior to the March date. The basic changes, then, were that physicians were asked to specify a family planning diagnosis when submitting a claim other than regular claims and that 90% matching was available rather than the regular 75% matching rate.

From August, 1973, through April 18, 1974, Medicaid was prohibited from authorizing payment for sterilizations performed on minors under 21 or on those declared legally incompetent without informed consent. However, prior to that time payments were authorized for all physician family planning claims,

subject to other regulations. As of April 18, 1974, no payment would be authorized for sterilizations on any individual without legally informed consent and without a 72-hour waiting period. Also no sterilizations were authorized for any individuals under 21 or for those declared legally incompetent, other than for specific medical necessity. "Mental incapacity" was excluded as a "medical necessity diagnosis."

Medicaid has arranged to pay for treatment provided by health departments and the Bureau of Maternal and Child Health, as well as for services of private physicians. Over 30,000 prescriptions for oral contraceptives were provided by pharmacies.

Medicaid provided family planning services to approximately 10,500 patients during AFY '74. Plate 41 shows the classification of patients by category. This report includes recipients of oral contraceptives.

Plate 42 shows the recipients of private physicians' family planning services by age and race. This excludes clinic claims, hospital claims, and drug claims.

AFY '74

FAMILY PLANNING PROGRAM

Year's expenditures by type of service

PLATE 40

	EXPENDITURE	PERCENT
Hospital	\$1,005,789	71%
Physician	309,696	22%
Drug	96,033	7%
Sources: ABC printout (#24), CCS printout (#26)		

Sources: ABC printout (#24), CCS printout (#26)

AFY '74

FAMILY PLANNING PROGRAM

Year's total number of recipients by category

PLATE 41

CATEGORY	RECIPIENTS
Category 2—Blind	49
Category 4—Disabled	352
Category 3—AFDC Children	1,467
AFDC Adults	8,579
TOTAL	10,447

Source: BC printout (#16)

AFY '74

FAMILY PLANNING PROGRAM

Year's total number of recipients of private physicians' services
by type of procedure, race and age

PLATE 42

TYPE OF PROCEDURE	AGE 0-20			AGE 21-45			AGE 46 & OVER			TOTAL		
	W*	N-W*	U*	W	N-W	U	W	N-W	U	W	N-W	U
1. Vasectomy				3			1			4		
2. Vas Ligation							1			1		
3. Abortion—A. Saline	13	84	1	16	77			1		29	162	1
B. Suction	26	136		32	150			3		58	289	
C. Trans-Abdominal		1									1	
D. D & C	2	1			2					2	3	
4. Salpingectomy		7		25	52		1	1		26	60	
5. Salpingoplasty				2	2					2	2	
6. Tubal Ligation (Abdominal)				1	4					1	4	
(Vaginal)					4						4	
7. Ligation of Fallopian Tubes	2	23	1	93	350	2		2	2	95	375	5
8. Tubal Insufflation												
9. Tracheloplasty		2			5						7	
10. Hysterectomy				7	9		1	6		8	15	
11. Panhysterectomy		1		35	67	1	9	13		44	81	1
12. Supracervical Hysterectomy					4						4	
13. Vaginal Hysterectomy				13	20		4			17	20	
14. Panhysterectomy—Bilateral				10	19		5	4		15	23	
15. I. U. D. Insertion	24	170	1	46	229		1	2		71	401	1
TOTAL	67	425	3	283	994	3	23	32	2	373	1,451	8

Source: BC printout (#23) *White *N-W-Non-White *U-Unknown

AFY '73 & '74

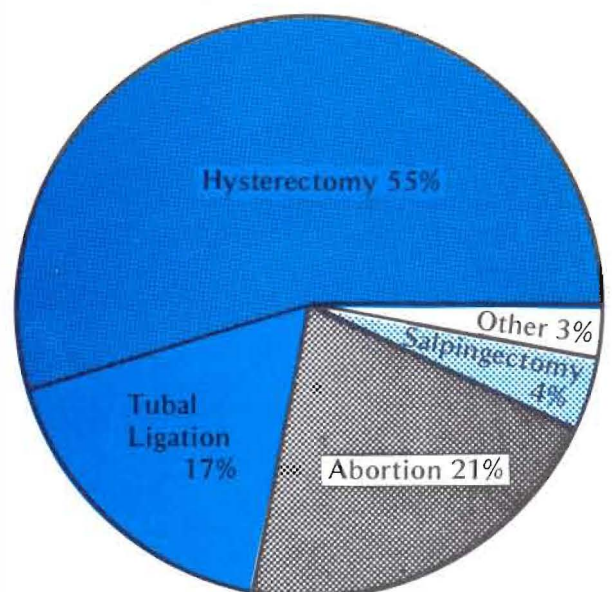
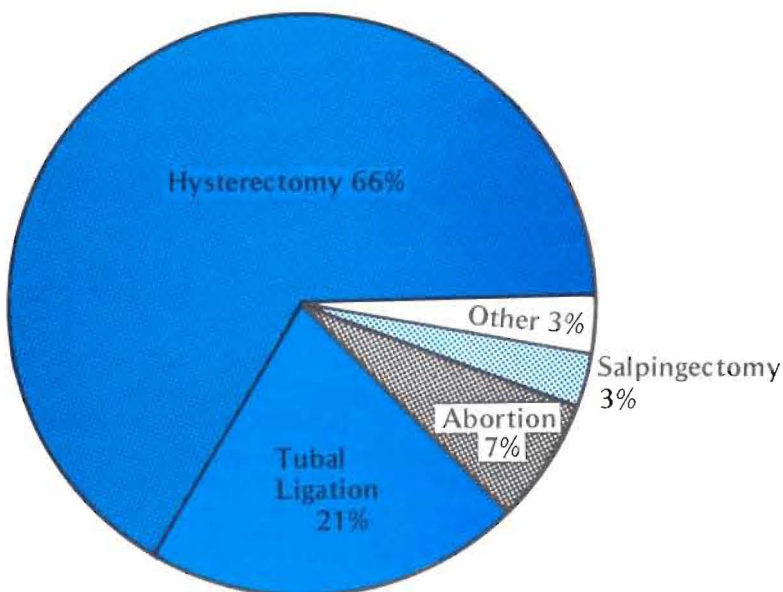
PLATE 43

FAMILY PLANNING PROGRAM

Percent of family planning expenditures by type of service

AFY 1973

AFY 1974



Source: BC printout (#22)

PHARMACEUTICAL PROGRAM

The Alabama Medicaid Pharmaceutical Program has been operative since January, 1970. Providing drugs to Medicaid recipients is a state option under Title XIX. In other words, the Pharmaceutical Program is not required by law. However, the benefits of this program far outweigh the appropriations required for it to function. Many patients who receive care from other state agencies are able to receive drugs from the Medicaid Program with no cost to those state agencies.

Throughout Medicaid's history, the Pharmaceutical Program has operated to assure physicians a reasonable choice of drug therapy—a broad enough choice to support the normal practice of medicine. There always has been a strong desire to prevent any discrimination in medical treatment of Medicaid recipients. Therefore, the Alabama Drug Code Index (ADCI) has offered a selection of more than 3,000 drugs covering over fifty therapeutic categories. Additions are made to the ADCI periodically with special attention given to keeping the drug list current and effective. The physicians, as well as the pharmacists, are notified of these revisions and also of revised policies and procedures.

AFY '74

PHARMACEUTICAL PROGRAM

Monthly totals of eligibles, drug recipients, drug claims, and drug expenditures
Monthly averages of claims per recipient, cost per recipient, and cost per claim

PLATE 45

MONTH	NUMBER OF ELIGIBLES	NUMBER OF RECIPIENTS	AVERAGE # CLAIMS PER RECIPIENT	AVERAGE COST PER RECIPIENT	AVERAGE COST PER CLAIM	CLAIMS PER MONTH*	DRUG EXPENDITURES PER MONTH*
OCT. '73	296,765	87,705	3.10	\$11.59	\$3.74	271,688	\$1,016,343.43
NOV.	293,815	87,249	3.11	\$11.66	\$3.75	271,328	1,016,957.67
DEC.	292,567	82,280	2.97	\$11.26	\$3.79	244,630	926,635.30
JAN '74	298,278	90,156	3.29	\$12.36	\$3.76	296,173	1,114,617.26
FEB.	311,790	85,046	2.94	\$11.02	\$3.75	249,918	936,811.32
MAR.	312,006	94,222	3.23	\$12.27	\$3.80	304,095	1,156,669.07
APR.	308,645	88,585	3.11	\$11.93	\$3.84	275,681	1,057,430.66
MAY	302,014	91,021	3.15	\$12.22	\$3.88	286,851	1,112,227.83
JUNE	298,669	84,988	3.00	\$11.82	\$3.93	255,275	1,004,139.89
JULY	298,259	89,983	3.34	\$12.54	\$3.98	283,485	1,128,995.60
AUG.	305,187	90,582	3.13	\$12.58	\$4.02	283,670	1,139,970.28
SEPT.	307,139	90,895	3.04	\$12.29	\$4.04	276,877	1,117,551.44
AVERAGE		88,559			\$3.85		
TOTAL						3,299,671	\$12,728,349.75

Sources: ABC printout (#14), CCS printout (#28)

*Includes family planning drug claims

The continuous cooperation of the intermediary who has handled the Pharmaceutical Program since its inception has contributed significantly to the overall success of this program. Information which is current and adequate has been provided to Medical Services Administration on a regular basis for the past five years. To a great extent, this reliability has enabled Medicaid payments to be made on a timely basis.

AFY '74

PHARMACEUTICAL PROGRAM

Types of provider by number

PLATE 44

TYPE OF PROVIDER	NUMBER
In-State Retail Pharmacies	936
Institutional Providers	35
Dispensing Physicians	3
Out-of-State Pharmacies	40
TOTAL	1,014

AFY '73 & '74

PHARMACEUTICAL PROGRAM

Monthly averages of eligibles, expenditures, and claims
 Monthly averages of claims per eligible and cost per eligible

PLATE 46

	ELIGIBLES (Ave. Per Mo.)		EXPENDITURES		CLAIMS		CLAIMS PER ELIGIBLE		COST PER ELIGIBLE	
	1973	1974	1973*	1974*	1973*	1974*	1973	1974	1973	1974
All Categories	303,344	303,310	\$10,934,925	\$12,728,350	3,033,764	3,299,671	10	11	\$36	\$42
Category 1—Aged	117,713	118,757	\$ 7,554,284	\$ 8,594,339	2,068,163	2,207,886	18	19	\$64	\$72
Category 2—Blind	2,014	2,190	\$ 117,437	\$ 136,987	30,805	33,419	15	15	\$58	\$63
Categories 3&7—AFDC	163,327	257,750	\$ 1,759,816	\$ 1,995,344	532,228	566,054	3	2	\$11	\$ 8
Category 4—Disabled	20,290	27,613	\$ 1,503,388	\$ 2,001,680	402,568	492,312	20	18	\$74	\$72

Source: CCS printout (#26) *Includes family planning drugs

As of September, 1974, there were 1,014 providers who had signed contracts to dispense medication under the rules and regulations proposed by Medicaid. These providers are reimbursed by means of a bank draft, which must be paid or returned within 48 hours of receipt.

During AFY '74 the intermediary paid 3,299,671 drafts for \$12,728,350 (this includes family planning

drugs). The average cost per eligible person for drugs was \$42 per year, as shown in Plate 46. The average number of prescriptions per eligible person varies from two prescriptions for the AFDC Category up to 19 prescriptions for the aged eligibles, to give an average of 11 claims per eligible per year. Plate 47 shows the characteristics of the drug recipients for the past two years.

AFY '73 & '74

PHARMACEUTICAL PROGRAM

Drug recipients by category
 Drug expenditures by category

PLATE 47

	DRUG RECIPIENTS		CHANGE IN RECIPIENTS	DRUG EXPENDITURES		CHANGE IN EXPENDITURES
	1973	1974*		1973	1974*	
ALL CATEGORIES	208,043	218,486	+5 %	\$10,934,925	\$12,631,781	+16%
BY CATEGORY						
Category 1—Aged	96,268	99,463	.03%	7,554,283	8,594,323	+14%
Category 2—Blind	1,613	1,774	10 %	117,437	136,369	+16%
Categories 3&7—All AFDC	92,255	93,670	2 %	1,759,816	1,902,025	+ 8%
Adults	33,423	33,078	-1 %	1,073,761	1,156,206	+ 8%
Children	58,832	60,592	3 %	686,055	745,729	+ 9%
Category 4—Disabled	17,547	23,579	34 %	1,503,389	1,999,064	+33%
BY AGE						
Under 6 Years	23,680	24,782	5 %	293,210	328,703	+12%
6-20 Years	39,655	41,088	6 %	465,835	501,649	+18%
21-64 Years	46,314	48,332	4 %	2,460,265	2,688,750	+ 9%
65-Over	98,394	104,284	6 %	7,715,616	9,112,677	+18%
BY SEX						
Male	62,925	69,079	10 %	2,846,152	3,485,999	+22%
Female	145,118	149,407	3 %	8,088,773	9,145,781	+13%
BY RACE						
White	78,227	95,485	22 %	6,123,860	7,665,251	+25%
Non-White	129,816	123,001	-5 %	4,811,065	4,966,526	+ 3%

Sources: Ala. Dept. Public Health (#2), BC printout (#16)

*Excludes family planning drugs

CY '73 & '74

PHARMACEUTICAL PROGRAM

Drugs for nursing facility patients

PLATE 48

	CY '73	CY '74	INCREASE
Recipients	13,745	13,841	0.7%
Claims	450,171	474,972	5.5%
Expenditures	\$1,526,349	\$1,782,679	16.8%
Average Claims/Recipient	33	34	3.0%
Average Cost/Recipient	\$ 111	\$ 129	16.2%

Source: CCS printout (#27)

Nursing Facility Drug Recipients: The Alabama Medicaid Pharmaceutical Program provides drugs to nursing facility patients, as well as to outpatients. Of the total drug expenditures 14% or \$1,782,679, was for drugs provided to nursing facility patients. There were 13,841 nursing facility patients who received 474,972 prescriptions during the calendar year 1974. The average number of prescriptions per nursing

facility recipient was 34 per year, compared to around 15 per year (3,269,559 prescriptions for 218,486 recipients) for the total drug recipient population. Likewise, while the average cost per drug recipient was \$58 (\$12,631,781 per 298,486 recipients), the cost per nursing facility drug recipient was \$129 per-year. This is more than twice the cost of the average recipient.

CY '73 & '74

PHARMACEUTICAL PROGRAM

Drugs used in nursing facilities, ranked by number of prescriptions

PLATE 49

Product Names, 1973	Prescriptions	Product Names, 1974	Prescriptions
1. Lanoxin 0.25mg. tablet	17,567	1. Lanoxin 0.25mg. tablet	17,572
2. Maalox liquid	13,657	2. Lasix tablet	14,834
3. Lasix tablet	12,476	3. Tylenol tablet	14,297
4. Tylenol tablet	11,149	4. Maalox liquid	13,366
5. Mellaril 25mg. tablet	9,672	5. Mellaril 25 mg. tablet	11,786
6. Thorazine 25mg. tablet	9,319	6. Thorazine 25mg. tablet	8,243
7. Noctec 7-1/2Gr. capsule	7,080	7. Mylanta suspension	8,238
8. Ascriptin tablet	5,722	8. Noctec 7-1/2Gr. capsule	7,981
9. Mylanta suspension	5,660	9. Hydergine tablet	7,631
10. Dilantin 100mg. capsule	5,110	10. Mellaril 50mg. tablet	6,236
11. Gelusil liquid	5,079	11. Ascriptin tablet	5,732
12. Mellaril 50mg. tablet	4,761	12. Lanoxin 0.125mg. tablet	7,371
13. Thorazine 50mg. tablet	4,636	13. Dilantin 0.1Gm. capsule	5,362
14. Lanoxin 0.125mg. tablet	3,991	14. Thorazine 50mg. tablet	4,757
15. Donnatal tablet	3,947	15. Donnatal tablet	4,268
16. Hydrodiuril 50mg. tablet	3,789	16. Papaverine 100mg. tablet (L)	4,163
17. Papaverine 100mg. tablet (Lilly)	3,636	17. Mellaril 10mg. tablet	4,088
18. Kaon elixir	3,592	18. Hydrodiuril 50mg. tablet	3,815
19. Donnatal elixir	3,401	19. Kaon elixir	3,724
20. Seconal 100mg. capsule	3,381	20. Dyazide capsule	3,682
21. Mellaril 10mg. tablet	3,354	21. Dramamine tablet	3,479
22. Orinase 0.5Gm. tablet	3,331	22. Ser Ap Es tablet	3,341
23. Ser Ap Es tablet	3,273	23. Donnatal elixir	3,316
24. Dyazide tablet	3,246	24. Aldomet 250 tablet	3,299
25. Dramamine tablet	3,224	25. Orinase tablet 0.5Gm.	3,153

Source: CCS printout (#27)

The top 25 drugs dispensed to Alabama nursing facility patients under Medicaid are shown for calendar years 1973 and 1974 in Plate 49. Over 25% of all nursing facility prescriptions were for 12 drugs, while 36% were for 25 drugs.

Mental Health Drugs: Medicaid paid drug charges for 1,048 mental health transfer recipients in nursing homes during calendar year 1974. These patients received 37,736 prescriptions at a cost of \$159,065. This represents an average cost of \$152 per patient per year. This is approximately 20% greater than the average nursing home patient drug cost of \$129 per year and almost three times the average outpatient's drug cost of \$58 per year. The number of mental health transfer patients increased 24% over last year;

their number of prescriptions increased 71%; their drug cost increased 91%.

During 1974 Medicaid also paid for the drugs provided to 515 outpatients of mental health clinics who were Medicaid eligible. These patients received 9,897 prescriptions for \$48,945. Their average drug cost per year was \$95.

Top 200 Drugs: Expenditures for the top 200 drugs accounted for \$851,622 or 64% of the total expenditures for calendar year 1974. The top 200 drugs ranked by number of charges accounted for 2,149,350 prescriptions or 63% of the total prescription count. Plate 50 shows the top 50 brand name products ranked by expenditure and by number of prescriptions.

CY '74

PHARMACEUTICAL PROGRAM

Rank of drugs by expenditures by number of claims

PLATE 50

RANK BY EXPENDITURE		RANK BY NUMBER OF CLAIMS	
1. Ser Ap Es tab.	26. Neggram cap. 500mg	1. Lanoxin tab. 0.025mg	26. Thorazine tab. 25mg
2. Lasix tab. 40mg	27. Thorazine tab. 25mg	2. Lasix tab. 40mg	27. Donnatal elixir
3. Aldomet tab. 250mg	28. Tolinase tab. 250mg	3. Ser Ap Es tab.	28. Hydergine tab. 0.5mg
4. Lanoxin tab. 0.25mg	29. Hydropres-50 tab.	4. Tylenol tab.	29. Aldactazide tab.
5. Orinase tab. 0.5gm	30. Donnatal tab.	5. Aldomet tab. 250mg	30. Noctec cap. 7½gr
6. Butazolidine Alka cap.	31. Aldoril-15 tab.	6. Dyazide cap.	31. Rauzide tab.
7. Salutensin tab.	32. Athemol tab.	7. Ascriptin tab. 500	32. Mellaril tab. 50mg
8. Mellaril tab. 25mg	33. Maalox liquid	8. Butazolidin Alka cap.	33. Insulin NPH U80
9. Diabinese tab. 250mg	34. Mellaril tab. 10mg	9. Empirin comp. #3	34. Hydropres-50 tab.
10. Aldoril-25 tab.	35. Minocin cap. 100mg	10. Mylanta sus.s.	35. Diuril 0.5gm
11. Hydergine tab. 0.5mg	36. Ascriptin tab. 500	11. Maalox liquid	36. Ecotrin tab.
12. Dyazide cap.	37. Insulin NPH U80	12. Salutensin tab.	37. Sumycin cap. 250mg
13. DBI-TD SRC 50mg	38. Enduronyl tab.	13. Orinase tab. 0.5gm	38. Benadryl cap. 50mg
14. Tylenol tab.	39. Meprobamate tab. 400mg	14. Donnatal tab.	39. Periacin 4mg
15. Mellaril tab. 50mg	40. Papaverine tab. 100mg	15. Butisol tab. 30mg	40. Achromycin V cap. 250mg
16. Aldactazide tab.	41. Esimil tab.	16. Hydrodiuril tab. 50mg	41. Phenaphen #3 cap.
17. Hydrodiuril tab. 50mg	42. Mellaril tab. 100mg	17. Dilantin cap. 0.1gm	42. Elixophyllin liquid
18. Keflex cap. 250mg	43. Periacin tab. 4mg	18. Dramamine tab.	43. Percodan tab.
19. Sinequan cap. 25mg	44. Diuril tab. 0.5gm	19. Meprobamate tab. 400mg	44. Aldoril-15 tab.
20. Empirin comp. #3 tab.	45. Kaon elixir	20. Mellaril tab. 25mg	45. Tylenol #3 tab.
21. Dilantin cap. 0.1gm	46. Tofranil tab. 25mg	21. Diabinese tab. 250mg	46. Thorazine tab. 50mg
22. Rauzide tab.	47. Thorazine tab. 50mg	22. Phenobarbital tab. 30mg	47. Hydrodiuril tab. 25mg
23. Butisol tab. 30mg	48. Elixophyllin liquid	23. Aldoril-25 tab.	48. Crystodigin tab. 0.1mg
24. Dramamine tab.	49. Inderal tab. 10mg	24. Lanoxin tab. 0.125mg	49. Dimetapp SRT
25. Mylanta sus.	50. Keflex cap. 500mg	25. DBI-TD SRC 50mg	50. Lomotil tab.

Source: CCS printout (#29)

Over-the-counter (OTC) prescriptions constituted 16.5% of the total number of charges and 10.5% of the total amount of charges. The top ten OTC preparations by expenditure are compared for CY '73 and '74 in Plate 51.

CY '73 & '74

PHARMACEUTICAL PROGRAM

OTC drugs ranked by expenditure

PLATE 51

CY '73	CY '74
<ol style="list-style-type: none"> 1. Tylenol tablets 2. NPH Insulin U-80 (L) 3. Dramamine tablets 4. Maalox suspension 5. Ascriptin tablets 6. Mylanta suspension 7. Percogesic tablets 8. NPH Insulin U-40 (L) 9. Feosol Spansule 10. Persisten tablets 	<ol style="list-style-type: none"> 1. Tylenol tablets 2. Dramamine tablets 3. Mylanta suspension 4. Maalox suspension 5. Ascriptin tablets 6. NPH Insulin U-80 (L) 7. Salsprin tablets 8. Insulin NPH U-100 (L) 9. Percogesic tablets 10. Feosol Spansule

Sources: Ala. Dept. Public Health (#2), CCS printout (#33)

The "controlled drugs" ("narcotics" and "drug abuse" items) in the top 200 list represented \$645,153 or 4.7% of the total drug expenditure. This is a decrease from 1973 expenditures. The top ten controlled drugs by expenditure are compared for CY '73 and '74 in Plate 52.

CY '73 & '74

PHARMACEUTICAL PROGRAM

Controlled drugs ranked by expenditure

PLATE 52

CY '73	CY '74
1. Butisol tablets 30mg	1. Empirin comp. #3 tablets
2. Empirin comp. #3 tablets	2. Butisol tablets 30mg
3. Meprobamate tablets 400mg (P)	3. Meprobamate tablets 400mg (P)
4. Phenobarbital tablets 30mg (L)	4. Noctec capsules 7½gr
5. Percodan tablets	5. Percodan tablets
6. Noctec capsules 7½gr	6. Phenobarbital tablets 30mg (L)
7. Phenaphen #3 capsules	7. Phenaphen #3 capsules
8. Phenergan/Codeine expectorant	8. Tylenol/Codeine #3 tablets
9. Meprobamate tablets 400mg (A)	9. Phenergan/Codeine expectorant
10. Butisol tablets 15mg	10. Phenergan VC expectorant

Sources: Ala. Dept. Public Health (#2), CCS printout (#29)

There were 2,727,705 legend prescriptions for \$11,300,695 and 549,346 OTC prescriptions for \$1,362,188 billed to Medicaid for AFY '74. These do not add to the totals of 3,299,671 prescriptions and \$12,728,350 because charges by dispensing physicians are excluded. Medicaid paid \$4,091,558 for legend fees and approximately \$499,522 for OTC fees to give \$4,541,080 for fees in the drug program. The gross percent of profit decreased 1.7% from last year.

CY '73 & '74

PHARMACEUTICAL PROGRAM

Drug groups by percent of expenditures and by percent of claims

Gross profit

PLATE 53

	BY EXPENDITURE		BY CLAIMS	
	1973	1974	1973	1974
Top 200 Drugs	64.1%	64.4%	62.4%	62.8%
OTC Drugs	10.5%	10.5%	16.5%	16.5%
Controlled Drugs	5.8%	4.7%		
Nursing Facility Drugs	13.4%	12.9%	14.4%	13.9%
Mental Health Drugs (Nursing Home and Outpatient)	1.3%	1.5%	1.2%	1.4%
Gross Profit	38 %	36 %	----	----

Source: CCS printouts (#27, #32)

CY '73 & '74

PHARMACEUTICAL PROGRAM

Drug claims by drug categories

PLATE 54

	1973		1974		% CHG.	% CHG.
CENTRAL NERVOUS SYSTEM DRUGS	721,107		801,724			+ 11
Analgesics & Antipyretics		321,049		360,553	+12	
Psychotherapeutic Agents		180,152		226,283	+26	
Sedatives & Hypnotics		183,712		174,503	- 4	
Anti-Convulsants		36,045		40,213	+12	
Respiratory Stimulants		249		172	-32	
CARDIOVASCULAR DRUGS	549,765		592,926			+ 8
Hypotensive Agents		282,130		303,405	+ 8	
Cardiac Agents		190,195		204,646	+ 7	
Vasodilating Agents		59,694		64,115	+ 7	
Other Cardiovascular Agents		17,746		20,760	+17	
ANTI-INFECTIVE AGENTS	342,932		367,888			+ 7
Antibiotics		237,494		255,568	+ 8	
Other Anti-Infectives		64,908		73,185	+13	
Sulfonamides		40,530		39,135	- 3	
AUTONOMICS & SPASMOLYTICS	265,911		296,579			+ 12
Autonomics		171,066		194,201	+14	
Spasmolytics		94,845		102,378	+ 8	
ELECTROLYTES & WATER BALANCE	258,221		290,672			+ 13
Diuretics		215,632		240,920	+10	
Replacement Agents		42,589		49,752	+17	
HORMONES & SYN. SUBST.	251,122		266,564			+ 6
Insulin & Diabetic Agts.		147,722		153,208	+ 4	
Estrogens		45,093		53,858	+19	
Adrenals		36,140		36,178	+ .1	
Other Hormones & Syn.		15,545		17,361	+12	
Androgens		6,622		5,959	-10	
GASTROINTESTINAL DRUGS	216,994		234,786			+ 8
Antacids & Adsorbents		121,529		128,869	+ 6	
Other GI Drugs		70,629		79,329	+12	
Anti-Diarrheal Drugs		24,836		26,588	+ 7	
ANTI-HISTAMINES	130,714		151,541			+ 16
EXPECTORANTS & COUGH PREPS.	130,602		142,895			+ 9
SKIN & MUCOUS PREPS.	111,218		126,500			+ 14
EENT PREPS.	61,466		65,422			+ 6
BLOOD FORM. & COAG.	34,617		41,039			+ 18
VITAMINS	33,434		36,577			+ 9
ENZYMES	5,846		5,996			+ 3
ANTI-NEOPLASTICS	1,851		2,192			+ 18
PRIOR AUTHORIZATIONS	103		339			+229
OTHER	5,084		239			- 95
TOTAL	3,121,019		3,423,879			+ 10

Source: CCS printout (#31)

CY '74

PHARMACEUTICAL PROGRAM

Drug claims by drug categories

Drug expenditures by drug categories

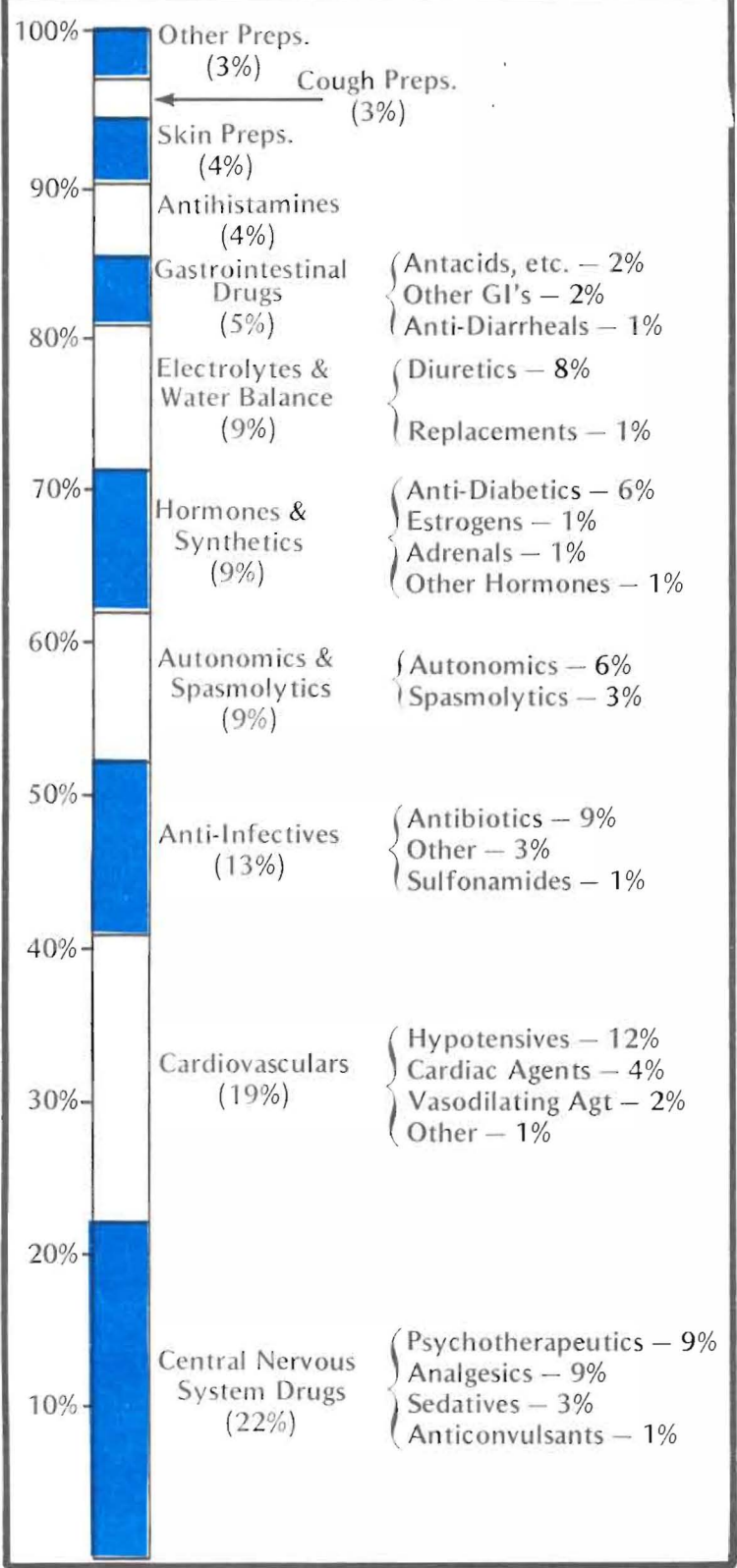
PLATE 55

NUMBER OF CLAIMS		CATEGORY	EXPENDITURE	
(Total)	(Subtotal)		(Subtotal)	(Total)
801,724		CENTRAL NERVOUS SYSTEM		\$2,954,018
	226,283	Psychotherapeutic Agents	\$1,213,881	
	360,553	Analgesics & Antipyretics	1,169,829	
	174,503	Sedatives & Hypnotics	432,254	
	40,213	Anti-Convulsants	137,214	
	172	Respiratory Stimulants	840	
592,926		CARDIOVASCULAR DRUGS		2,635,665
	303,405	Hypotensive Agents	1,673,847	
	204,646	Cardiac	533,746	
	64,115	Vasodilating Agents	283,275	
	20,760	Other Cardiovascular Agents	144,798	
367,888		ANTI-INFECTIVE AGENTS		1,813,720
	255,568	Antibiotics	1,239,488	
	73,185	Other Anti-Infectives	425,376	
	39,135	Sulfonamides	150,857	
296,579		AUTONOMICS & SPASMOLYTICS		1,266,816
	194,201	Autonomic Agents	799,458	
	102,378	Spasmolytic Agents	467,359	
266,564		HORMONES & SYN. SUBST.		1,255,318
	153,208	Insulin & Anti-Diabetic Agents	837,391	
	53,858	Estrogens	189,533	
	36,178	Adrenals	145,631	
	17,361	Other Hormones & Syn.	48,864	
	5,959	Androgens	33,897	
290,672		ELECTROLYTES & WATER BALANCE		1,249,598
	240,920	Diuretics	1,043,048	
	49,752	Replacement Agents	206,549	
234,786		GASTROINTESTINAL DRUGS		680,616
	128,869	Antacids & Adsorbents	310,179	
	79,329	Other GI Drugs	295,893	
	26,588	Anti-Diarrheal Drugs	74,543	
151,541		ANTI-HISTAMINES		510,963
126,500		SKIN & MUCOUS MEMBRANE PREP.		503,270
142,895		EXPECTORANTS & COUGH PREPS.		431,525
65,422		EENT PREPS.		222,786
41,039		BLOOD FORM. & COAGULATION		99,704
36,577		VITAMINS		63,319
5,996		ENZYMES		34,343
2,192		ANTI-NEOPLASTICS		12,272
339		PRIOR AUTHORIZATIONS		8,200
239		OTHER		1,093

Source: CCS printout (#31)

PHARMACEUTICAL PROGRAM

Percent of drug expenditure by therapeutic category



Drug Categories: The Therapeutic Drug Category Report was organized based on the American Hospital Formulary Society therapeutic category code numbers; however, this system was liberally applied to meet the requirements of the Alabama program. Plate 54 shows the number of prescriptions filled for each category of drugs. Plate 55 tells the amount of money Medicaid spent for each category. Plate 56 converts the expenditures into percentages.

During the first two years of the drug program, central nervous system drugs represented a large percentage of expenditures. Although it has since decreased, the latest figures indicate that the category is going back up. This is probably due to the added mental health drugs for patients transferred to nursing facilities.

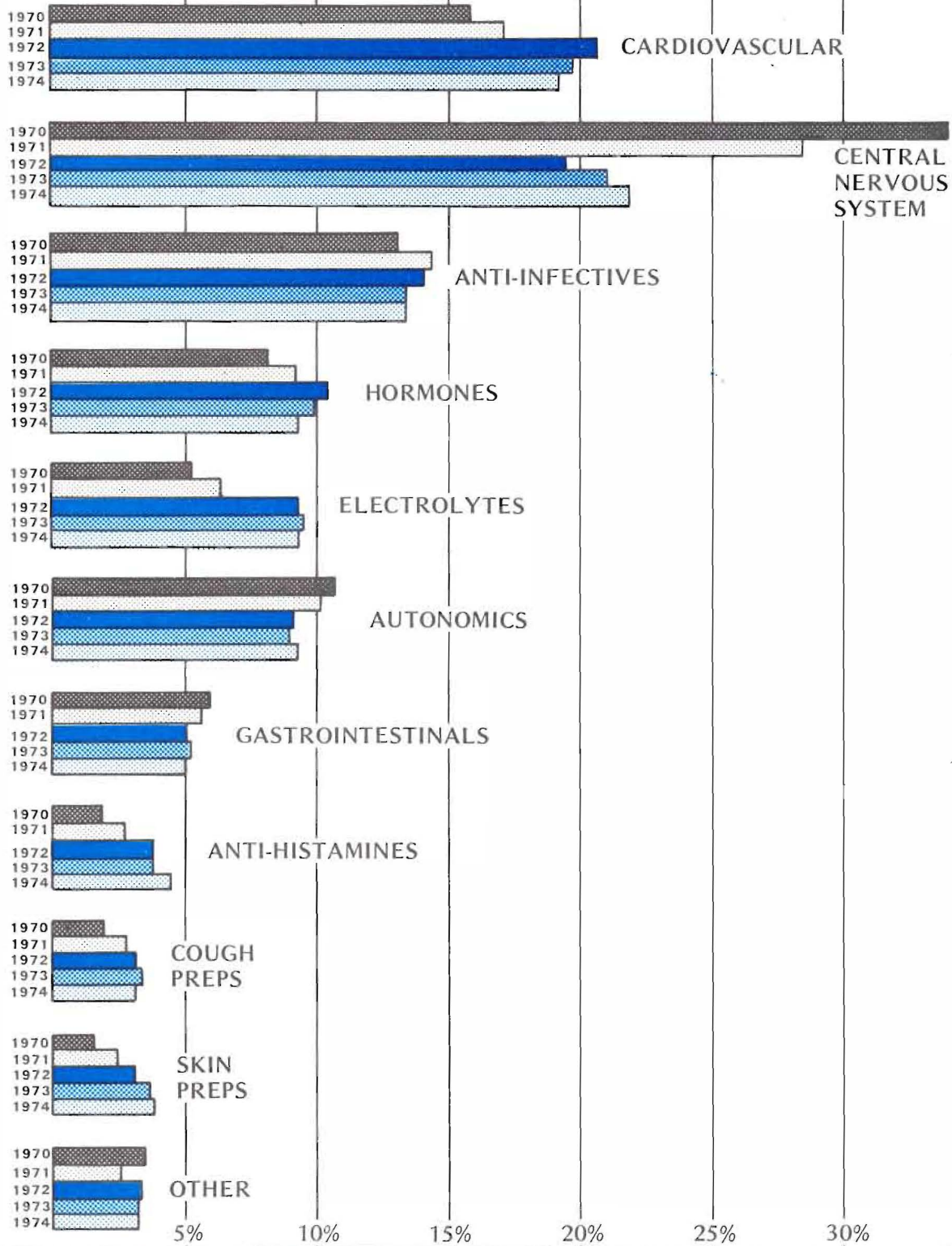
It is interesting to note that in 1974 the number of claims for sedatives decreased, while the number of claims for tranquilizers and antidepressants (psychotherapeutic agents) increased 26% over 1973. Plate 54 gives more details.

Among the highest five major categories, electrolytes and water balance drugs increased the greatest percentage over 1973. Autonomics showed a large increase, probably due to the addition of Hydergine[®] in mid-1973. It is also important to note that the claims for oral contraceptives (estrogens) increased significantly.

Source: CCS printout (#31)

PHARMACEUTICAL PROGRAM

Percent of drug expenditures by therapeutic category

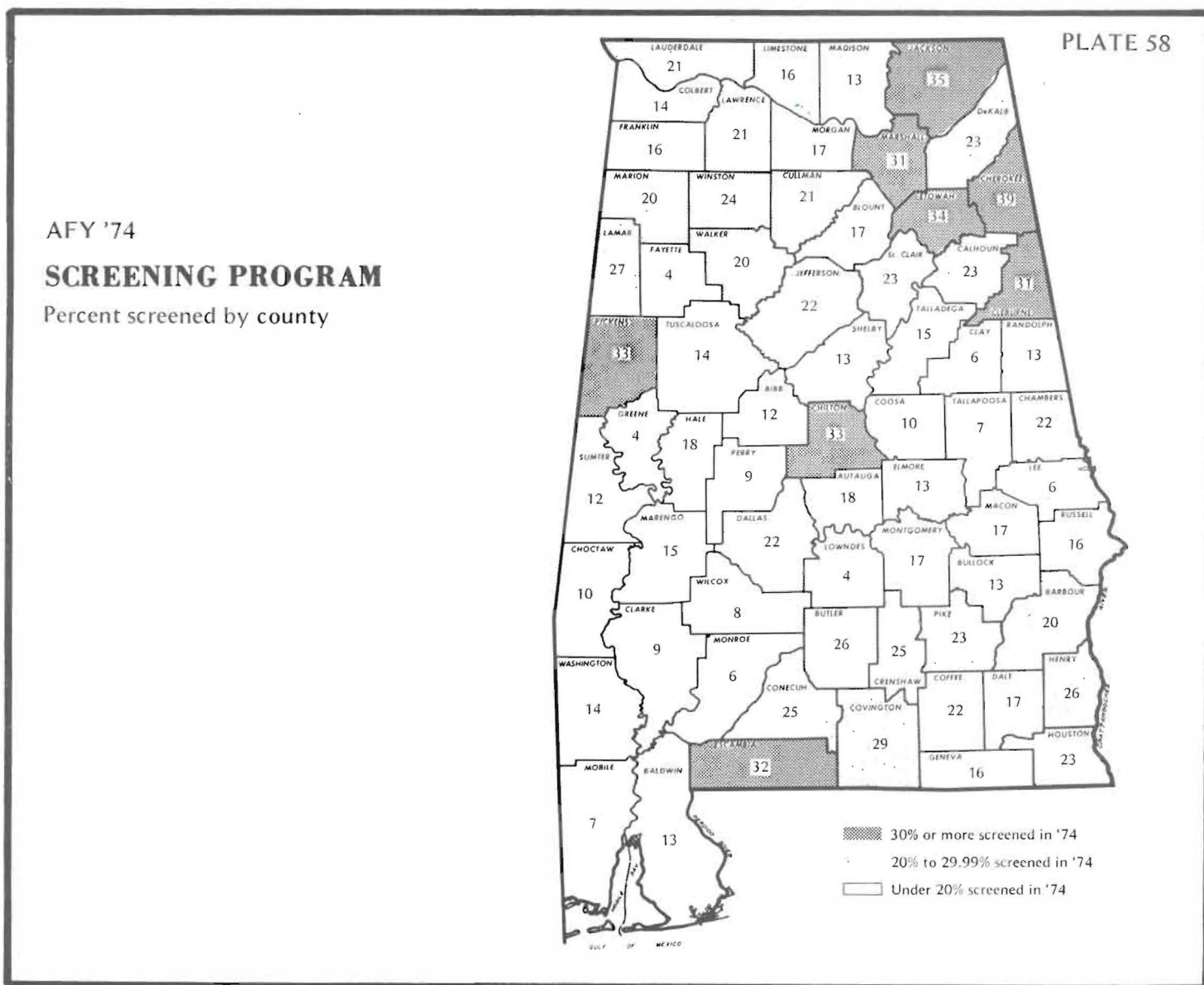


Sources: CCS printout (#31), UA printout (#33)

SCREENING PROGRAM

Alabama has one and a half million residents under age 21. In 1974 approximately 1 in 10 was eligible for screening, or 161,122. The goal of the Medicaid screening program is to give each eligible child a physical examination soon after birth and others periodically until he is age 20. If a child should remain eligible all 20 years, he would receive multiple physical exams during those years.

To achieve this goal MSA needs to screen at least a third of the eligible children each year. In '74 the county health departments screened 27,746 children, which was 17.2% of the eligibles. This amounts to an average of 2,312 per month. In '73, 2,250 per month were screened. The total number screened in the three years during which the program has existed reached 78,228.



Sources: ABC printout (#12), County Health Officers (#7)

AFY '74

SCREENING PROGRAM

Number eligible by county
 Number screened by county
 Percent screened by county

PLATE 59

	Number Eligible	Number Screened	Percent Screened
1. Autauga	1,523	278	18.25%
2. Baldwin	1,922	254	13.21%
3. Barbour	1,742	350	20.09%
4. Bibb	733	89	12.14%
5. Blount	599	104	17.36%
6. Bullock	797	106	13.30%
7. Butler	1,181	309	26.16%
8. Calhoun	4,342	1,018	23.45%
9. Chambers	1,473	325	22.06%
10. Cherokee	266	103	38.72%
11. Chilton	663	217	32.73%
12. Choctaw	1,465	147	10.03%
13. Clarke	1,160	103	8.89%
14. Clay	371	23	6.20%
15. Cleburne	226	69	30.53%
16. Coffee	1,214	273	22.49%
17. Colbert	1,850	257	13.89%
18. Conecuh	1,248	312	25.00%
19. Coosa	737	74	10.04%
20. Covington	1,397	409	29.28%
21. Crenshaw	862	218	25.29%
22. Cullman	808	167	20.67%
23. Dale	1,223	211	17.25%
24. Dallas	4,742	1,029	21.56%
25. DeKalb	823	187	22.72%
26. Elmore	1,516	204	13.46%
27. Escambia	1,783	578	32.41%
28. Etowah	3,454	1,179	34.13%
29. Fayette	470	18	3.83%
30. Franklin	803	129	16.06%
31. Geneva	850	137	16.12%
32. Greene	1,597	54	3.38%
33. Hale	1,415	256	18.09%
34. Henry	764	196	25.65%
35. Houston	3,256	748	22.97%
36. Jackson	905	319	35.25%
37. Jefferson	26,850	5,987	22.30%
38. Lamar	434	115	26.50%
39. Lauderdale	1,867	394	21.10%
40. Lawrence	1,525	319	20.92%
41. Lee	2,293	126	5.50%
42. Limestone	1,941	317	16.33%
43. Lowndes	2,324	90	3.87%
44. Macon	2,425	402	16.58%
45. Madison	6,710	871	12.98%
46. Marengo	2,319	337	14.53%
47. Marion	632	127	20.09%
48. Marshall	1,300	405	31.15%
49. Mobile	19,063	1,329	6.97%
50. Monroe	1,337	85	6.36%
51. Montgomery	6,038	1,038	17.19%
52. Morgan	2,385	417	17.49%
53. Perry	1,765	165	9.35%
54. Pickens	2,110	688	32.61%
55. Pike	2,227	504	22.63%
56. Randolph	390	52	13.33%
57. Russell	809	126	15.57%
58. Saint Clair	853	193	22.63%
59. Shelby	1,440	190	13.19%
60. Sumter	2,090	249	11.91%
61. Talladega	4,803	707	14.72%
62. Tallapoosa	1,754	115	6.56%
63. Tuscaloosa	6,691	953	14.24%
64. Walker	2,915	589	20.21%
65. Washington	735	102	13.88%
66. Wilcox	2,429	187	7.70%
67. Winston	478	117	24.48%
TOTAL	161,122	27,746	17.22%

Source: County Health Officers (#7)

In almost all counties the nurses and physicians who do the screening are members of the county health department. Each county screens at its own rate. The number and percent screened varies from county to county.

This year eight counties met or came close to the goal by screening 30% or more. Twenty-two others screened 20% or more, making a total of 30 counties screening 20% or over (Plate 58). Last year only 21 counties topped 20%. Of the 67 counties in the state, 38 have topped 20% in one of the past two years; 12 topped 20% both years.

AFY '74

SCREENING PROGRAM

Number of children eligible
Number of children screened
Number of conditions referred
Percent of children screened

PLATE 60

HEALTH DISTRICT	NUMBER OF ELIGIBLE CHILDREN	NUMBER OF CHILDREN SCREENED	NUMBER OF CONDITIONS REFERRED	PERCENT OF CHILDREN SCREENED
7. Dothan	10,446	2,324	3,221	22.2%
3. Birmingham	33,320	7,280	12,424	21.8%
4. Gadsden	17,816	3,665	5,420	20.6%
1. Tennessee Valley	20,027	4,026	6,043	18.3%
ALL ALABAMA	161,122	27,746	42,353	17.2%
2. Tuscaloosa	13,450	2,173	3,217	16.2%
5. Montgomery	22,005	3,401	4,701	15.5%
6. Selma	19,290	2,716	4,991	14.1%
8. Mobile	22,768	2,161	2,336	9.5%

Sources: ABC printout (#12), Counth Health Officers(#7)

Plate 60 shows how the percent screened varied from district to district. Two districts screened 25% or more above average; one screened 85% below average.

Plate 61 which shows the distribution of referrals by condition and district illustrates which conditions, if any, are referred at a higher rate in one district than in another. Last year three situations were found in which the referred rate for a condition was noticeably higher in one region than in all others.

Mobile reported a high percentage of eye conditions.

Montgomery reported a high percentage of anemia referrals.

Selma reported a high percentage of referrals for intestinal parasites.

This year Mobile's eye referrals and Montgomery's anemia referrals remained high, but Selma's referrals for intestinal parasites declined.

AFY '74

SCREENING PROGRAM

Number and percent of conditions referred by district

PLATE 61

	DISTRICT 1 TENNESSEE VALLEY	DISTRICT 2 TUSCALOOSA	DISTRICT 3 BIRMINGHAM	DISTRICT 4 GADSDEN	DISTRICT 5 MONTGOMERY	DISTRICT 6 SELMA	DISTRICT 7 DOTHAN	DISTRICT 8 MOBILE	ALL ALABAMA
1. Dental Conditions	2,916 48.25%	1,684 52.35%	5,877 47.30%	2,973 54.85%	2,360 50.20%	2,371 47.51%	1,786 55.45%	1,478 63.27%	21,445 50.63 %
2. Eye Conditions	282 4.67%	126 3.92%	320 2.58%	252 4.65%	158 3.36%	188 3.77%	122 3.79%	238 10.19%	1,686 3.98 %
3. Otitis, Hearing & Speech Conditions	429 7.10%	116 3.61%	294 2.37%	332 6.13%	84 1.77%	77 1.54%	34 1.06%	64 2.74%	1,430 3.38 %
4. Nasal Conditions	40 .66%	3 .09%	15 .12%	4 .07%	8 .17%	6 .12%	4 .12%	1 .04%	81 .19 %
5. Chronic Tonsillitis	75 1.24%	93 2.89%	113 .91%	362 6.68%	67 1.43%	53 1.06%	108 3.35%	24 1.03%	895 2.11 %
6. Enlarged Lymph Glands	19 .31%	5 .16%	19 .15%	91 1.68%	23 .49%	47 .94%	6 .19%	8 .34%	218 .52 %
7. Skin Conditions	210 3.48%	115 3.58%	276 2.22%	44 .81%	77 1.64%	106 2.12%	45 1.40%	25 1.07%	898 2.12 %
8. Heart & Circulatory Conditions	85 1.41%	34 1.06%	92 .74%	44 .81%	33 .70%	41 .82%	21 .65%	15 .64%	365 .86 %
9. Asthma	45 .74%	4 .13%	13 .11%	22 .41%	5 .11%	17 .34%	6 .19%	3 .13%	115 .27 %
10. Anemia	483 7.99%	106 3.30%	274 2.21%	341 6.29%	629 13.38%	122 2.44%	135 4.19%	100 4.28%	2,190 5.17 %
11. Sick Cell Anemia Suspects	76 1.28%	53 1.65%	8 .07%	4 .07%	67 1.43%	69 1.38%	1 .03%	3 .13%	281 .66 %
12. Hernia	30 .50%	6 .19%	27 .22%	3 .06%	21 .45%	36 .72%	19 .59%	15 .64%	157 .37 %
13. Mental & Neurological Conditions	41 .68%	17 .53%	53 .43%	32 .59%	15 .32%	18 .36%	11 .34%	17 .73%	204 .48 %
14. Genital Conditions	39 .65%	32 1.00%	63 .51%	47 .87%	55 1.17%	63 1.26%	28 .87%	11 .47%	338 .79 %
15. Urinary Tract Infections	86 1.42%	5 .16%	67 .54%	14 .26%	25 .53%	16 .32%	7 .22%	15 .64%	235 .56 %
16. Albuminuria & Diabetes	43 .71%	81 2.52%	15 .12%	24 .44%	30 .64%	18 .36%	2 .06%	22 .94%	235 .56 %
17. Hyperthyroidism	2 .03%	5 .16%	4 .03%	-- ----	6 .13%	-- ----	1 .03%	-- ----	18 .04 %
18. Orthopedic & Musculoskeletal Conditions	108 1.79%	35 1.09%	59 .48%	21 .39%	36 .77%	16 .32%	43 1.50%	10 .43%	328 .78 %
19. Intestinal Parasites	235 3.89%	93 2.89%	9 .07%	36 .67%	159 3.38%	105 2.10%	20 .62%	38 1.63%	695 1.64 %
20. Positive Tuberculin Test	33 .55%	13 .41%	33 .27%	11 .20%	26 .55%	19 .38%	-- ----	6 .26%	141 .33 %
21. Indication of Child Abuse	1 .02%	0 ----	1 .01%	-- ----	-- ----	-- ----	-- ----	-- ----	2 .05%
22. Pregnancy	2 .03%	2 .06%	44 .36%	2 .04%	13 .28%	3 .06%	7 .22%	3 .13%	76 .18 %
23. Venereal Disease	4 .06%	1 .03%	6 .05%	-- ----	10 .21%	3 .06%	3 .09%	3 .13%	30 .07 %
24. Family Planning Referrals	43 .71%	13 .40%	46 .37%	30 .55%	67 1.43%	46 .92%	36 1.12%	24 1.03%	305 .72 %
25. Immunizations	452 7.48%	483 15.01%	3,796 30.55%	522 9.63%	468 9.96%	1,322 26.49%	705 21.89%	148 6.34%	7,896 18.64 %
26. Other	264 4.37%	92 2.86%	900 7.24%	209 3.86%	259 5.51%	229 4.59%	71 2.20%	65 2.78%	2,089 4.93 %
TOTAL	6,043 100%	3,217 100%	12,424 100%	5,420 100%	4,701 100%	4,991 100%	3,221 100%	2,336 100%	42,353 100 %

Source: County Health Officers (# 7)

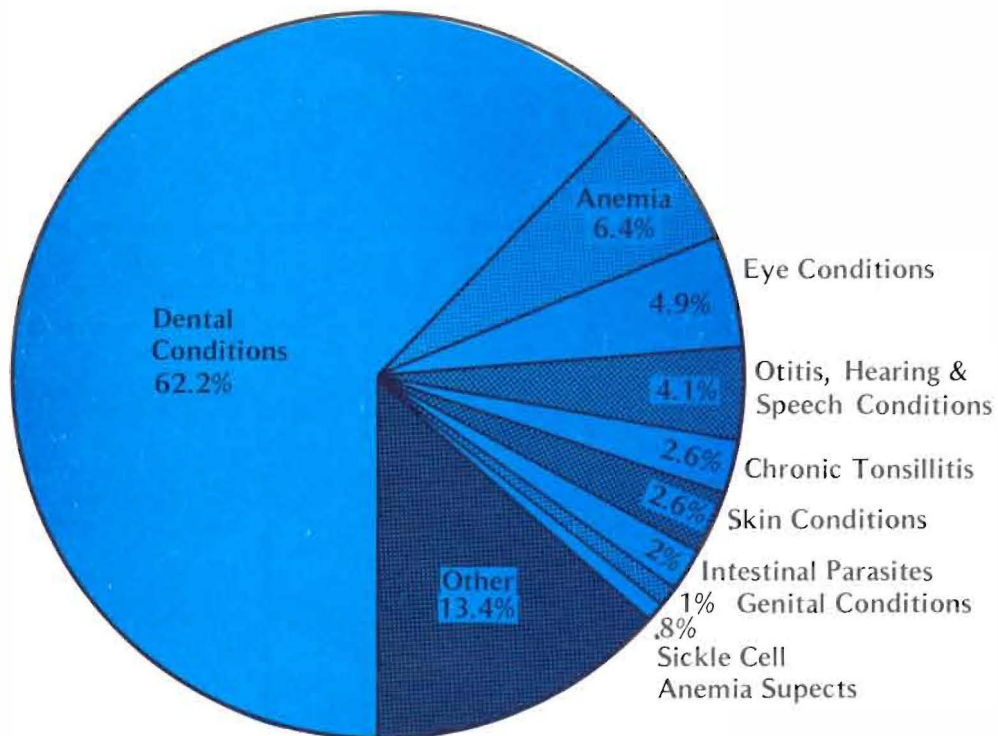
A visual examination of teeth is not sufficient to locate tooth decay. Therefore, Medicaid has instructed the screeners to refer all children to a dentist for a more thorough check-up. This policy explains why dental referrals loom so large in Plate 62.

AFY '74

PLATE 62

SCREENING PROGRAM

Percent of referrals* by condition



*Referrals for immunization were excluded from the calculation of these percentages.

Source: Plate 61 of this publication

LONG-TERM CARE PROGRAM

During AFY '74 Medicaid spent \$44.5 million to provide nursing facility care for approximately 17,000 patients. This is an increase of \$10 million over AFY '73. Part of this increasing cost came from a 9.4% gain in the number of nursing facility patients; there were 15,409 patients in AFY '73 and 16,858 in AFY '74. Most of the \$10 million cost rise, however, was caused by higher prices.

There are two levels of nursing care under the Medicaid program: skilled care, which is a required service, and intermediate care (ICF), which is an optional service. Skilled nursing is the higher level of care. It implies that the patient requires constant supervision by professional health team members. Intermediate care facilities are intended to help those who do not need around-the-clock nursing care but who are not well enough for "independent living."

In Alabama a point system is used to determine what level of care is necessary for the patient requesting admission. In addition, medical reviews are performed periodically by MSA staff to reevaluate the level of care determinations previously awarded. Approximately 65% of the patients were evaluated as skilled during AFY '74.

Nursing facility patients tend to have several characteristics in common. These have been described by the Special Committee on Aging in their report entitled *Nursing Home Care in the U.S.: Failure in Public Policy*:

1. Most patients are very old.
2. Most patients are female.
3. Most patients are alone.
4. A majority are mentally impaired.
5. A majority can not walk.
6. Most patients consume large quantities of drugs.
7. Most patients entering the nursing facility will die there.

In fact, 91% of Alabama's Medicaid nursing facility patients were at least 65 years of age; 80% were over 70. The average age of a skilled patient in AFY '74 was 80.3; the average ICF patient was 75.7 years old. Almost three-fourths of the patients were female. Only 11% of the patients had no one to list as a sponsor. Approximately one-fourth of the ICF

patients were transferred to nursing homes from mental institutions. Medicaid paid an average of \$129 per recipient for drugs during CY '74.

Alabama uses the Uniform Cost Reporting System (UCR) to establish a Medicaid payment rate for a facility. The UCR takes into consideration the nursing facility plant, financing arrangements, staffing, management procedures, and efficiency of operations. These reports are submitted by the homes to MSA after the close of their fiscal year. MSA forwards them to Ernst and Ernst for determination of proposed rate. Based on the rate determination by the auditing firm, MSA informs the facility of an increase or decrease in their rate. The Medicaid program cannot exceed the Medicare rate for that facility; nor can it exceed the facility's private pay rate.

In 1974 Medicaid paid 75% of the difference between the skilled assigned rate and the sum of the patient's available resources plus a base Medicaid payment of \$290. For ICF the base Medicaid payment was \$250. Non-covered charges included prosthetic devices, splints, slings, crutches, traction apparatus, personal patient services (laundry, radio, TV, phone), physical therapy, dental care, special duty nurse, private room, and special inhalation equipment after the first 24 hours of confinement.

Monthly rates charged by nursing homes rose 25% for skilled care and 28% for ICF (Plate 64). Medicaid was spared the full impact of the increase in

AFY '74

LONG-TERM CARE PROGRAM

Beds, admissions, residents

PLATE 63

	SKILLED	ICF	TOTAL
Available Beds (9/74)	10,757	4,879	15,636
Admissions Approved	6,511	2,562	9,073
Recipients Admission Origins:			
From Home	1,547	1,089	2,636
From Hospital	4,309	915	5,224
From Nursing Facility	548	226	774
From Mental Facility	107	332	439
Medicaid Residents as of 9/74	7,017	3,733	10,750

Sources: Ala. Dept. of Public Health (#1, #2)

AFY '73 & '74

LONG-TERM CARE PROGRAM

Monthly rates charged by nursing homes

PLATE 64

	SEPT. 1973	SEPT. 1974	CHANGE
Total Monthly Rate, Skilled Care	\$418.15	\$522.62	Up 25%
Total Monthly Rate, ICF Care	\$352.31	\$450.64	Up 28%
Part Paid By Medicaid, Skilled Care	\$324.98	\$426.67	Up 31%
Part Paid By Medicaid, ICF Care	\$272.52	\$363.66	Up 33%
Part Paid By Patient & Sponsor, Skilled Care	\$ 93.17	\$ 95.95	Up 3%
Part Paid By Patient & Sponsor, ICF Care	\$ 79.79	\$ 86.98	Up 9%

Source: CCS (#7)

1974 for two reasons: (1) Average months of care per recipient decreased slightly; (2) The sharpest monthly increases came during the last half of the year, and the full impact is not shown in figures for the whole of '74.

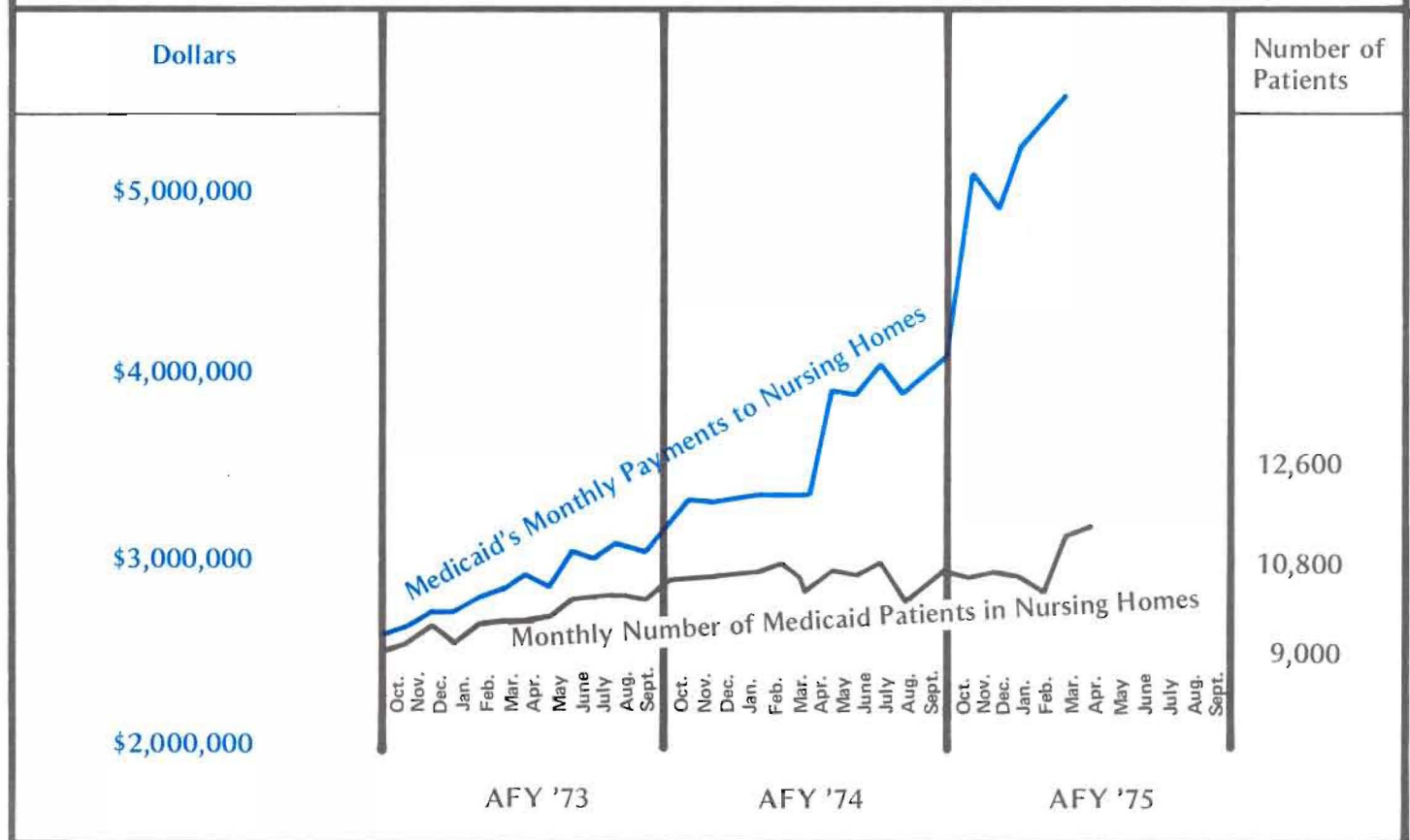
Nursing facility care has always been the most expensive item in Medicaid's budget. In '73 nursing facility care took 38% of the budget; this year, 40%. As '74 ended this rise was accelerating. Plate 65 shows graphically that costs have risen faster than

AFY '73-'75

PLATE 65

LONG-TERM CARE PROGRAM

Medicaid patients and payments per month



Source: CCS printout (#7)

number of patients for two years, particularly during the last half of '74. Medicaid's payments per nursing

facility patient rose \$410 in '74—from \$2,232 per year to \$2,642, an increase of 18.4%.

AFY '73 & '74

LONG-TERM CARE PROGRAM

Cost to Medicaid per patient per year, by type of care

PLATE 66

	PER PATIENT COST AFY '73	PER PATIENT COST AFY '74	CHANGE
Skilled Care	\$2,398	\$2,745	Up 14.5%
ICF Care	1,954	2,437	Up 24.7%
Both Kinds of Care	2,232	2,642	Up 18.4%

Sources: Ala. Dept. Public Health (#2), Plate 29 of this publication

Also the characteristics of nursing home patients have changed. The number of patients over age 65 increased imperceptibly, but the percent of whites and males admitted to nursing facilities increased sharply. The male nursing home population increased from 19.6% in '73 to 26.4% last year. Last year 65% of the patients admitted were white; this year 84.3%.

The increase in the percent of whites would not appear so sharp, if monthly rather than annual counts were compared. A high turnover rate among non-whites in '73 boosted their annual count to 35%. This figure was true for the year but gave a misleading impression of the number of beds occupied by non-whites in any one month.

AFY '74

LONG-TERM CARE PROGRAM

Recipients, by sex, by race, by age

PLATE 67

	SKILLED	ICF	TOTAL	PERCENT
All Recipients	11,210	5,648	16,858	100 %
By Sex				
Female	8,488	3,915	12,403	73.57%
Male	2,722	1,733	4,455	26.43%
By Race				
White	9,579	4,626	14,205	84.26%
Non-White	1,631	1,022	2,653	15.73%
By Age				
65 & Over	10,483	4,929	15,412	91.42%
21 - 64	709	712	1,421	8.43%
6 - 20	16	7	23	.14%
0 - 5	2	0	2	.01%

Source: ABC printout (#16)

AFY '74

LONG-TERM CARE PROGRAM

Payments, by sex, by race, by age

PLATE 68

	SKILLED	ICF	TOTAL	PERCENT
All Recipients	\$30,776,935	\$13,762,774	\$44,539,709	100 %
By Sex				
Female	\$24,383,675	\$ 9,663,501	\$34,047,176	76.44%
Male	6,393,260	4,099,273	10,492,533	23.56%
By Race				
White	\$27,147,192	\$11,237,238	\$38,384,430	86.18%
Non-White	3,629,743	2,525,536	6,155,279	13.82%
By Age				
65 & Over	\$28,790,083	\$11,813,901	\$40,603,984	91.16%
21 - 64	1,943,238	1,933,640	3,876,878	8.70%
6 - 20	40,220	15,233	55,453	.13%
0 - 5	3,394	0	3,394	.01%

Source: ABC printout (#16)

The ratio of money to patients varies according to the group. The percent of money spent on whites and males rose in '74 but not as sharply as the percent of recipients in these two groups. Last year care for the average male cost \$287 more than for the average female. This year the situation was reversed

and care for the average female cost \$390 more. Last year care for a white patient cost \$980 more than care for a non-white. This year the whites continued to cost more, but the difference narrowed to \$382. Payments by sex, race, and age for this year are shown in Plate 68.

AFY '74

LONG-TERM CARE PROGRAM

Beds per district
Ratio of aged people to beds
Beds used by Medicaid

PLATE 69

	NUMBER OF AGED PEOPLE 1970	NURSING HOME BEDS JULY, 1974	RATIO OF AGED PEOPLE TO BEDS	NUMBER OF BEDS USED BY MEDICAID JULY, 1974	PERCENT OF BEDS USED BY MEDICAID
Dothan	21,787	759	28.7	655	86.3%
Gadsden	39,437	2,045	19.3	1,693	82.8%
Selma	24,726	895	27.6	674	75.3%
Tuscaloosa	22,157	973	22.8	732	75.2%
Tennessee Valley	58,437	3,232	18.1	2,424	75.0%
ALL ALABAMA	331,113	15,434	21.5	11,138	72.1%
Birmingham	90,061	3,873	23.3	2,743	70.1%
Mobile	33,525	1,692	19.8	1,084	64.1%
Montgomery	40,983	1,965	20.8	1,193	60.7%

Sources: Ala. Dept. Public Health (#1), Alabama Nursing Homes (#9)

AFY '74

LONG-TERM CARE PROGRAM

Beds in existence, by month
Beds used by Medicaid, by month

PLATE 70

	SKILLED CARE BEDS			ICF BEDS			ALL BEDS		
	NUMBER IN EXISTENCE	NUMBER USED BY MEDICAID	PERCENT USED BY MEDICAID	NUMBER IN EXISTENCE	NUMBER USED BY MEDICAID	PERCENT USED BY MEDICAID	NUMBER IN EXISTENCE	NUMBER USED BY MEDICAID	PERCENT USED BY MEDICAID
Oct. 1973	9,947	6,671	67.1%	4,332	3,650	84.3%	14,279	10,321	72.3%
Nov.	10,006	6,761	67.6%	4,323	3,632	84.0%	14,329	10,393	72.5%
Dec.	10,156	6,830	67.3%	4,394	3,635	82.7%	14,550	10,465	71.9%
Jan. 1974	10,337	6,803	65.8%	4,493	3,734	83.1%	14,830	10,537	71.1%
Feb.	10,115	6,875	68.0%	4,679	3,734	79.8%	14,794	10,609	71.7%
Mar.	10,199	6,963	68.3%	4,567	3,718	81.4%	14,766	10,681	72.3%
Apr.	10,199	7,034	69.0%	4,567	3,719	81.4%	14,766	10,753	72.8%
May	10,564	7,081	67.1%	4,687	3,744	79.9%	15,251	10,825	71.0%
June	10,594	7,130	67.3%	4,737	3,768	79.5%	15,331	10,898	71.1%
July	10,658	7,178	67.3%	4,776	3,793	79.4%	15,434	10,971	71.1%
Aug.	10,747	7,225	67.2%	4,808	3,819	79.4%	15,555	11,044	71.0%
Sept.	10,757	7,273	67.6%	4,879	3,844	78.8%	15,636	11,117	71.1%

Sources: Ala. Dept. Public Health (#1), CCS (#6)

Plates 69 and 70 show the number and percent of nursing home beds used by Medicaid. The number of beds in existence increased by 1,625 during the year (up from 14,011 in September 1973), an increase of 11.5%. As the number of beds increased, Medicaid's use increased at approximately the same rate.

On the average there were 10,717 Medicaid patients in nursing facilities each month. However, during the year there were 16,858 patients. This gives an average of almost 8 months of care per patient for the year. But, with a declining turnover rate of 54% in 1974, the length of time the average patient would

remain in the nursing home has increased from 19 months in '73 to 22 months in '74.

The probable reason for this decrease in turnover rate is the change in the type of patient admitted during 1974. Skilled nursing care was approved for persons under 21 during the year. Also, the mental health patients who were transferred to nursing homes were, in general, younger than the "aged category." These types of patients will probably not be as likely to die, because they are not as critically ill. Therefore, overall, their expected residency in the home will be extended.

AFY '74

LONG-TERM CARE PROGRAM

Number of Recipients

PLATE 71

	SKILLED	ICF	TOTAL
Monthly average	6,985	3,733	10,717
Yearly total	11,210	5,648	16,858
Months of care per recipient	7.47	7.93	7.62
Annual turnover rate	56.4%	48.3%	53.6%
Length of time average patient would remain in nursing home at '74 turnover rate	21 months	25 months	22.4 months

Sources: BC printout (#16), Plate 70 of this publication

HOSPITAL PROGRAM

AFY '74

HOSPITAL PROGRAM

Medicaid hospital patients compared to other patients

	Total Number In 1974	Inpatients
Medicaid Eligibles	380,760	53,340
All Alabama Residents	3,500,000	?

Sources: Ala. Dept. Public Health (#1), ABC printout (#16)

AFY '74

HOSPITAL PROGRAM

Use and costs of inpatient hospital care

	Number of People Eligible For Hospital Care
Aged	138,453
Blind	2,574
Disabled	38,010
Dependent Children and Adults	201,723
All Categories	380,760

Source: ABC printout (#16)

If Medicaid's experience is typical, hospitals now have more outpatients than inpatients. Among Medicaid recipients this year the ratio was roughly 4 outpatients to 3 inpatients. Last year Medicaid's ratio was 7 to 6.

Inpatients: Among Medicaid eligibles approximately 1 person in 7 (14%) became an inpatient in 1974. Other Alabamians used hospital beds at approximately the same rate or perhaps at a slightly lower rate.

The average length of stay for Medicaid patients was also approximately the same as for other Alabamians. The best data available for comparing frequency of admission and length of stay are shown in Plate 72.

Plate 72 also shows the average cost to Medicaid per day and per stay. Per day and per stay costs for the general public ran higher—much higher. Medicaid costs are low because half the hospital patients who are eligible for Medicaid are also eligible for Medicare.

The figures in Plate 72 are averages for Medicaid recipients of every age, sex, race, and category. Plate 73 shows how use and costs vary among categories. The aged, blind, and disabled use hospitals more than dependent children. The total money Medicaid pays to hospitals for these high-use groups is, however, less than it pays for the low-use groups. This seeming paradox is explained by the fact that Medicare pays over 80% of each hospital bill for the high-use groups.

PLATE 72

Hospital admissions	Admissions As a Percent Of Total Number In Column 1	Days In Hospital	Days Per Stay	Total Cost	Cost Per Day	Cost Per Stay
67,193	17.3%	?	6.15*	\$21,551,294**	\$65.70**	\$404**
84,698	16.7%	4,175,318	7.14	?	?	?

*This average of 6.15 days per stay applies only to hospital stays paid for entirely by Medicaid. If hospital stays of all Medicaid patients were averaged, the average stay would be longer.

**All cost figures here are costs to Medicaid. Total costs ran much higher, perhaps twice as high. The part not paid by Medicaid was paid by Medicare.

PLATE 73

Number of People Who Became Inpatients	Percent Who Became Inpatients	Total Cost to Medicaid	Cost Per Recipient To Medicaid	Average Length Of Stay
27,093	19.6%	\$ 3,882,466	\$143	8.58 days
421	16.4%	362,708	861	8.28 days
5,994	15.8%	5,968,846	995	8.71 days
19,832	9.8%	11,337,274	545	5.15 days
53,340	14.0%	21,551,294	404	6.15 days

AFY '74

HOSPITAL PROGRAM

How Medicare reduces the cost of hospital care for Medicaid

PLATE 74

	Number of Recipients of Hospital Inpatient Care	Total Medicaid Payments for Hospital Inpatient Care	Cost Per Recipient To Medicaid
Medicaid recipients with Medicare	27,413	\$ 2,449,332	\$ 89
Medicaid recipients without Medicare	25,927	\$19,101,962	\$737
All Medicaid Recipients	53,340	\$21,551,294	\$404

Source: Plate 29 of this publication

Plate 74 shows how many Medicaid hospital patients did and did not have Medicare. The two groups are almost equal in size. Yet Medicaid's total payments for one group are nearly eight times as much as payments for the other. When average payments are compared, the large average (\$737 per stay) is more than eight times the size of the smaller average (\$89 per stay).

The groups which cost Medicaid \$89 per stay were all aged, blind, or disabled. The other groups were mostly children and young adults in Category 3—people who needed relatively short hospital stays. Without Medicare's help, total inpatient hospital costs could easily have been double the \$21.5 million that Medicaid actually paid this year.

For what reasons do Medicaid patients go to hospitals? At present this question can be answered for only half of the patients—the half for whom Medicaid pays the whole bill. This excludes 95% of the aged, 25% of the disabled, and 20% of the blind.

Plate 75 shows that the largest group of patients were pregnant women. If Plate 75 included data for all Medicaid patients, young and old, the delivery of babies would not rank first. Other items in the list might move up or down, but there is no way to anticipate what these other changes in the ranking might be.

Outpatients: The total number of hospital patients has declined. However a growing percent of Medicaid hospital patients are outpatients.

CY '74

HOSPITAL PROGRAM

Diagnoses of Medicaid hospital patients

PLATE 75

	Number of Cases	Total Payment By Medicaid
Delivery without mention of complication	8,400	\$ 2,270,627.42
Diseases of the respiratory system	5,248	1,770,637.44
Diseases of the circulatory system	4,247	2,119,187.63
Diseases of the genito-urinary system	3,991	1,695,299.58
Diseases of the digestive system	3,961	1,764,778.71
Accidents, poisoning, violence	2,933	1,509,825.36
Symptoms & ill defined conditions	2,476	1,062,026.36
Neoplasms	2,032	1,123,070.30
Complications of child birth, and the puerperium	1,967	532,103.12
Infective & parasitic diseases	1,822	703,755.90
Diseases of the nervous system & sense organs	1,629	723,889.47
Endocrine, nutritional, & metabolic diseases	1,387	755,397.24
Mental disorders	1,092	769,095.13
Diseases of the musculoskeletal system and connective tissue	1,025	562,703.72
Diseases of the skin & subcutaneous tissue	935	456,686.66
Diseases of the blood & blood forming organs	574	243,563.59
Special conditions & examinations without sickness	559	179,103.60
Congenital anomalies	356	205,628.67
Certain causes of perinatal morbidity & mortality	190	105,363.55
Other	342	234,277.00
Total	45,166	\$18,786,958.66

Source: BC printout (#25)

Plate 76 shows the number of outpatients and inpatients for both years and converts each number into a utilization rate.

For outpatients the use rate rose slightly, from 18% to 18.2%. For inpatients it declined rather sharply, from 16% to 14%.

AFY '74

HOSPITAL PROGRAM

The growing rate by which outpatients exceed inpatients

PLATE 76

	1973		1974	
	Number	Utilization Rate	Number	Utilization Rate
Inpatients	57,500	16.0%	53,340	14.0%
Outpatients	66,994	18.0%	69,129	18.2%

Sources: Ala. Dept. Public Health (#12), Plate 29 of this publication.

Plate 77 shows outpatient utilization rates by category. Children and young adults use outpatient facilities the most. The aged and disabled use them least. A comparison of Plates 77 and 73 shows that the aged, who use inpatient facilities most, use outpatient facilities least. For children and young adults (Category 3) this pattern is reversed.

AFY '74

HOSPITAL PROGRAM

Outpatient utilization rates by category

PLATE 77

	Number of Outpatients	Utilization Rates
Aged	20,804	15.0%
Blind	506	19.7%
Disabled	5,968	15.7%
Dependent	41,851	20.8%
All Categories	69,129	18.2%

Source: Plate 29 of this publication

Plate 78 shows that the average cost per outpatient for Medicaid this year was \$39.44. This is about one-tenth the average cost per inpatient (\$404.04). Outpatient costs vary, depending on sex, age, race, and category, but the variances are slight.

In '74 approximately one-third of the outpatients who were eligible for Medicaid were also eligible for Medicare. For such patients, Medicaid and Medicare share responsibility for paying the bills. For inpatient service Medicaid paid about half—\$21.5 million out of a total that easily ran over \$40 million. For outpatient bills Medicaid paid 80%, or more.

AFY '74

HOSPITAL PROGRAM

Annual outpatient costs and inpatient costs compared

PLATE 78

	Average Cost Per Outpatient	Average Cost Per Inpatient
Aged	\$26	\$143
Blind	56	861
Disabled	81	995
Dependent	40	545
All Categories	\$39	\$404

Source: Plate 29 of this publication

CONCLUSION

In AFY '74 Alabama Medicaid completed its fifth year. Each year more data are accumulated with which to ascertain the medical needs of the categorically needy groups. With data on the number and characteristics of the Medicaid eligibles and on the comparative costs of the services which they receive, it is possible to determine the most judicious use of available funds.

As reported in detail last year less than half of Alabama's poor now get help from Medicaid. There are several possible uses for each dollar Medicaid spends—all of them urgent. Data on medical needs and medical costs enable Medicaid to see the alternatives from which it must choose in preparing each year's budget.

During these five years the annual cost of Medicaid has risen steadily. Has the program simply grown larger each year, with more eligibles, more recipients, more services, and higher prices? Or do the rising costs have a more complicated explanation? Available data are not conclusive, but they suggest that the causes are complicated.

Eligibles: The number of eligibles increased 9% during the first year (from 277,000 per month to 305,000 per month). It then stood still for four years. In late '74 it began to climb again and the monthly average has grown nearly 6% in the first nine months of AFY '75 (from 303,000 to 320,000). This suggests that during the first five years Medicaid's rising costs did not result from an increase in eligibles. The number of eligibles may rise during the second five years and push costs up, but rising costs through AFY '74 had some other explanation.

Recipients: Though the number of eligibles remained stable for nearly five years, the number of

recipients did not. Each year a larger percent of eligibles has asked for medical care. For the four most expensive services there has been an increase in recipients for four of the five years. For three of these services (hospitals, physicians, drugs) the number of recipients seems to have hit a ceiling, around which it is now fluctuating. Demand for these services may begin to rise again; it will take another year to two to be sure. But at present there is only one service—nursing home care—for which the demand continues to increase.

Prices: During all five years of Alabama Medicaid's existence the cost of medical care has risen faster than other parts of the Cost of Living Index. In a single year the cost of some medical services has risen 20% or more. Most rapid of all (in Alabama, at least) has been the rising cost of nursing home care, and Medicaid is Alabama's largest buyer of nursing home care. In Alabama nearly three-fourths of all nursing home beds are occupied by Medicaid patients. This is higher than in most states; in the nation as a whole the percentage of beds used by Medicaid would be closer to 60%.

Obviously, in the first five years Medicaid's rising budgets have not been pushed up by additional eligibles and only slightly by additional services; almost all of the need for more money came from more recipients and rising prices.

It is less clear what the first five years can reveal about the next five years. There are several variables to be watched, but at least there is an advantage in knowing what they are and how they have moved in the past. Such knowledge does not permit prediction, but it does give a better understanding of cause and effect, and such understanding facilitates control.

COMPUTER PRINTOUTS MADE FOR ALABAMA MEDICAID

(from the computer of Alabama Beverage Control in Montgomery)

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