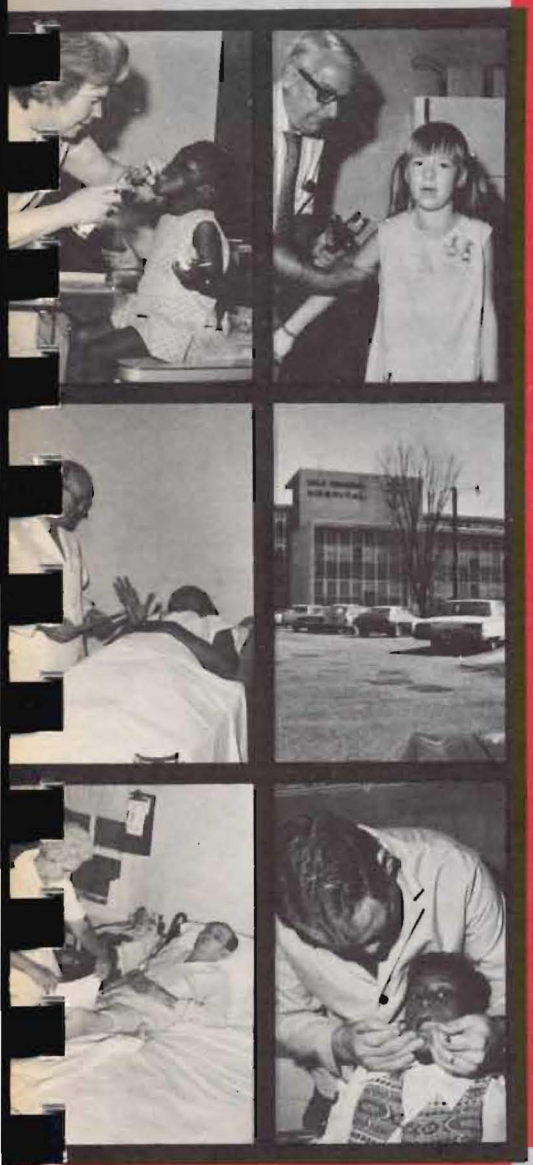
ALABAMA MEDICAID

AFY '75



MEDICAL SERVICES ADMINISTRATION
DEPARTMENT OF PUBLIC HEALTH

TABLE OF CONTENTS

LIST OF ILLUSTRATIONS

Below each statistical table is a brief reference to the source (s) of data used in the table. The complete bibliography appears at the end of the report.

ALABAMA MEDICAID IN 1975

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 $162 million and anticipates this reaching $188 million in 1976 and $242 million in 1977.

Few persons are aware of the widespread benefits which the recipients, the state, and each county receive from this program. This third 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.

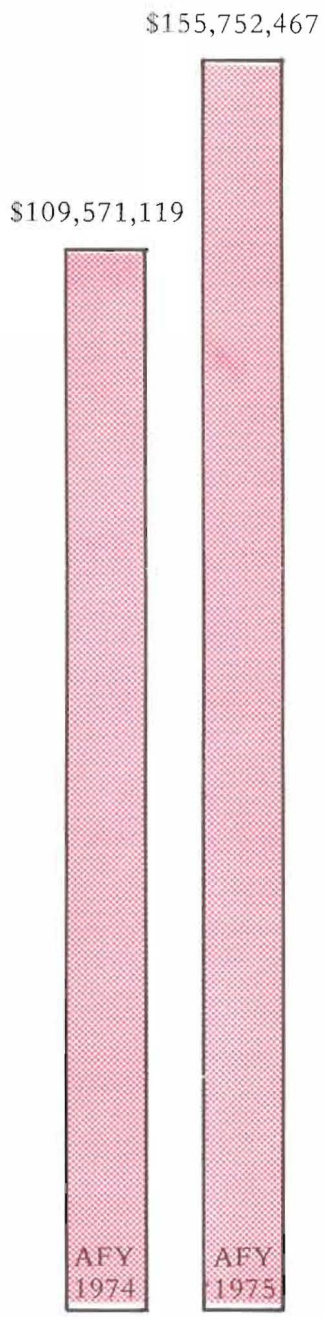
Medicaid is funded from the General Fund. This fund, however, is only 15% of the total state revenue.

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

Eleven percent (11%) 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 1975



Total Payments Per Year
Up 42% in AFY '75

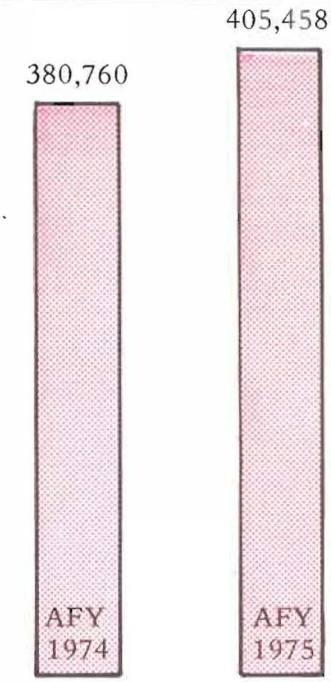
Alabama fiscal year 1975 was a year in which rising prices and increasing demands for medical care put strains on Medicaid's budget. Specifically, Medicaid's payments for health care rose by $46 million—42% higher than total payments in AFY '74.

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

SEVERAL FACTORS WORKED TO BOOST EXPENDITURES

1. ELIGIBLES

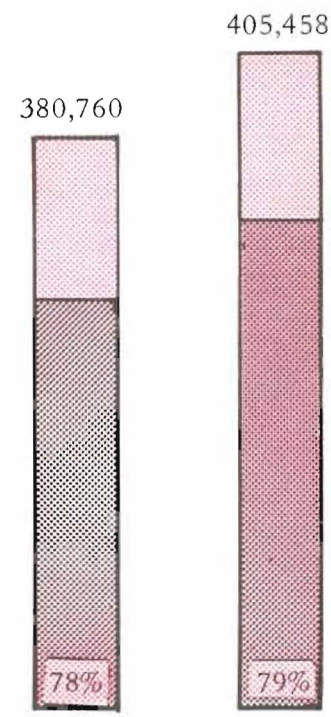
The overall rise in eligibles for the year was relatively small—only 6.5%. Most of the rise, however, came in the disabled category.



Total Eligibles During Year
Up 6.5% in AFY '75

2. UTILIZATION OF ELIGIBILITY

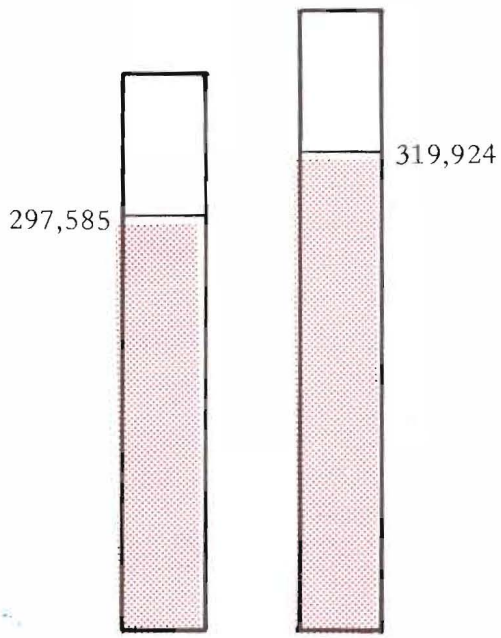
A slightly larger percent of the eligible people used their Medicaid benefits in '75. The overall utilization rate rose 0.9%.



Overall Utilization Rate Each Year
Up 0.9% in AFY '75

3. RECIPIENTS

With more eligibles and a higher utilization rate, the number of recipients rose 7.5%.

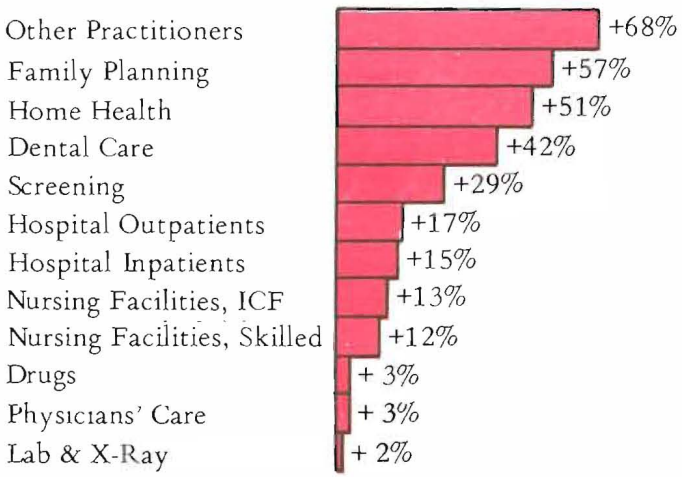


Total Recipients During Year
Up 7.5% in AFY '75

4. CHANGES IN UTILIZATION RATES PER SERVICE

Utilization rates for most services rose, but the overall rise was small compared to last year. All the services with large increases in use for 1975 are relatively inexpensive services.

Of the four most expensive services only hospital care had a significantly higher rise in use this year. Use of nursing homes and physicians' care rose less than one third as much as last year. The rise in drug utilization rate was almost the same as last year.



ADMINISTRATIVE HIGHLIGHTS OF 1975

The scope of operation of Medical Services Administration is apparent from the number of employees and allied personnel, the funds expended, and the comprehensiveness of services provided. To facilitate supervision, MSA is composed of 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.

Administering Medicaid programs involves numerous people. Medical Services Administration employed 109 professional and supportive staff members as of September, 1975. In addition the equivalent of 19 persons with the Bureau of Licensure and Certification were used in assuring compliance with regulations. Also MSA paid for the full-time equivalent of 11 employees with the computer division of Alabama Beverage Control. Blue Cross, as the Medical Services Administration fiscal agent, had 106 staff who were responsible for Medicaid claims processing, and Central Computer Services, the subcontractor, employed 25 who devoted their time to the Medicaid operation. Medicaid Eligibility Determination Offices (MEDO) utilized the services of 44 persons to check eligibility for the institutional patients whose incomes exceeded permissible federal limits. This equivalent of at least 314 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.

The number of staff affects the administrative budget. The total administrative expense of Medical Services Administration for AFY '75 was $6.5 million—4.06% of net expenditure—a decrease of 0.42% from AFY '74. Fiscal agent fees (included in the 4.06%) decreased from 2.13% in AFY '74 to 1.98% in AFY '75.

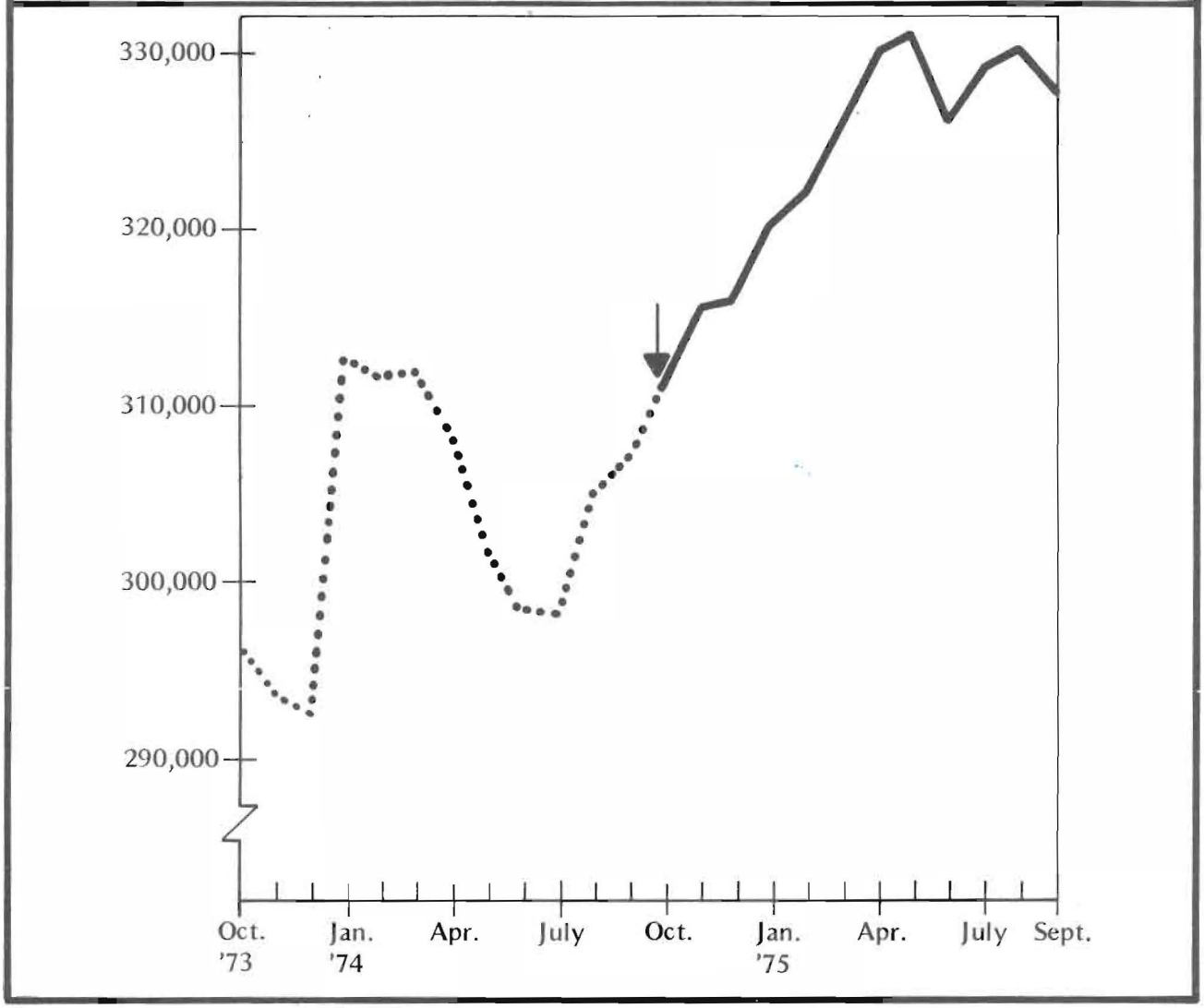
Moneys for maintaining Medicaid services are provided by federal and state funds. For AFY '75 the state's share of Medicaid's net expenditure of $162,336,852 was $41,346,894. The bulk of state funds was provided by an appropriation of $24.5 million, a supplemental appropriation of $9.6 million, and an AFY '74 balance of $7,653,461. Above this almost $42 million source of funds, additional revenue came from imprinter rental, 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 $817,317 during the year.

AFY '74 & '75 PLATE 2

ELIGIBLES

Number per month



Source: ABC Printouts (#21)

Alabama has chosen to have an outside fiscal agent process and pay Medicaid claims for the past six years. In AFY '75 Blue Cross and Blue Shield was awarded the contract to process Medicaid claims. Some aspects of the program were subcontracted 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.

Medicaid provides a variety of services, but the changes in eligibles create the major problem. The average monthly count of eligibles in AFY '75, 323,887, was a significant increase from the average monthly number of eligibles in AFY '74, 303,310. 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 the Supplemental Security Income (SSI) program 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.

MANAGEMENT SYSTEMS STAFFING & EQUIPMENT

PLATE 3

	JANUARY, 1974	JANUARY, 1975	OCTOBER, 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	1 Systems Analyst I 1 Information Systems Specialist II 2 Medical Claim Reviewers 2 Clerk I's 1 Data Entry Operator II 3 Student Trainees 1 Systems Analyst III 1 Stenographer II 2 Clerk II's 1 Quality Cont. Case Review.
Equipment	1 IBM Video Display Terminal 2 Microfiche Readers	4 IBM Video Display Terminals 4 Microfiche Readers	4 IBM Video Display Terminals 3 Microfiche Readers 1 IBM Video Display Printer 1 Microfilm Reader
ABC Computer Time & Related Cost	20% of Total ABC Operation $9,200/mo	37% of Total ABC Operation $27,900/mo	30% of Total ABC Operation $26,500 / Mo
No. of Inquiries Using Terminals	250/day	850/day	1350 / day

Source: Management Systems Report (#17)

FEDERAL PARTICIPATION IN 1975

Since 1970 Medicaid–Title XIX of the Social Security Act–has made available a broad program of medical assistance to many needy Alabama citizens. Four groups of beneficiaries were eligible for Medicaid in AFY '75.

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.

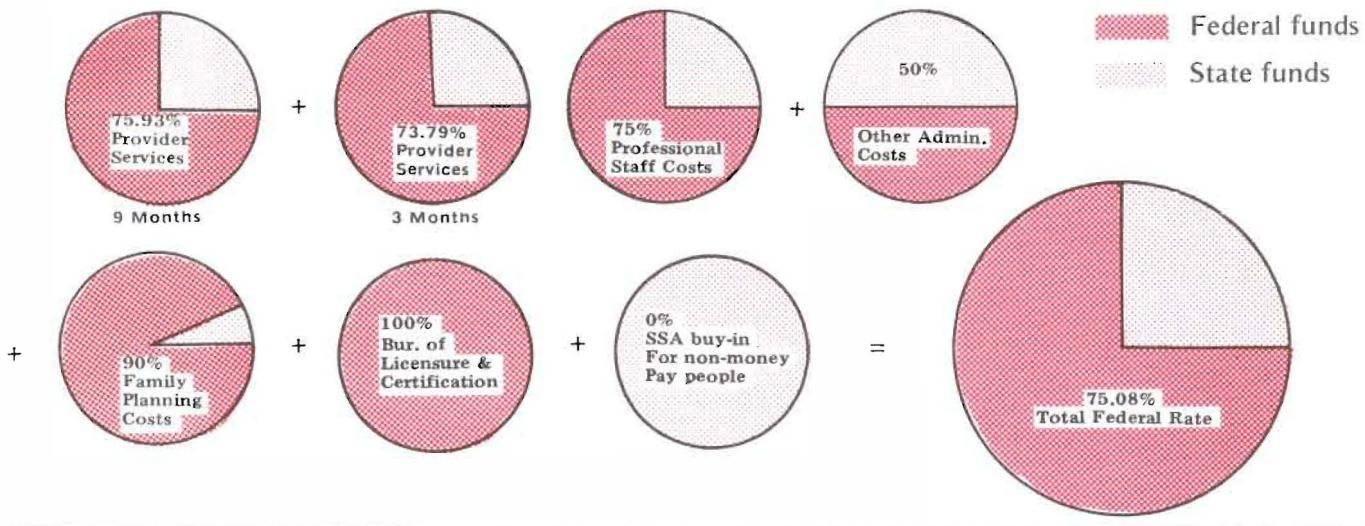
During the first 9 months of AFY '75 the federal government (HEW) supplied 75.93% of the money which Medicaid distributed to providers of health care services in Alabama. The matching rate for the last 3 months was 73.79%. The ceiling for federal contributions for this purpose is 83%. Furthermore, HEW 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 six rates brought federal funds to Alabama equal to 74.54% 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.

AFY '75 PLATE 4

SOURCE OF MEDICAID FUNDS BY TYPE OF EXPENSE

Percent from Federal government



Source: MSA Fiscal Division (#11)

MEDICAID PAYMENTS

Medicaid paid $155,752,467 for health care services for Medicaid patients in AFY '75. Net cost was approximately $0.8 million less because of refunds and recoveries Medicaid collected from private health insurers and other third parties. Medicaid paid $10.4 million to Medicare for "buy-in" insurance. This insurance is bought to cover about 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 43% 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.

AFY '73 - '75 PLATE 6

MEDICAID PAYMENTS

By type of service

SERVICE	PAYMENTS	PERCENT OF PAYMENTS BY SERVICE AFY '75	PERCENT OF PAYMENTS BY SERVICE AFY '74	PERCENT OF PAYMENTS BY SERVICE AFY '73
Skilled Nursing Care	$ 44,806,710	28.8 %	28.1%	26.5%
Intermediate Nursing Care	21,493,905	13.8 %	12.6%	11.5%
Hospital Inpatients	31,759,217	20.4 %	19.7%	21.5%
Hospital Psychiatric Inpt.	5,781	.004%		
Hospital Outpatients	3,130,509	2.0 %	2.5%	2.7%
Physicians' Services	19,421,745	12.5 %	11.5%	13.4%
Medicare Buy-In Insurance	10,391,095	6.7 %	8.6%	8.4%
Drugs	16,304,819	10.5 %	11.5%	12.0%
Dental Services	2,653,883	1.7 %	1.4%	.6%
Lab & X-Ray	2,014,712	1.3 %	1.8%	1.9%
Family Planning Care	1,346,270	.9 %	1.3%	
Eye Care	1,306,846	.8 %	.4%	.5%
Screening	564,429	.4 %	.3%	.3%
Home Health	449,621	.3 %	.2%	.3%
Transportation	67,258	.04 %		
Hearing Care	35,667	.02 %		
Other Care			.1%	.4%
Total For Medical Care	$155,752,467	100.0 %	100.0%	100.0%
Administrative Costs	6,584,385			
Net Payments	$162,336,852			

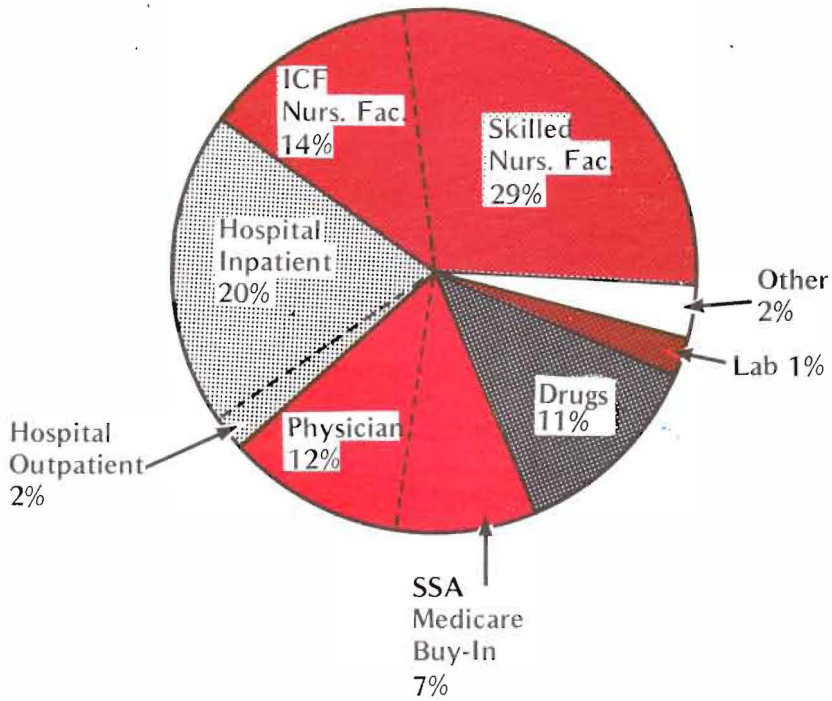
Sources: Ala. Dept. of Public Health (#2, #3)
MSA Fiscal Division (#11)
BC Printout (#32)

AFY '75

PLATE 7

MEDICAID PAYMENTS

By type of service



Source: Plate 6 of this publication

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 19%. Both physicians' payments (including buy-in) and drugs experienced slight percentage decreases from previous years. But direct physician payments increased slightly.

AFY '73 - '75

PLATE 8

MEDICAID PAYMENTS

Year's total

By category, race, sex, age

KIND OF SUBGROUP	PAYMENTS AFY '75	PERCENT AFY '75	PERCENT AFY '74	PERCENT AFY '73
AGED, Category 1	$ 88,902,758	57.1%	60.0%	61.1%
BLIND, Category 2	1,282,813	.8%	.9%	.9%
DISABLED, Category 4	30,760,809	19.8%	15.1%	14.5%
DEPENDENT, Categories 3&7	34,806,090	22.3%	24.0%	23.5%
Children	15,593,453	10.0%	10.8%	10.0%
Adults	19,212,637	12.3%	13.2%	13.5%
WHITES	$ 96,319,501	61.8%	64.5%	54.5%
NON-WHITES	59,432,966	38.2%	35.5%	45.5%
MALES	$ 42,263,370	27.1%	26.8%	23.6%
FEMALES	113,489,097	72.9%	73.2%	76.4%
AGE 0 - 5	$ 5,751,248	4.0%	3.9%	3.6%
AGE 6 - 20	13,725,312	9.4%	9.2%	7.9%
AGE 21 - 64	37,820,414	25.3%	25.1%	25.3%
AGE 65 & Over	98,455,493	61.3%	61.8%	63.2%
ALL RECIPIENTS	$155,752,467	100.0%	100.0%	100.0%

Sources: Ala. Dept. of Public Health (#2, #3)
BC Printout (#32)

Plate 8 shows how much of the $155.8 million was spent on each category, sex, race, and age group. It also shows how each group's share has changed in recent years. Specifically, the amount of money spent on the two largest groups—the aged and females—is diminishing while two of the smaller groups—young people and males—are using more of Medicaid's money. Although the amounts spent on racial groups has fluctuated, the relative amount has not changed in any consistent way.

FFY '75

MEDICAID PAYMENTS

By county and by type of service

Total in Millions	Counties of Alabama	Nursing Home (Add 000)	Hospital (Add 000)	Physicians (Add 000)	Drugs (Add 000)	Laboratory (Add 000)	Dental (Add 000)
$ 1.0M	Autauga	$ 419	$ 214	$ 126	$ 116	$ 14	$ 37
1.9M	Baldwin	1154	323	181	179	20	31
1.1M	Barbour	350	247	177	197	28	23
0.5M	Bibb	285	83	50	56	11	9
1.1M	Blount	503	236	134	166	32	8
0.5M	Bullock	135	140	68	84	11	2
0.9M	Butler	394	180	118	116	19	12
3.4M	Calhoun	1644	729	444	342	65	63
1.3M	Chambers	631	323	134	160	14	31
0.7M	Cherokee	314	159	63	93	4	4
1.0M	Chilton	501	180	102	172	11	24
1.0M	Choctaw	287	287	180	188	16	6
1.0M	Clarke	509	191	126	186	15	8
0.7M	Clay	429	95	63	99	7	3
0.4M	Cleburne	219	64	38	55	4	5
1.5M	Coffee	664	284	157	243	24	54
1.9M	Colbert	916	427	237	259	30	4
0.9M	Conecuh	330	233	125	135	13	65
0.5M	Coosa	193	124	86	63	12	2
2.2M	Covington	877	549	277	365	43	20
0.9M	Crenshaw	276	265	121	129	16	27
2.6M	Cullman	1611	410	186	316	38	7
1.4M	Dale	801	234	104	183	18	29
2.8M	Dallas	1137	604	432	290	85	204
2.0M	DeKalb	1267	235	146	287	15	27
1.6M	Elmore	894	238	159	207	29	31
1.2M	Escambia	482	299	177	168	26	19
3.6M	Etowah	1890	638	365	423	60	90
0.6M	Fayette	246	125	73	101	11	1
1.6M	Franklin	901	266	160	185	30	8
0.9M	Geneva	341	170	117	215	16	10
0.6M	Greene	192	130	114	123	23	11
0.8M	Hale	300	146	114	129	24	34
0.4M	Henry	34	162	91	88	10	20
2.0M	Houston	750	525	283	304	33	51
1.4M	Jackson	560	298	200	241	24	15
21.5M	Jefferson	9914	6257	2309	1470	606	386
1.0M	Lamar	546	158	94	134	8	4
2.0M	Lauderdale	1119	323	226	224	33	41
1.3M	Lawrence	385	434	209	217	50	24
1.3M	Lee	537	344	183	148	30	7
1.5M	Limestone	804	284	143	154	26	27
0.7M	Lowndes	31	180	173	154	53	17
1.4M	Macon	591	290	227	247	24	20
3.9M	Madison	1119	1281	748	341	133	185
1.4M	Marengo	482	297	241	292	44	17
1.5M	Marion	895	222	122	201	16	12
2.1M	Marshall	1151	345	169	292	22	25
10.2M	Mobile	4408	2500	1549	1036	132	221
0.9M	Monroe	426	209	95	103	10	3
4.9M	Montgomery	2544	908	583	570	103	45
3.1M	Morgan	1769	615	277	327	52	26
1.0M	Perry	461	183	141	163	29	31
1.3M	Pickens	466	293	223	183	58	39
1.6M	Pike	718	376	213	179	23	55
1.2M	Randolph	741	196	80	123	6	11
1.4M	Russell	652	372	135	176	11	17
1.4M	St. Clair	918	212	96	112	20	9
1.3M	Shelby	537	341	160	154	40	28
1.1M	Sumter	163	394	226	219	34	10
2.8M	Talladega	827	843	503	437	93	22
2.8M	Tallapoosa	1759	415	252	284	32	9
4.0M	Tuscaloosa	1843	888	598	391	108	46
3.4M	Walker	1782	698	364	346	71	34
0.6M	Washington	189	180	92	78	7	4
0.6M	Wilcox	42	213	157	104	17	28
1.0M	Winston	550	154	94	117	13	4
$131.6M	TOTAL	$60,807	$30,221	$16,416	$15,643	$2,755	$2,404

Source: BC Printout (#38)

PLATE 9

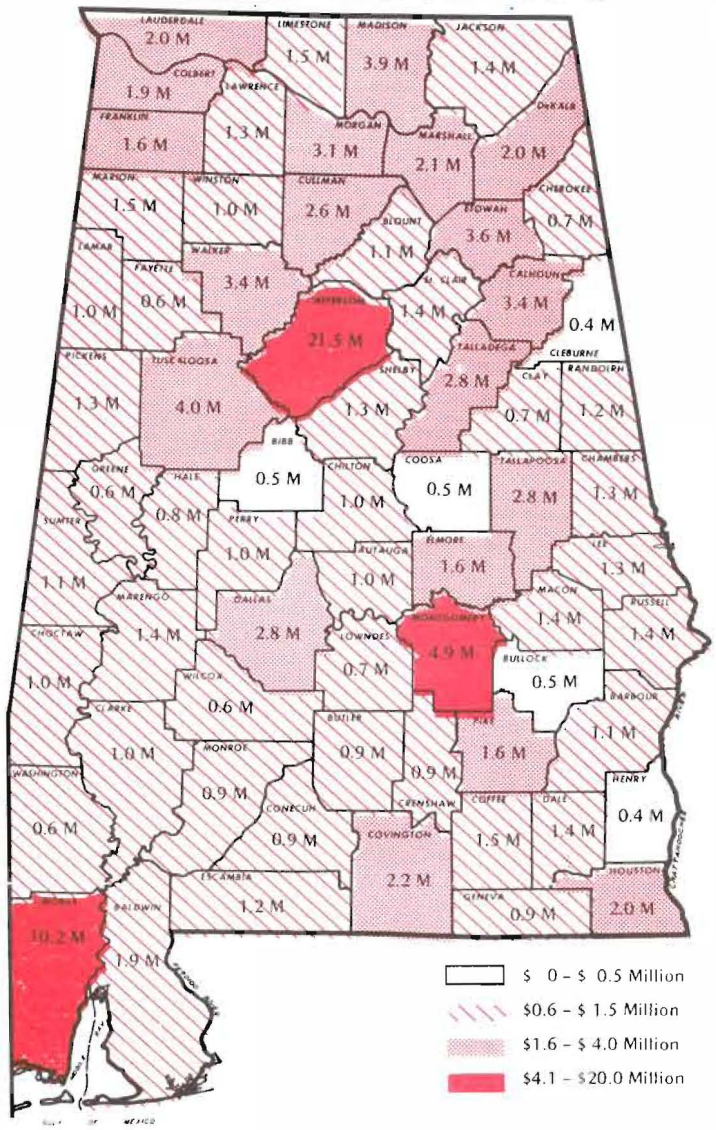
Family Planning (Add 000)	Optometrics (Add 000)	Home Health (Add 000)	Screening (Add 000)	Transportation in $1,000 (Add 000)	Hearing Serv. in $1,000 (Add 000)	Other in $1,000 (Add 000)
$ 13	$ 13	$ 5	$ 6	0.2		0.2
20	9	6	2	1.0	0.7	3.7
17	17	11	4	0.4	0.3	1.9
6	4		1	0.2	0.3	0.9
5	8	1	2	0.3		2.8
3	10		2	0.3		1.1
7	12	4	2	0.8		2.3
31	21	2	11	0.4		5.8
14	8	2	3	0.1		0.5
2	5	4	1	0.1	0.1	2.7
8	6	2	2	0.5		2.0
7	11	1	1	0.6	0.5	0.6
7	5	2	1	0.3	0.3	3.4
3	5		1			0.6
2	2	2	1			0.6
6	19	2	4	0.2		2.7
16	10	36	2	0.3		2.1
8	18	2	2	0.2	0.1	3.1
6	4	4	2	0.1		0.3
12	21	5	5	0.6		3.1
8	15	2	2			0.7
8	14	1	2	1.6		3.0
8	11	2	2	0.1		1.2
48	19	10	16	2.4	1.6	1.0
4	20	2	3	0.1		7.4
8	11	6	3	1.0	0.2	3.0
21	18	3	4	1.0		4.7
28	24	9	10	1.0		15.3
2	12	2		0.3	0.3	1.6
9	9	8	1	0.1		0.8
5	15	2	2	0.1		5.7
8	10		5			0.8
11	3	1	3	0.2		1.7
6	10		3			1.7
27	23	7	6			4.3
7	17	2	4	0.4		2.6
317	73	60	49	7.2	1.9	19.8
2	12	2	1	0.3		0.4
12	7	7	3	0.5		2.3
11	7	1	3	0.6	0.3	1.4
18	9	1	1	0.3		0.7
15	15	1	3	1.0	0.3	0.4
19	11	11	7	0.1	0.2	1.1
15	16	4	3	0.2		1.3
61	21	1	16	3.3	0.8	5.9
12	7	1	2	0.2		1.1
6	9	2	2	0.1	0.3	0.6
17	23	5	4	1.7		8.4
155	87	32	21	5.9	4.1	9.5
8	13	7		0.5	0.6	1.6
54	25	22	11	4.7	0.6	6.9
17	18	2	5	1.6		8.5
13	16	1	3	0.2	0.4	1.3
15	34		6	0.7		3.6
20	24	3	5	0.2	0.6	1.3
4	6	8	1	0.2		0.8
16	11	1	2	1.0	0.3	0.7
8	9	4	1	0.2		1.8
13	8	4	1	0.5	0.4	5.3
17	9		3	0.1	0.3	1.1
52	24	3	8	1.6	1.0	4.4
16	16	4	2	0.2	1.4	2.3
51	29	20	10	4.8	1.9	6.7
27	15	10	8	2.4		5.8
8	3	1	1	0.7		1.3
8	7		2	0.1		0.6
2	9	27	1	0.5		1.5
$1,406	$1,009	$393	$305	57.0	20.0	204.4

PLATE 10

FFY '75

MEDICAID PAYMENTS

Year's total by county
(in millions)



Source: BC Printout (#38)

Plates 9 and 10 show Medicaid payments in behalf of recipients by county and type of service. The figures shown do not include out-of-state provider payments, Social Security Administration payments, or administrative costs.

MEDICAID ELIGIBLES

Three Ways To Count Eligibles: The total number of eligibles can be counted by the month, quarter, year, or any other time period. Plate 11 shows monthly counts in Column 1 and cumulative counts in Column 2, which include both quarterly and yearly counts. The cumulative figure for December is the total for the first quarter. Cumulative figures for March and June are the totals for the second and third quarters. The September cumulative total is the unduplicated count for the entire year.

Current monthly counts ranged from October's low of 311,000 to September's high of 329,000, an increase of 5.7% in 11 months. The year's total of 405,000 was nearly a fourth higher than the highest monthly total. This indicates a relatively high turnover. Plate 21 provides more detailed information.

In addition to current monthly counts and cumulative monthly counts, Plate 11 also shows running monthly averages. Each of these different measures has its uses. The best figure to measure the number of eligibles in '75 would be 324,000—the rounded monthly average for the entire 12 months of the year. The corresponding figure for AFY '74 was 303,000. Comparison of these two figures offers the simplest and most accurate way of measuring the change in the number of eligibles between '74 and '75—a rise of 6.8%.

During AFY '75, 405,458 persons were eligible for at least one month. The monthly average number of eligibles was 323,887.

Plate 12 shows how the current counts, the cumulative counts, and the averages compare with each other. The cumulative is always the largest. In '75 the average was lower than the current count, but this relationship can vary from year to year, depending on whether the current monthly figures are rising, as presently, or falling.

AFY '75 PLATE 11

ELIGIBLES

All Categories
Three ways to measure the number of eligibles

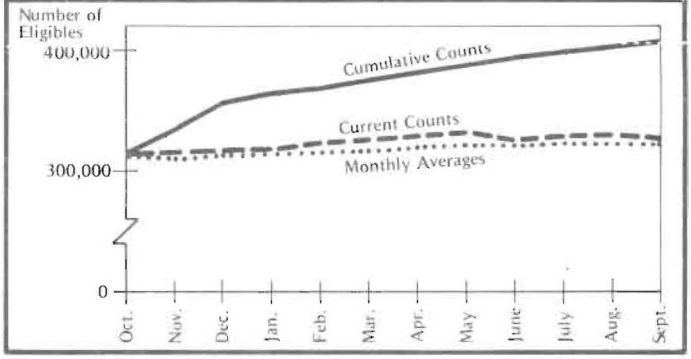
	-1- CURRENT MONTHLY COUNTS	-2- CUMULATIVE MONTHLY COUNTS	-3- RUNNING MONTHLY AVERAGES
Oct.	311,277	311,277	311,277
Nov.	315,563	333,246 est.	313,420
Dec.	316,040	355,216	314,293
Jan.	319,713	362,311 est.	315,648
Feb.	322,233	369,406 est.	316,965
Mar.	325,846	376,502	318,445
Apr.	329,926	382,044 est.	320,085
May	331,322	387,586 est.	321,490
June	326,044	392,128	321,996
July	329,689	397,238 est.	322,765
Aug.	330,113	401,348 est.	323,433
Sept.	328,882	405,458	323,887

Source: ABC Printouts (#21)

AFY '75 Plate 12

ELIGIBLES

All categories
Three ways to count eligibles



Source: ABC Printouts (#21)

AFY '75

PLATE 13

ELIGIBLES

By category, sex race, age
Total number for year
Average number per month

	FIRST MONTH	NUMBER ADDED DURING YEAR	TOTAL NUMBER FOR YEAR	NUMBER DROPPED DURING YEAR	FINAL MONTH	AVERAGE NUMBER PER MONTH	ANNUAL TURNOVER RATE
ALL CATEGORIES	311,277	94,181	405,458	76,576	328,882	323,887	25.2%
AGED, Category 1	116,911	15,824	132,735	19,425	113,310	115,942	14.5%
BLIND, Category 2	2,134	327	2,461	292	2,169	2,150	14.5%
DISABLED, Category 4	34,762	17,457	52,219	8,332	43,887	39,604	31.9%
DEPENDENT, Categories 3&7	157,470	60,573	218,043	48,527	169,516	166,191	31.2%
MALES	114,643	35,539	150,182	30,305	119,877	117,677	27.6%
FEMALES	196,634	58,642	255,276	46,271	209,005	206,210	23.8%
WHITES	116,729	38,156	154,885	29,252	125,633	122,680	26.3%
NON-WHITES	194,548	56,025	250,573	47,324	203,249	201,207	24.5%
AGE 0 - 6	48,061	16,350	64,411	13,500	50,911	49,515	30.1%
AGE 7 - 20	82,582	29,518	112,100	23,072	89,028	86,263	30.0%
AGE 21 - 64	67,640	24,172	91,812	19,162	72,650	69,824	31.5%
AGE 65 & Over	112,994	24,141	137,135	20,842	116,293	118,285	15.9%

Source: ABC Printouts (#21)

Sex, Race, Age, and Category of Eligibles: Plate 13 shows how this year's eligibles were divided in regard to category, sex, race, and age. It also shows how large each group was at the beginning and the end of the year, indicating the amount of change. It also gives monthly averages and cumulative (unduplicated) counts for each group for the whole year.

The average and cumulative counts allow three more measures to be calculated for each group:

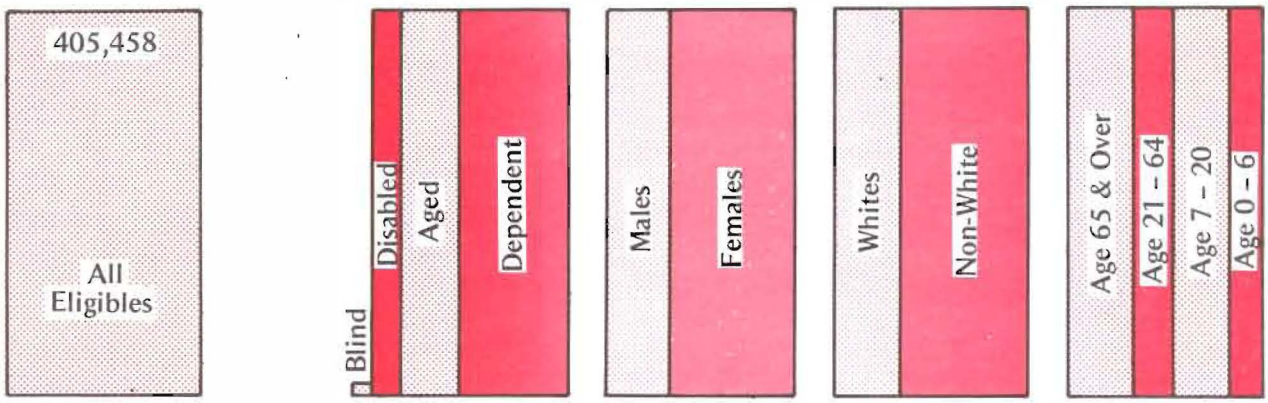
Number of new eligibles added in year,
Number of old eligibles dropped in year,
The turnover rate.

AFY '75

ELIGIBLES

Year's total
By category, sex, race, age

Plate 14



Source: Plate 13 of this publication

Plate 14 uses rectangles to show how twelve groups of eligibles differed in size. The counts represented by these areas are the year's totals—the counts listed in Column 3 in Plate 13. By category, dependents constitute the largest number of eligibles, followed by the aged, disabled, and blind, respectively. There are more females than males, and more non-whites than whites.

AFY '71 - '75

PLATE 15

ELIGIBLES

By category
Annual number of eligibles

		AFY '71	AFY '72	AFY '73	AFY '74	AFY '75
MONTHLY AVERAGES	AGED, Category 1	120,671	119,109	117,713	118,757	115,942
	BLIND, Category 2	1,927	1,935	2,014	2,190	2,150
	DISABLED, Category 4	19,000	18,516	20,290	27,613	39,604
	DEPENDENT, Categories 3&7	158,081	151,877	163,327	154,750	166,191
	All Categories	299,679	291,437	303,344	303,310	323,887
YEARLY TOTALS	AGED, Category 1			131,041	138,453	132,735
	BLIND, Category 2			2,206	2,574	2,461
	DISABLED, Category 4			24,157	38,010	52,219
	DEPENDENT, Categories 3&7			211,302	201,723	218,043
	All Categories			368,706	380,760	405,458

Sources: Ala. Dept. of Public Health (#2, #3)
MSA, Research Analysis (#12)
Plate 13 of this publication

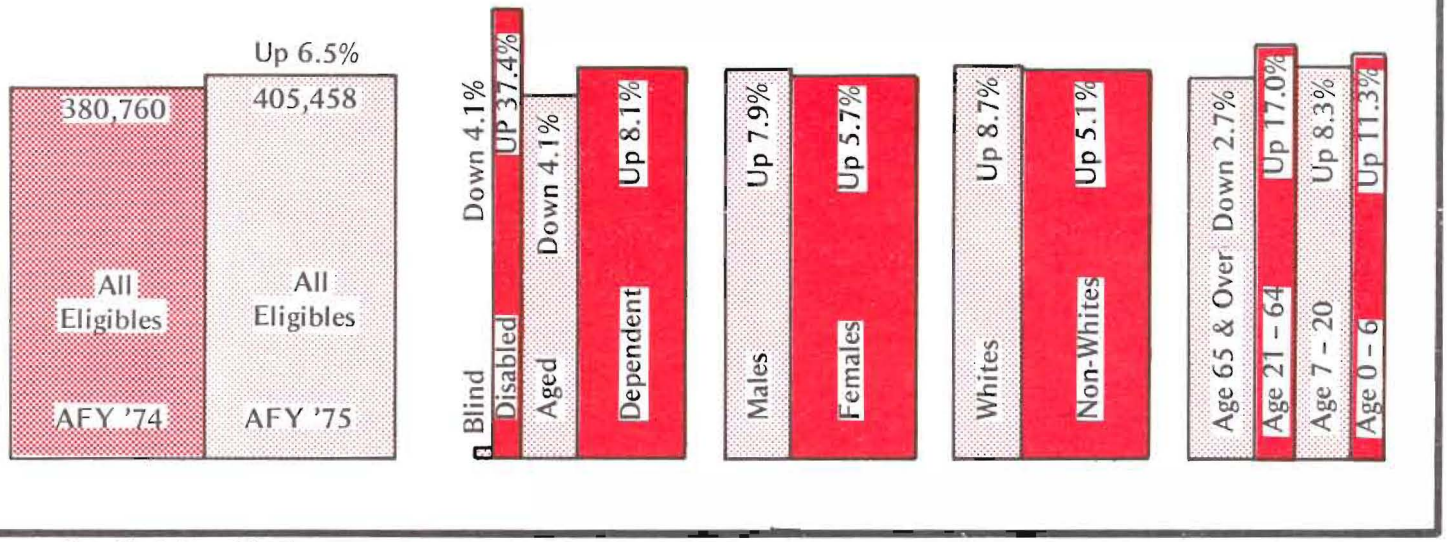
Annual Change in the Number of Eligibles: The total number of Alabama citizens eligible for Medicaid increased 24,698 in AFY '75. Plate 15 shows how the number of eligibles changed each year during the past five years. Between '73 and '75 monthly averages rose more slowly than yearly totals. Specifically, the monthly average for all categories rose from 303,444 to 323,887—or 6.8%. During the same time the yearly totals rose from 368,706 to 405,458—an increase of 10.0%. This different rate of change between the two rates is normal. When annual change outpaces monthly change it means that turnover is accelerating. This makes more people eligible for the program at one time during the year than is indicated by just a monthly average.

Plate 16 depicts, in graphic form, how the yearly total of each group of eligibles changed between '74 and '75. Only two groups became smaller—Category 1 (Aged), and Category 2 (Blind). Three groups showed unusual growth—the disabled, the middle aged, and the very young. As might be expected, those that grew rapidly were relatively small groups.

AFY '74 - '75 Plate 16

ELIGIBLES, Percent change during year

By category, sex, race, age



Sources: Plate 13 of this publication
Ala. Dept. of Public Health (#3)

Man-Months of Eligibility: Though 405,458 people were eligible for Medicaid in '75, only about three-fourths were eligible all year. The others ranged from one month of eligibility to eleven months.

To find the total amount of time all these people were eligible in '75 add the total number of eligibles in each of the twelve months. Thus, the total number of man-months of eligibility (MME) used by the entire group all year, 3,886,648, amounted to an average of 9.6 MME per person.

Plate 17 shows the total number of MME used by each category, sex, race, and age group. It also tells the average number of MME used by each person in each group.

Annual Turnover Rates: There is a constant turnover among Medicaid eligibles, which in Alabama has averaged about 22% per year. The annual turnover rate tells how many "old" eligibles were replaced by "new" eligibles during a year. Plate 18 shows the annual turnover rate for each of the past three years.

AFY '75 — Plate 17

ELIGIBLES

By category, sex, race, age
Total MME used by each group
Average MME used by each person

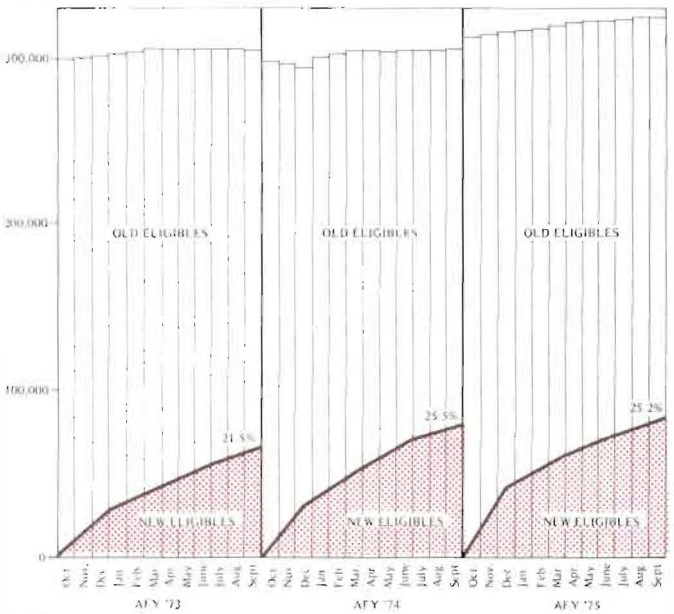
	TOTAL MME USED IN YEAR	AVERAGE MME PER PERSON
ALL ELIGIBLES	3,886,648	9.6
AGED, Category 1	1,391,308	10.5
BLIND, Category 2	25,797	10.5
DISABLED, Category 4	475,249	9.1
DEPENDENT, Categories 3&7	1,994,294	9.1
MALES	1,412,128	9.4
FEMALES	2,474,520	9.7
WHITES	1,472,161	9.5
NON-WHITES	2,414,487	9.6
AGE 0 - 6	594,184	9.2
AGE 7 - 20	1,035,163	9.2
AGE 21 - 64	837,884	9.1
AGE 65 & Over	1,419,417	10.4

Source: ABC Printouts (#21)

AFY '73 - '75 — Plate 18

ELIGIBLES

Annual turnover rates

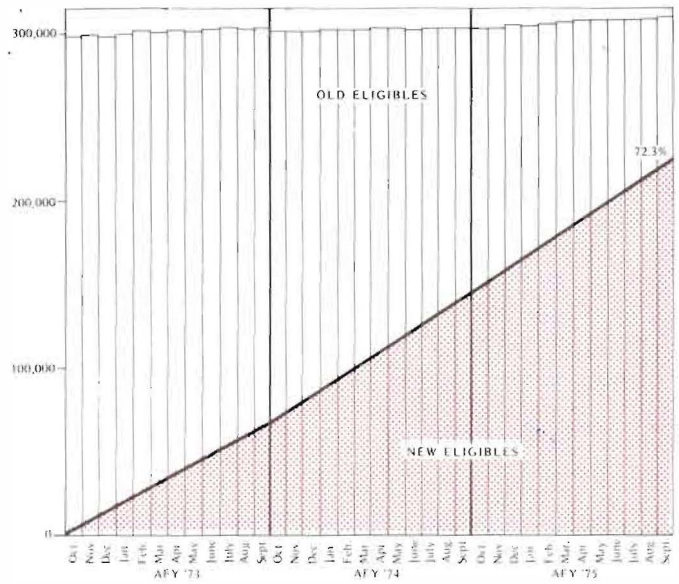


Sources: ABC Printouts (#21)
Ala. Dept. of Public Health (#2, #3)

AFY '73 – '75 Plate 19

ELIGIBLES

Cumulative turnover in 3 years



Sources: ABC Printouts (#21)
Ala. Dept. of Public Health (#2, #3)

AFY '75 PLATE 20

ELIGIBLES

Annual turnover rate by category, sex, race, age

	ANNUAL TURNOVER RATE
ALL ELIGIBLES	25.2%
AGED, Category 1	14.5%
BLIND, Category 2	14.5%
DISABLED, Category 4	31.9%
DEPENDENT, Categories 3&7	31.2%
MALES	27.6%
FEMALES	23.8%
WHITES	26.3%
NON-WHITES	24.5%
AGE 0 - 6	30.1%
AGE 7 - 20	30.0%
AGE 21 - 64	31.5%
AGE 65 & Over	15.9%

Source: ABC Printouts (#21)

Plate 19 shows the cumulative turnover for the same three years. The average annual rate for these three years was 24.08%. If this average rate continues for fourteen more months there will have been 100% turnover in fifty months.

Each category, sex, race, and age group has a different turnover rate. Plate 20 shows how turnover rate varied among all these groups in AFY '75. The disabled and dependent categories had the highest turnover rates while the aged and blind had the lowest turnover.

AFY '73 - '75 PLATE 21

ELIGIBLES

Annual changes in expected duration of eligibility

	EXPECTED DURATION OF ELIGIBILITY			
	BASED ON TURNOVER IN AFY '73	BASED ON TURNOVER IN AFY '74	BASED ON TURNOVER IN AFY '75	BASED ON AVERAGE TURNOVER FOR ALL 3 YEARS
ALL ELIGIBLES	60 Months	47 Months	48 Months	50 Months
AGED, Category 1	106 Months	72 Months	83 Months	85 Months
BLIND, Category 2	126 Months	68 Months	83 Months	87 Months
DISABLED, Category 4	63 Months	32 Months	38 Months	41 Months
DEPENDENT, Categories 3&7	41 Months	40 Months	38 Months	40 Months
MALES	*N/A	*N/A	43 Months	*N/A
FEMALES	*N/A	*N/A	50 Months	*N/A
WHITES	*N/A	*N/A	46 Months	*N/A
NON-WHITES	*N/A	*N/A	49 Months	*N/A
AGE 0 - 6	*N/A	*N/A	40 Months	*N/A
AGE 7 - 20	*N/A	*N/A	40 Months	*N/A
AGE 21 - 64	*N/A	*N/A	38 Months	*N/A
AGE 65 & Over	*N/A	*N/A	75 Months	*N/A

Source: ABC Printouts (#21) *Not available

Expected Duration of Eligibility: The number of months a group takes for 100% turnover also tells the number of months the average member of that group will remain eligible. Plate 21 shows how the expected duration of eligibility varies from group to group and how it has shortened by several months in recent years as turnover has become more rapid.

In AFY '75 Categories 1 and 2 had the longest expected eligibility periods while the disabled and dependent categories had the shortest expected eligibility.

MEDICAID RECIPIENTS

Of the 405,458 Alabama citizens who had Medicaid cards in AFY '75, four out of five (78.9%) used them. These people are called "recipients." Though eligible for all Medicaid benefits, the other 21.1% had no benefits paid by Medicaid. They are called "non-recipients."

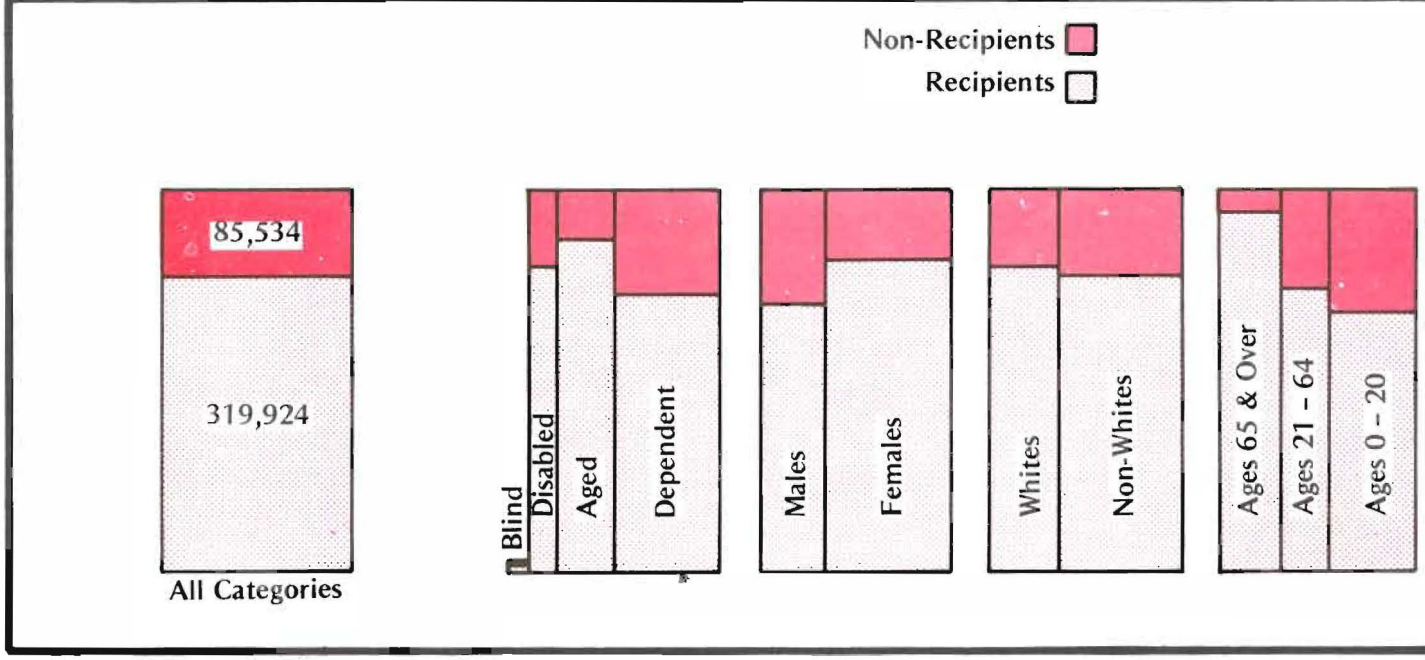
Plate 22 shows the ratio of recipients to non-recipients in each category and for each sex, race, and age group. Among the aged there were very few (5%) non-recipients. Among the young nearly a third of the eligibles went all year without using their benefits. A larger percent of women than men became recipients. The difference between racial groups was quite small; however the ratio for whites was slightly greater than non-whites.

Plate 23 gives the exact numbers of the groups depicted and compared in Plate 22. Thus a different view is presented.

AFY '75 Plate 22

RECIPIENTS, Year's total

Ratio of recipients to non-recipients



Sources: ABC Printouts (#21)
BC Printout (#32)

AFY '75 PLATE 23

RECIPIENTS

By category, sex, race, age
Number of recipients and non-recipients during year

	TOTAL RECIPIENTS IN YEAR	NON-RECIPIENTS	PERCENT RECIPIENTS OF ELIGIBLES
AGED, Category 1	116,482	16,253	87.8%
BLIND, Category 2	2,116	345	86.0%
DISABLED, Category 4	42,254	9,965	80.9%
DEPENDENT, Categories 3&7	159,072	58,971	73.0%
MALES	109,107	41,075	72.6%
FEMALES	210,817	44,459	82.6%
WHITES	123,971	30,914	80.0%
NON-WHITES	195,953	54,620	78.2%
AGE 0 - 20	121,502	55,009	68.8%
AGE 21 - 64	68,110	23,702	74.2%
AGE 65 & Over	130,312	6,823	95.0%
ALL CATEGORIES	319,924	85,534	78.9%

Sources: ABC Printouts (#21)
BC Printout (#32)

Number of Recipients Each Month: Plate 24 shows how the monthly counts of recipients compared with the year's total. The ratio is roughly 1 to 2. This indicates that nearly half of the year's recipients sought medical care each month. Stated differently, each recipient asked for care approximately every other month. This is not equivalent to saying that each recipient asked for care six times during the year; for some recipients sought care several times in one month. To find more precisely how often each recipient used his medical benefits, a unit of measure called man-months of medical service (MMS) is used.

AFY '75

PLATE 24

RECIPIENTS

By category, sex, race, age
Monthly counts
Year's total
MMS per category, and per recipient

	RECIPIENTS FIRST MONTH	RECIPIENTS FINAL MONTH	RECIPIENTS AVERAGE MONTH	TOTAL MAN-MONTHS OF MEDICAL SERVICE	TOTAL RECIPIENTS DURING YEAR	MMS PER RECIPIENT
AGED, Category 1	74,248	58,171	72,856	874,271	116,482	7.51
BLIND, Category 2	500	440	457	5,480	2,116	2.59
DISABLED, Category 4	17,590	36,728	19,491	233,888	42,254	5.54
DEPENDENT, Categories 3&7	50,116	54,015	50,455	605,465	159,072	3.81
MALES	*N/A	*N/A	*N/A	*N/A	109,107	*N/A
FEMALES	*N/A	*N/A	*N/A	*N/A	210,817	*N/A
WHITES	*N/A	*N/A	*N/A	*N/A	123,971	*N/A
NON-WHITES	*N/A	*N/A	*N/A	*N/A	195,953	*N/A
AGE 0 - 20	*N/A	*N/A	*N/A	*N/A	121,502	*N/A
AGE 21 - 64	*N/A	*N/A	*N/A	*N/A	68,110	*N/A
AGE 65 & Over	*N/A	*N/A	*N/A	*N/A	130,312	*N/A
ALL CATEGORIES	142,454	149,354	143,259	1,719,104	319,924	5.37

Sources: BC Printouts (#31, #32) *Not available

Man-Months of Medical Service: The total number of MMS that Medicaid pays for in a month is equal to the number of recipients that month. Whether Medicaid pays a few dollars or hundred's of dollars in a month for a recipient, he is counted as having received medical service that month and as one MMS. To find the total MMS Medicaid paid for all year, add the MMS paid for in each of the 12 months.

Frequency of Use: Total MMS used by the 319,924 recipients in AFY '75 was 1,719,104 (Plate 24). This amounts to an average of 5.37 MMS per recipient. In other words, the average recipient received medical care during 5.37 months in the year.

As Plate 24 shows, the aged and the disabled received medical care more frequently than the blind or the dependent. The average blind person who received 2.51 MMS received only one-third as much care as the aged who needed care during 7.51 months in the year. Plate 24 also shows how the number of recipients varied from month to month for each category.

USE AND COST

Which kinds of people on Medicaid use the most medical care, and which kinds cost the most? The answers are complicated and depend on how one chooses to measure use and expenditures.

Use Per Person: The percent of eligibles who become recipients and the MMS per recipient are two ways to measure use of medical services. Plates 25 and 26 show the percent of eligibles who became recipients for each category since '73. Both of the previous measures must be used in order to see how two categories differ in their use of medical care. The two measures can be combined into a single measure by calculating the number of MMS per eligible, rather than the number of MMS per recipient. Plate 27 shows MMS per eligible by category. Here it is seen that the aged use the most medical care and the blind use the least. The average aged person with a Medicaid card in '75 used 6.59 MMS. The average blind eligible used only 2.23 MMS. This is a ratio of approximately 3 to 1.

AFY '73 - '75 PLATE 25

USE AND COST

Utilization rate by category

	AFY '73	AFY '74	AFY '75
AGED, Category 1	85.8%	84.9%	87.8%
BLIND, Category 2	84.7%	82.3%	86.0%
DISABLED, Category 4	82.2%	74.4%	80.9%
DEPENDENT, Categories 3&7	60.0%	73.4%	73.0%
ALL CATEGORIES	70.7%	78.2%	78.9%

Sources: ABC Printouts (#21)
BC Printout (#32)
Ala. Dept. of Public Health (#2, #3)

AFY '73 - '75 PLATE 26

USE AND COST

MMS per recipient

	AFY '73	AFY '74	AFY '75
AGED, Category 1	7.03 MMS	7.25 MMS	7.51 MMS
BLIND, Category 2	6.16 MMS	2.59 MMS	2.59 MMS
DISABLED, Category 4	6.65 MMS	6.13 MMS	5.54 MMS
DEPENDENT, Categories 3&7	3.52 MMS	3.64 MMS	3.81 MMS
ALL CATEGORIES	5.30 MMS	5.29 MMS	5.37 MMS

Sources: BC Printouts (#31, #32)

AFY '75 PLATE 27

USE AND COST

MMS per eligible

AGED, Category 1	6.59 MMS
BLIND, Category 2	2.23 MMS
DISABLED, Category 4	4.45 MMS
DEPENDENT, Categoried 3&7	2.78 MMS
ALL CATEGORIES	4.24 MMS

Sources: ABC Printouts (#21)
BC Printouts (#31, #32)

AFY '75 PLATE 28

USE AND COST

Cost per eligible

	COST PER MONTH	COST PER YEAR	COST PER PERIOD OF ELIGIBILITY
AGED, Category 1	$64	$670	$5,304
AGE 65 & Over	69	718	5,202
BLIND, Category 2	50	521	4,127
WHITES	71	622	3,277
DISABLED, Category 4	65	589	2,460
FEMALES	46	445	2,293
ALL ELIGIBLES	40	384	1,924
AGE 21 - 64	45	412	1,715
MALES	31	281	1,321
NON-WHITES	25	237	1,206
DEPENDENT, Categories 3&7	17	160	663
AGE 0 - 20	12	110	478

Sources: Plates 8, 13, and 17 of this publication

Payments Per Person: Plate 28 shows how payments per eligible vary from group to group. An aged person, for example, costs Medicaid nearly six times as much per year as a young eligible. The variations in cost per eligible reflect the fact that different groups use different kinds of services in different amounts.

In an aged eligible's period of eligibility, he costs 11 times as much as the younger eligible. In addition to using more service and more expensive services, the aged person remains eligible longer than the child.

Plate 29 shows how the payments per eligible have risen for all groups in the past 3 years. The largest increases have been for whites (up 80%) and

AFY '73 - '75 PLATE 29

USE AND COST

Annual changes in cost per eligible

	AFY '73	AFY '74	AFY '75	CHANGE FROM '73 TO '75
AGE 65 & Over	$434	$480	$718	up 65%
AGED, Category 1	422	476	670	up 59%
WHITES	346	496	622	up 80%
DISABLED, Category 4	534	435	589	up 10%
BLIND, Category 2	391	389	521	up 33%
FEMALES	296	332	445	up 50%
AGE 21 - 64	327	351	412	up 26%
ALL ELIGIBLES	245	288	384	up 57%
MALES	158	211	281	up 78%
NON-WHITES	182	162	237	up 30%
DEPENDENTS, Categories 3&7	101	135	160	up 58%
AGE 0 - 20	62	89	110	up 77%

Sources: Ala. Dept. of Public Health (#2, #3)
Plate 8 of this publication

males (up 78%). The smallest increases have been for the disabled (up 10%) and the middle aged (up 26%).

In 1974 payments per eligible declined in three groups, but in '75 the amount spent per person rose for all groups.

Why Have Payments Risen? Payments have not only risen per eligible (Plate 29) but have also risen per service (Plate 6). These rising payments have been caused almost entirely by rising costs and increased use per recipient. The number of eligibles and the number of recipients have increased very little. Plate 30 shows how the prices of selected services rose from quarter to quarter in '75. Nearly two-thirds of Medicaid's payments were for these six services.

Earlier plates in this book have told payments by service (Plate 6), recipients by category (Plate 21), and percent of recipients per category (Plate 25). Plate 31 repeats figures from each of these earlier plates and adds payments per eligible. This table conveys a picture of comparative costs and uses which cannot be drawn with simpler tables.

Payments Per Recipient, Per Service, By Category: Section 3 of Plate 31 shows that Medicaid paid $1,012 for each blind person who became a hospital inpatient but only $183 per aged inpatient. The average that Medicaid paid for the aged was low because Medicare paid the major part of the bill.

Over 90% of the aged people on Medicaid were also eligible for Medicare. Smaller percentages of Medicaid's blind and disabled qualified for Medicare. The total number of Medicaid patients with this double protection was approximately 150,000 in '75.

Medical bills for these 150,000 people were paid jointly by Medicaid and Medicare. For hospital care Medicare paid far more than half of each bill. For five other services listed in Plate 30 Medicare also paid significant, but smaller, fractions of each bill. This saved Medicaid millions of dollars. For this coverage Medicaid paid to Medicare a "buy-in" fee or premium of $6.70 per month per person for each Medicaid eligible who was also on Medicare. Medicaid's total payment to Medicare for these buy-in premiums in '75 was $10,391,095. Medicare spent considerably more than $10.4 million in partial payment of medical bills incurred by Alabama citizens on Medicaid.

AFY '75 PLATE 30

USE AND COST

Quarterly changes in unit cost per service

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Nursing Home Days				
Skilled Care	$13.70	$14.97	$15.49	$15.73
ICF	$11.59	$13.03	$13.77	$14.11
Inpatient Days	$81.17	$86.91	$91.85	$92.12
Physicians' Visits	$11.17	$10.50	$11.48	$12.35
Prescriptions	$ 4.42	$ 4.45	$ 4.61	$ 4.39
Outpatient Visits	$24.41	$25.11	$26.17	$26.81
Skilled Care Days		+ 9 %	+ 3 %	+ 2 %
ICF Days		+ 12 %	+ 6 %	+ 2 %
Inpatient Days		+ 7 %	+ 6 %	+ .3%
Physicians' Visits		- 6 %	+ 9 %	+ 8 %
Prescriptions		+ .7%	+ 3.5%	- 5 %
Outpatient Visits		+ 3 %	+ 4 %	+ 2.4%

Sources: BC Printouts (#36)
CCS Printouts (#41)

AFY '75

USE AND COST

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

		SERVICES WHOSE COSTS ARE SHARED WITH MEDICARE							
		PHYSICIANS' SERVICES	LAB & X-RAY	HOSPITAL INPATIENTS†	HOSPITAL OUTPATIENTS	HOME HEALTH	TRANSPORTATION	DRUGS	NURSING HOMES, SKILLED††
SECTION 1 YEAR'S COST	ALL CATEGORIES	$19,421,745	$2,014,712	$31,764,998	$3,130,509	$449,621	$67,258	$16,304,819	$44,806,710
	Category 1 Aged	4,985,737	668,121	5,545,247	610,127	251,443	3,105	10,300,618	39,661,107
	Category 2 Blind	227,215	23,409	432,036	33,424	8,570	1,021	165,608	131,642
	Category 4 Disabled	4,503,203	486,146	10,679,170	686,142	177,317	32,975	3,447,230	4,987,255
	Categories 3&7 Dependent Children	4,178,686	353,713	5,774,623	1,005,986	3,040	7,804	933,288	24,868
	Category 3 Dependent Adults	5,526,904	483,323	9,333,922	794,830	9,251	22,353	1,458,075	1,838
SECTION 2 YEAR'S TOTAL NUMBER OF RECIPIENTS	ALL CATEGORIES	237,707	152,196	65,869	86,206	1,844	*N/A	240,465	13,323
	Category 1 Aged	89,620	62,255	30,323	24,974	1,157	*N/A	99,558	11,841
	Category 2 Blind	1,643	921	493	591	31	*N/A	1,759	39
	Category 4 Disabled	30,507	18,075	10,552	11,227	584	*N/A	34,977	1,429
	Categories 3&7 Dependent Children	76,152	47,069	10,029	32,182	18	*N/A	66,553	7
	Category 3 Dependent Adults	39,785	23,876	14,472	17,232	54	*N/A	37,618	7
SECTION 3 YEAR'S COST PER RECIPIENT	ALL CATEGORIES	$ 81.71	$ 13.24	$ 482.25	$ 36.32	$ 243.83	*N/A	$ 67.81	$ 3,363.11
	Category 1 Aged	55.63	10.73	182.87	24.43	217.32	*N/A	103.46	3,349.47
	Category 2 Blind	138.29	25.42	876.34	56.55	7.41	*N/A	94.15	3,375.44
	Category 4 Disabled	147.61	26.90	1,012.05	61.12	303.63	*N/A	98.56	3,490.03
	Categories 3&7 Dependent Children	54.87	7.51	575.79	31.26	168.89	*N/A	14.02	3,552.57
	Category 3 Dependent Adults	138.92	20.24	644.96	46.13	171.31	*N/A	38.76	262.57
SECTION 4 UTILIZATION RATES	ALL CATEGORIES	58.6%	37.5%	16.2%	21.3%	.45%	*N/A	59.3%	3.3 %
	Category 1 Aged	67.5%	46.9%	22.8%	18.8%	.87%	*N/A	75.0%	8.9 %
	Category 2 Blind	66.8%	37.4%	20.0%	24.0%	1.25%	*N/A	71.5%	1.6 %
	Category 4 Disabled	58.4%	34.6%	20.2%	21.5%	1.11%	*N/A	67.0%	2.7 %
	Categories 3&7 Dependents	53.2%	32.5%	11.2%	22.7%	.03%	*N/A	47.8%	.006%

Sources: BC Printout (#32)
ABC Printouts (#21, #22)

*Not available

† Includes patients in mental hospitals.
††A small part of the cost of skilled care is paid by Medicare, but the amount is insignificant.

PLATE 31

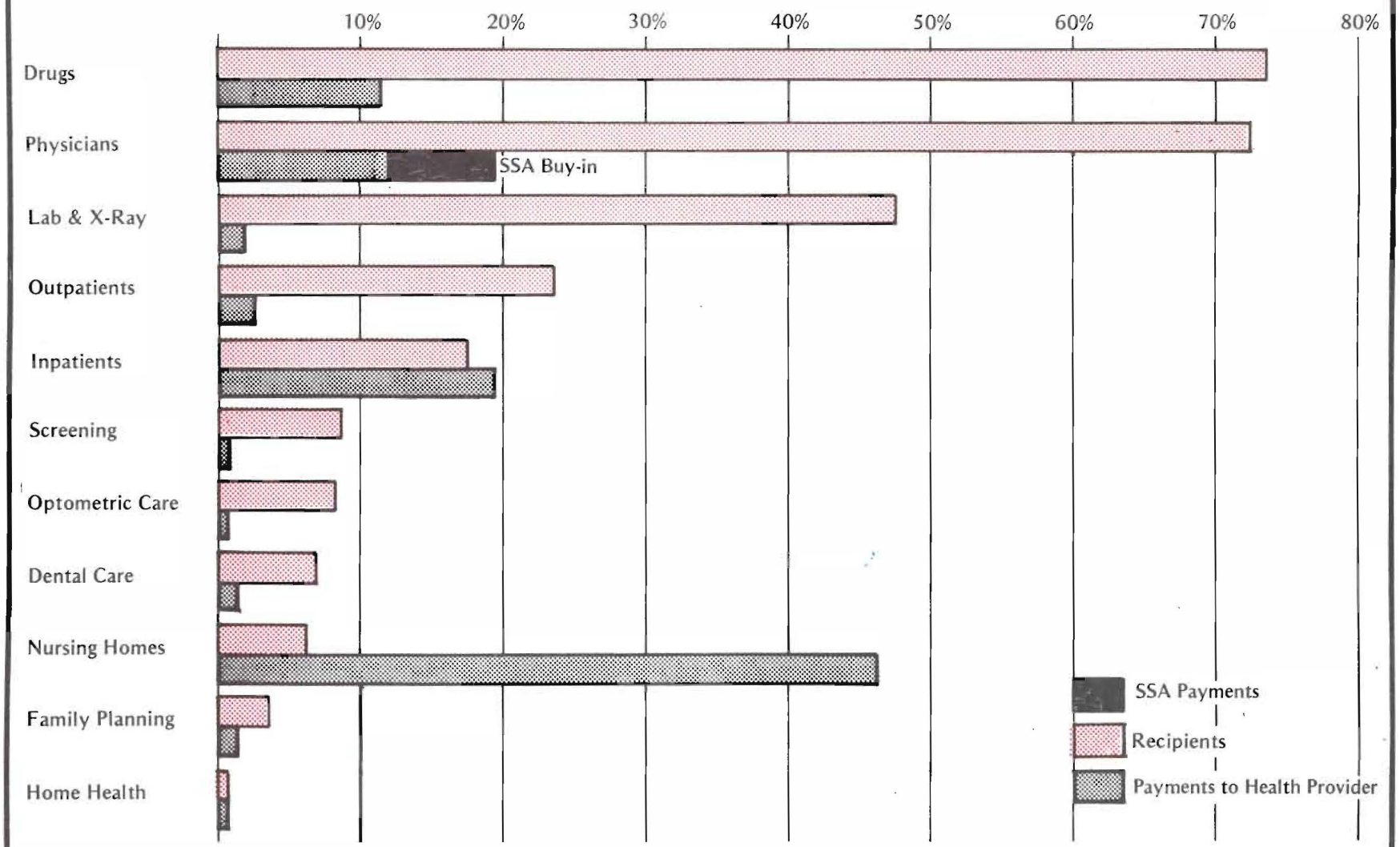
SERVICES WHOSE COSTS ARE NOT SHARED WITH MEDICARE						ALL SERVICES		
NURSING HOMES, ICF	DENTAL CARE	FAMILY PLANNING	OTHER PRACTITIONERS	SCREENING	MEDICARE BUY-IN	MEDICAID'S UNSHARED COST	MEDICAID'S SHARE OF SHARED COSTS	MEDICAID'S TOTAL COST
$21,493,905	$2,653,883	$1,346,270	$1,342,513	$564,429	$10,391,095	$98,903,624	$56,848,843	$156,752,467
16,936,058	0	82	602,000	0	9,339,110	76,838,975	12,063,780	88,902,755
196,562	329	13,332	6,846	0	42,819	557,138	725,675	1,282,813
4,359,662	50,681	97,939	244,623	0	1,008,476	14,195,856	16,564,963	30,760,809
1,633	2,370,825	104,632	269,926	564,429	0	4,269,601	11,323,862	15,593,453
0	232,048	1,130,285	219,118	0	690	3,042,054	16,170,583	19,212,637
6,719	29,779	17,624	40,250	36,001	*N/A	*N/A	*N/A	319,924
5,467	0	3	17,589	0	*N/A	*N/A	*N/A	116,482
49	9	70	222	0	*N/A	*N/A	*N/A	2,116
1,201	541	551	6,909	0	*N/A	*N/A	*N/A	42,254
2	27,250	2,571	8,602	36,001	*N/A	*N/A	*N/A	109,665
0	1,979	14,429	6,928	0	*N/A	*N/A	*N/A	49,407
$ 3,198.97	$ 89.12	$ 76.39	$ 33.36	$ 15.68	*N/A	*N/A	*N/A	$ 486.84
3,097.87	0	27.33	34.23	0	*N/A	*N/A	*N/A	763.23
4,011.46	36.50	190.45	30.84	0	*N/A	*N/A	*N/A	606.24
3,630.01	93.68	177.75	35.41	0	*N/A	*N/A	*N/A	728.00
816.50	87.00	40.70	31.38	15.68	*N/A	*N/A	*N/A	142.19
0	117.26	78.33	31.63	0	*N/A	*N/A	*N/A	388.86
1.7 %	7.3 %	4.3 %	9.9%	9.0%	*N/A	*N/A	*N/A	78.9%
4.1 %	.0 %	.002%	13.3%	.0%	*N/A	*N/A	*N/A	87.8%
2.0 %	.004%	2.8 %	9.0%	.0%	*N/A	*N/A	*N/A	86.0%
2.3 %	1.0 %	1.1 %	13.2%	.0%	*N/A	*N/A	*N/A	80.9%
.001%	13.4 %	7.8 %	7.1%	16.5%	*N/A	*N/A	*N/A	73.0%

AFY '75

PLATE 32

USE AND COST

Comparison of percent of recipients to percent of expenditures



Source: Plate 31 of this publication

SELECTED PROGRAM REVIEWS

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

PHYSICIANS' PROGRAM

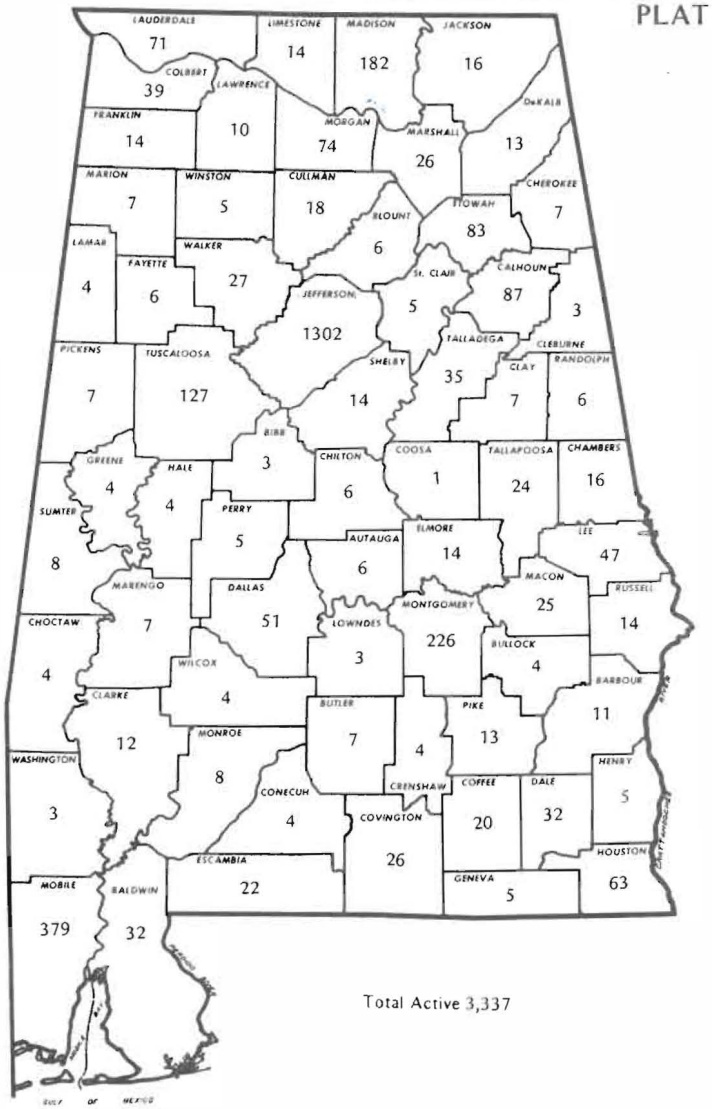
In Alabama doctors of medicine or osteopathy initiate most medical care. They either provide it directly or prescribe or arrange for additional health benefits. These benefits may include drugs, nursing care, laboratory tests or devices. Physicians may also admit patients to medical institutions and direct the medical care therein. In the most recent survey by Fischer-Stevens, Inc. for AMA, there were 3,337 physicians who practiced medicine in Alabama (Plate 33). These physicians are grouped by specialty in Plate 34.

PLATE 33

AFY '75

PHYSICIANS' PROGRAM

Number of active physicians by county



Total Active 3,337

Source: AMA Clearinghouse (#4)

AFY '75 PLATE 34

PHYSICIANS' PROGRAM

Number of physicians by specialty

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 (#4)

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.

Plate 35 lists the ten most common medical procedures for which the providers billed Medicaid during AFY '75. The increases for nine of these were significant. And even though sickle cell laboratory tests were used less in '75, they still ranked among the most prevalently used services.

AFY '74 & '75 PLATE 35

PHYSICIANS' PROGRAM

Number of procedures; percent of change

Procedure	Number		Percent
	1974	1975	of change
Routine office visit	179,663	262,732	+ 46%
Routine office visit (child)	91,258	108,880	+ 19%
Routine urinalysis	58,457	87,902	+ 50%
Penicillin injections	20,671*	37,173	+ 80%
Hemoglobin	20,635	32,637	+ 58%
Emergency room visit	24,993	29,873	+ 20%
Follow-up hospital visit	18,688	29,400	+ 57%
Prolonged office visit	16,784	27,590	+ 64%
Hematocrit	13,455	20,573	+ 53%
Sickle cell preparation	29,466	20,450	- 31%

Source: BC Printout (#34) *Estimate

AFY '74 & '75

PLATE 36

PHYSICIANS' PROGRAM

Types of visits by number and by total cost for year

TYPE OF VISIT	COST		VISITS	
	1974	1975	1974	1975
TOTAL	$4,928,641	$7,144,628	694,219	926,399
Office	3,164,811	4,483,770	517,320	674,577
Hospital (With Inpatient)	1,368,260	2,138,807	136,377	199,053
Hospital Outpatient Clinics	329,217	419,882	29,950	36,921
Elsewhere	20,849	32,277	4,545	7,102
Intermediate Care Facility	20,982	306	2,827	40
Skilled Nursing Facility	12,038	54,321	1,654	6,923
Home	12,484	15,265	1,546	1,783

Sources: BC Printout (#32)
Ala. Dept. of Public Health (#3)

Plate 36 presents the cost and number of visits to physicians for AFY '75. The most frequent type of visit was an office call with hospital inpatient visits ranked second.

Physicians submitted claims for services to 237,707 persons during AFY '75. This is an increase of 10% over last year. Plate 37 excludes dental recipients.

AFY '73 - '75

PLATE 37

PHYSICIANS' PROGRAM

Recipients of physicians' care
Percent of total by age, sex, and race

	AFY 1973	AFY 1974	AFY 1975
Total Recipients	189,624	216,038	237,707
% by Age			
Under Age 6	12%	12%	13%
Ages 6 - 20	22%	23%	23%
Ages 21 - 64	22%	22%	23%
Ages 65 - Over	44%	43%	41%
% by Sex			
Male	31%	33%	33%
Female	69%	67%	67%
% by Race			
White	35%	41%	39%
Non-White	65%	59%	61%

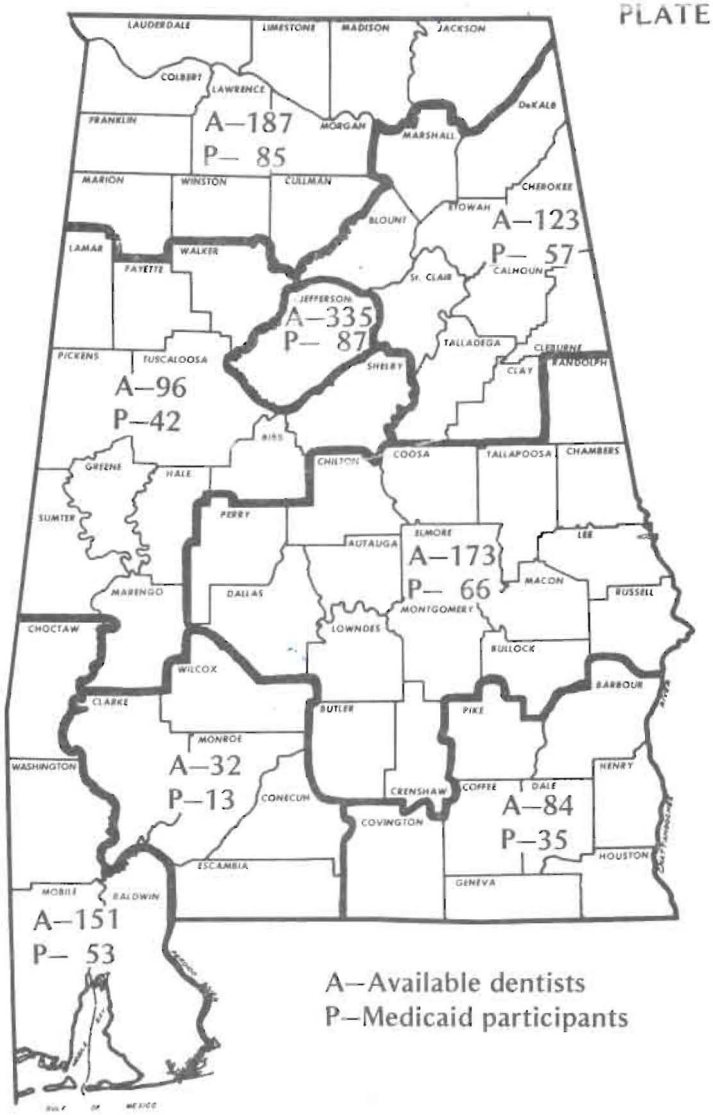
Sources: BC Printout (#32)
Ala. Dept. of Public Health (#2, #3)

PLATE 38

AFY '75

PHYSICIANS' PROGRAM

Number of dentists by area



Source: BC Printout (#33)

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 38 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, 1975, was 37%. Of the state's 1181 dentists, 436 had provided care to 29,686 outpatient and 33 inpatient recipients. During the year, the county health departments' dental clinics treated 490 recipients and were reimbursed over $8,500.

AFY '73 - '75

PLATE 39

PHYSICIANS' PROGRAM

Number and activity of dentists

	1973	1974	1975	CHANGE
Available Dentists	1,178	1,224	1,181	- 3.5%
Participating Dentists	288	369	436	+ 18 %
Participation Rate	24%	30%	37%	+ 7 %
Outpatients Treated	8,107	19,634	29,686	+ 51 %
Inpatients Treated	21	34	33	- 2.9%
Health Department Patients	445	665	490	- 26.3%
Health Department Payments	$7,000	$15,830	$8,567	- 45.9%

Source: BC Printout (#33)

Dental activity in the Medicaid program increased significantly in AFY '75. Plates 39 and 40 give comparative figures for recipients and procedures during AFY '74 and AFY '75.

AFY '74 & '75

PLATE 40

PHYSICIANS' PROGRAM

Dental services

TYPE OF SERVICE	NUMBER OF RECIPIENTS		AMOUNT OF PAYMENTS		NUMBER OF SERVICES	
	1974	1975	1974	1975	1974	1975
Diagnostic Services	14,503	23,353	$178,834	$323,787	41,427	70,152
Preventive Care	13,660	21,956	197,435	366,315	29,309	52,226
Oral Surgery	7,795	10,854	124,518	195,195	16,834	22,884
Endodontics	2,053	3,377	89,394	199,330	3,901	6,692
Operative	11,809	17,601	788,270	1,270,737	74,662	110,679
Crown & Bridge	1,603	2,755	96,907	188,164	3,826	6,751
Orthodontics	294	566	15,806	33,802	395	790
Emergency Services	6,113	9,502	81,169	127,257	10,465	15,579

Source: BC Printout (#33)

CY '74 & '75 PLATE 41

PHYSICIANS' PROGRAM

Optometric claims and charges

	OPHTHALMOLOGISTS		OPTOMETRISTS & OPTICIANS		PROVIDERS OF EYEGLASSES	
	1974	1975	1974	1975	1974	1975
Claims	7,386	10,193	16,958	32,963	15,624	28,301
Examination Charges	$77,303	$122,300	$143,324	$600,102		
Fitting Charges	$11,435	$ 16,303	$ 65,790	$228,414		
Lens Charges					$100,289	$192,478
Frame Charges					$ 52,372	$ 96,736

Sources: BC Printout (#39)
CCS Printout (#42)
Ala. Dept. of Public Health (#3)

Ophthalmologists, optometrists, and opticians are providers under the Medicaid Program. In the optometric program eyeglasses and eye care services were provided to approximately 40,000 persons. This is an increase of 17,000 recipients in one year. In addition, payments increased 227% from AFY '74. 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 certain diagnoses as family planning 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 37,000 prescriptions for oral contraceptives were provided by pharmacies in AFY '75.

Medicaid provided family planning services to approximately 18,000 patients during AFY '75. Plate 42 shows the classification of patients by category. This report includes recipients of oral contraceptives.

Plate 43 shows the recipients of private physicians' family planning services by age and race. This excludes clinic claims, hospital claims, and drug claims.

AFY '74 & '75 PLATE 42

FAMILY PLANNING PROGRAM

Year's total number of recipients by category

CATEGORY	RECIPIENTS	
	1974	1975
Category 2–Blind	49	70
Category 4–Disabled	352	551
Category 3–AFDC Children	1,467	2,574
AFDC Adults	8,579	14,429
TOTAL	10,447	17,624

Sources: BC Printout (#32)
Ala. Dept. of Public Health (#3)

AFY '75 PLATE 43

FAMILY PLANNING PROGRAM

Recipients of private physicians' services
By type of procedure, race and age

	AGE 0 - 20			AGE 21 - 45			AGE 46 & OVER			TOTAL		
TYPE OF PROCEDURE	W*	N-W*	U*	W	N-W	U	W	N-W	U	W	N-W	U
1. Vasectomy	1			4	1		4			9	1	
2. Abortion—A. Saline	15	79		19	64					34	143	
B. Suction	34	235		49	241			2		83	478	
C. Trans-Abdominal		1									1	
3. Salpingectomy		5		18	46	1				18	51	1
4. Salpingoplasty				3	2					3	2	
5. Tubal Ligation (Abdominal)					2							
6. Ligation of Fallopian Tubes	4	6		79	273	1		1		83	280	1
7. Tubal Insufflation					3						3	
8. Tracheloplasty		1			3						4	
9. Hysterectomy					1						1	
10. Panhysterectomy				1	7					1	7	
11. Vaginal Hysterectomy		2			5						7	
12. Panhysterectomy—Bilateral				2	3					2	3	
13. I. U. D. Insertion	34	199		65	258			2	2	99	459	2
TOTAL	88	528		240	909	2	4	5	2	332	1442	4

Source: BC Printout (#35)

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 outweight 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.

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 six years. To a great extent, this reliability has enabled Medicaid payments to be made on a timely basis.

As of September, 1975, there were 1,023 providers who had signed contracts to dispense medication under the rules and regulations proposed by Medicaid. The retail providers were paid a professional fee of $1.90 per prescription in AFY '75. Institutional providers received $1.50 per claim, and dispensing physicians and clinic providers received $.70 per claim. As of June 1, 1975, $.50 of each of

AFY '75 Plate 44

PHARMACEUTICAL PROGRAM

Types of provider by number

TYPE OF PROVIDER	NUMBER
In-State Retail Pharmacies	950
Institutional Providers	32
Dispensing Physicians	5
Out-of-State Pharmacies	36
TOTAL	1,023

Source: MSA, Pharmaceutical Program (#18)

AFY '75 Plate 45

PHARMACEUTICAL PROGRAM

Eligibles, recipients, claims, and expenditures—Monthly totals and averages

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. '74	311,277	96,878	3.13	$13.43	$4.28	303,941	$ 1,301,895
NOV.	315,563	93,181	2.97	$13.10	$4.41	277,021	$ 1,220,810
DEC.	316,040	101,814	3.17	$13.96	$4.41	322,511	$ 1,421,689
JAN. '75	319,713	105,736	3.30	$14.66	$4.44	348,834	$ 1,549,769
FEB.	322,233	89,243	2.80	$12.64	$4.51	249,977	$ 1,128,286
MAR.	325,846	104,465	3.21	$14.61	$4.55	335,444	$ 1,526,529
APR.	329,926	103,995	3.16	$14.55	$4.61	328,597	$ 1,513,258
MAY	331,322	101,027	3.08	$14.42	$4.68	311,558	$ 1,457,182
JUNE	326,044	88,863	2.89	$13.09	$4.53	256,770	$ 1,163,726
JULY	329,689	107,465	3.36	$14.73	$4.39	360,967	$ 1,583,016
AUG.	330,113	94,773	2.85	$12.54	$4.40	270,452	$ 1,189,105
SEPT.	328,882	103,054	3.08	$13.54	$4.40	317,239	$ 1,395,851
AVERAGE		99,208			$4.47		
TOTAL						3,683,311	$16,451,118

Sources: ABC Printouts (#21) CCS Printout (#41) *Excludes family planning drugs

AFY '74 & '75 PLATE 46

PHARMACEUTICAL PROGRAM

Monthly averages of eligibles, expenditures, and claims

	ELIGIBLES (Ave. Per Mo.)		EXPENDITURES		CLAIMS		CLAIMS PER ELIGIBLE		COST PER ELIGIBLE	
	1974	1975	1974*	1975*	1974*	1975*	1974	1975	1974	1975
All Categories	303,310	323,887	$12,728,350	$16,451,118	3,299,671	3,683,311	11	11	$42	$51
Category 1–Aged	118,757	115,942	8,594,339	10,383,504	2,207,886	2,317,857	19	20	72	90
Category 2–Blind	2,190	2,150	136,987	168,151	33,419	35,615	15	17	63	78
Categories 3&7–AFDC	154,750	166,191	1,995,344	2,413,783	566,054	593,601	4	4	13	15
Category 4–Disabled	27,613	39,604	2,001,680	3,485,680	492,312	736,238	18	19	72	88

Sources: CCS Printout (#41)
Ala. Dept. of Public Health (#3)
*Excludes family planning drugs

these fees was to be paid by the recipient for each prescription received. All these providers were reimbursed by a bank draft, which had to be paid or returned within 48 hours of receipt.

During AFY '75 the Drug Program paid 3,683,311 drafts for $16,451,118 (this excludes family planning drugs). The average cost per eligible person for drugs was $51 per year, as shown in Plate 46. The average number of prescriptions per eligible person varies from four prescriptions for the AFDC Category up to 20 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 '74 & '75 Plate 47

PHARMACEUTICAL PROGRAM

Recipients and expenditures by category

	DRUG RECIPIENTS		CHANGE IN RECIPIENTS	DRUG EXPENDITURES		CHANGE IN EXPENDITURES
	1974*	1975*		1974	1975	
ALL CATEGORIES	218,486	240,465	+10.0 %	$12,631,781	$16,451,118	+30%
BY CATEGORY						
Category 1–Aged	99,463	99,558	+ .09%	8,594,323	10,393,026	+21%
Category 2–Blind	1,774	1,759	- .8 %	136,369	167,102	+23%
Categories 3&7–All AFDC	93,670	104,170	+11.0 %	1,902,025	2,412,821	+27%
Adults	33,078	37,618	+14.0 %	1,156,296	1,471,164	+27%
Children	60,592	66,553	+10.0 %	745,729	941,657	+26%
Category 4–Disabled	23,579	34,977	+48.0 %	1,999,064	3,478,169	+74%
BY AGE						
Under 6 Years	24,782	28,976	+17.0 %	328,703	451,858	+37%
6-20 Years	41,088	46,188	+12.0 %	501,649	662,943	+32%
21-64 Years	48,332	55,790	+15.0 %	2,688,750	3,703,406	+38%
65-Over	104,284	109,511	+ 5.0 %	9,112,677	11,632,911	+28%
BY SEX						
Male	69,079	76,578	+11.0 %	3,485,999	4,585,594	+32%
Female	149,407	163,887	+10.0 %	9,145,781	11,866,024	+30%
BY RACE						
White	95,485	97,646	+ 2.0 %	7,665,253	9,451,325	+23%
Non-White	123,001	142,819	+16.0 %	4,966,526	7,000,293	+41%

Sources: Ala. Dept. of Public Health (#3)
BC Printout (#32)
*Excludes family planning drugs

LONG-TERM CARE PROGRAM

During AFY '75 Medicaid spent $66.3 million to provide nursing facility care for approximately 20,000 patients. This is an increase of $22 million over AFY '74. Part of this increasing cost came from an 18% gain in the number of nursing facility patients; there were 16,858 patients in AFY '74 and 20,042 in AFY '75. Most of the 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 66% of the patients were evaluated as skilled during AFY '75.

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.

These are also characteristic of Alabama's Medicaid nursing facility patients. Ninety-one percent were at least 65 years of age. Almost three-fourths of the patients were female. Thirteen percent of them had no one to list as a sponsor. Approximately one-fourth of the ICF patients were transferred to nursing homes from mental institutions.

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 each home to MSA after the close of its 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 each facility of any change in its rate. The Medicaid program cannot exceed the Medicare rate for that facility; nor can it exceed the facility's private pay rate.

In 1975 Medicaid paid 100% of the difference between the skilled assigned rate and the patient's available resources. The State Board of Health initiated a ceiling on nursing home rates of $21.50 per day for skilled care and $19.35 for intermediate care. 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 12% for skilled care and 20% for ICF (Plate 49). This was a reduced increase compared to last year's rates. One reason was that the average months of care per recipient decreased for the second time in two years.

AFY '75 PLATE 48

LONG-TERM CARE PROGRAM
Beds, admissions, residents

	SKILLED	ICF	TOTAL
Available Beds (9/75)	12,533	5,556	18,089
Admissions Approved	7,835	3,389	11,224
Recipients Admission Origins:			
From Home	1,754	1,589	3,343
From Hospital	5,283	1,191	6,474
From Nursing Facility	745	437	1,182
From Mental Facility	53	172	225
Medicaid Residents as of 9/75	8,163	4,398	12,561

Sources: Ala. Dept. of Public Health (#1)
MSA, Long Term Care Division (#16)

AFY '73 & '74

LONG-TERM CARE PROGRAM

PLATE 49

Monthly rates charged by nursing homes

	SEPT. 1974	SEPT. 1975	CHANGE
Total Monthly Rate, Skilled Care	$528	$591	+ 12%
Total Monthly Rate, ICF Care	$451	$539	+ 20%
Part Paid By Medicaid, Skilled Care	$427	$521	+ 22%
Part Paid By Medicaid, ICF Care	$364	$476	+ 31%
Part Paid By Patient & Sponsor, Skilled Care	$101	$ 70	- 31%
Part Paid By Patient & Sponsor, ICF Care	$ 87	$ 63	- 28%

Sources: CCS Printouts (#43) Ala. Dept. of Public Health (#3)

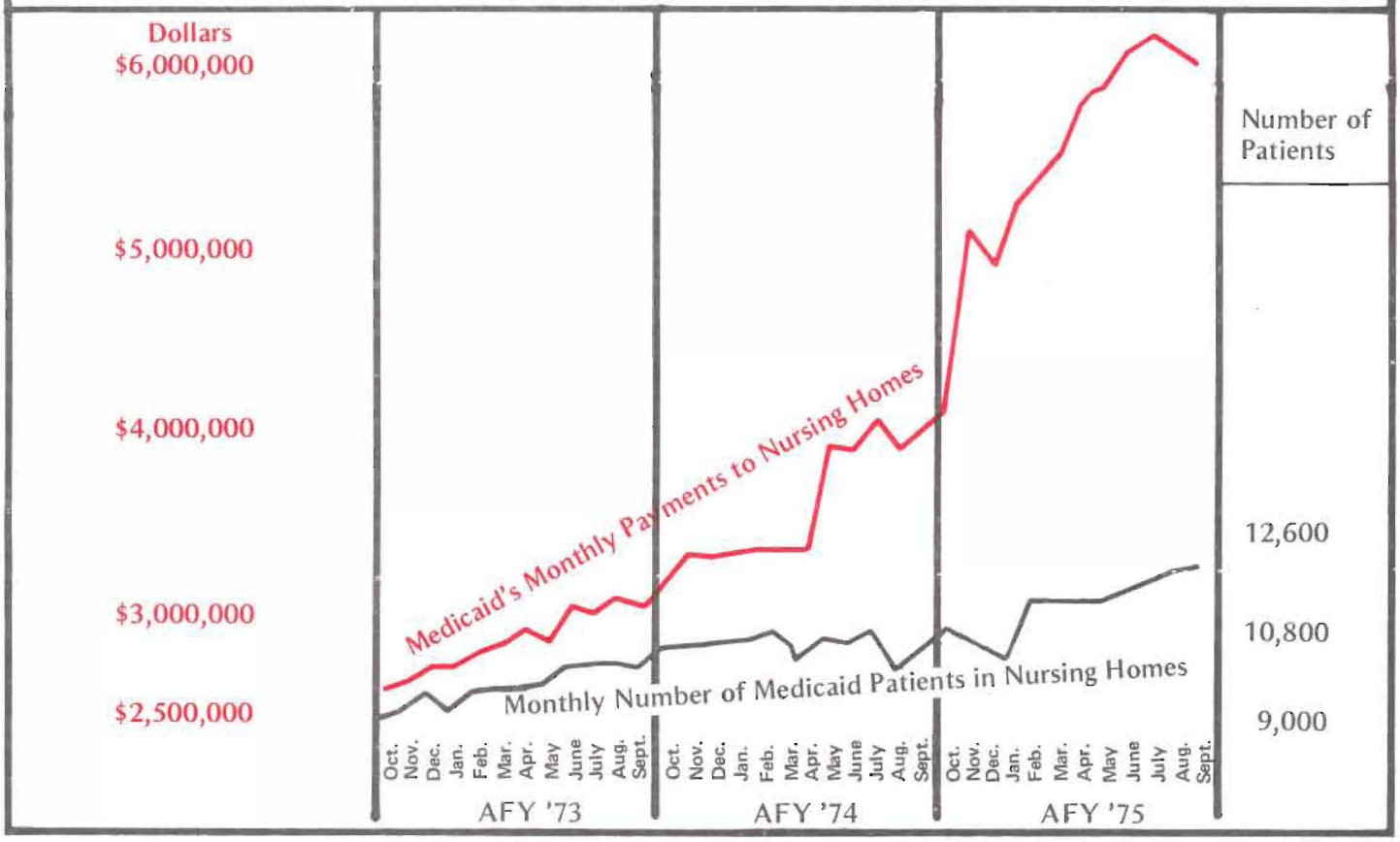
Nursing facility care has always been the most expensive item in Medicaid's budget. In '73 nursing facility care took 38% of the budget; in '74, 40%; and this year, 42%. Plate 50 shows graphically that costs have risen faster than the number of patients for three years, particularly during 1975. Medicaid's payments per nursing facility patient rose $666 in '75 from $2,642 per year to $3,308, an increase of 25%.

AFY '73–'75

PLATE 50

LONG-TERM CARE PROGRAM

Medicaid patients and payments per month



Source: CCS Printouts (#43)

AFY '74 & '75 PLATE 51

LONG-TERM CARE PROGRAM

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

	PER PATIENT COST AFY '74	PER PATIENT COST AFY '75	CHANGE
Skilled Care	$2,745	$3,363	+ 23%
ICF Care	2,437	3,198	+ 31%
Both Kinds of Care	2,642	3,308	+ 25%

Sources: Ala. Dept. of Public Health (#3)
Plate 31 of this publication

The greatest change in the characteristics of nursing home patients was in the percent of non-whites admitted. The non-white nursing facility admissions increased from 16% in '74 to 22% in '75. However, the increase in the percent of non-whites would not appear so sharp if monthly rather than annual counts were compared. A high turnover rate among non-whites in '75 boosted their annual count to 22%. This figure was true for the year but it gave a misleading impression of the number of beds occupied by non-whites in any one month. As Plate 52 shows the percent of patients over age 65 remained stable as did the percentage of males and females.

AFY '75 PLATE 52

LONG-TERM CARE PROGRAM

Recipients, by sex, by race, by age

	SKILLED	ICF	TOTAL	PERCENT
All Recipients	13,323	6,719	20,042	100 %
By Sex				
Female	10,013	4,655	14,668	73 %
Male	3,310	2,064	5,374	27 %
By Race				
White	10,557	5,158	15,715	78 %
Non-White	2,766	1,561	4,327	22 %
By Age				
65 & Over	12,328	5,873	18,201	91 %
21 - 64	884	822	1,706	8.5%
6 - 20	90	23	113	.4%
0 - 5	21	1	22	.1%

Source: BC Printout (#32)

Plates 54-56 show the number and percent of nursing home beds used by Medicaid. During the year the number of beds in existence increased by 2,453 which is an increase of 16%. As the number of beds increased, Medicaid's percent of beds used has decreased.

As 1975 ended there were over 12,000 Medicaid patients in nursing facilities. However, during the year there were 20,000 patients. This gives an average of almost 7 months of care per patient for the year. But, with an increasing turnover rate of 76% in 1975, the length of time the average patient would remain in the nursing home has decreased from 21 months in '74 to 16 months in '75.

AFY '73 - '75

PLATE 57

LONG-TERM CARE PROGRAM

Number of recipients

	SKILLED			ICF			TOTAL		
	'73	'74	'75	'73	'74	'75	'73	'74	'75
Monthly average	6,361	6,985	7,410	3,483	3,733	3,950	9,844	10,717	11,360
Yearly total	10,088	11,210	13,323	5,321	5,648	6,719	15,409	16,858	20,042
Months of care per recipient	7.6	7.5	6.7	7.9	7.9	7.1	7.7	7.6	6.8
Annual turnover rate	58.5%	60.4%	79.7%	52.8%	51.3%	70.1%	56.5%	57.3%	76.4%
Estimated Length of Stay	20.5 Mo.	19.6 Mo.	15.1 Mo.	22.7 Mo.	23.4 Mo.	17.1 Mo.	21.2 Mo.	20.9 Mo.	15.7 Mo.

Sources: BC Printout (#32)
Plate 54 of this publication
Ala. Dept. of Public Health (#2, #3)

HOSPITAL PROGRAM

If Medicaid's experience is typical, less than half of the hospital patients are inpatients. Furthermore, in the past three years the percent who were inpatients has declined each year. In '73, 46.2% were inpatients. In '74 the number of inpatients was 4,160 less than '73, and the percent declined to 43.6%. In '75 the number rose, but the percent declined slightly, to 43.4%.

Inpatients: Among Medicaid eligibles approximately 1 person in 6 became an inpatient in '75. Plate 58 suggests that among other Alabama citizens a smaller percent used hospital beds, but no count of non-Medicaid patients was made to confirm this or to measure the difference exactly.

Counts of hospital admissions for all Alabamians and for three categories of Medicaid eligibles were made. Medicaid had the higher admission rate; therefore, the percent who became patients must be higher for the Medicaid group. Admission rates and use rates are closely correlated, but they are not identical, because some patients were admitted more than once during a year.

Table 58 shows an admission rate of 18.4% for Medicaid and a slightly lower rate for all Alabama citizens. It is probable that the admission rates for all Medicaid eligibles would be higher than the 18.4% for Medicaid-only eligibles because the eligibles whose admission rate is not known are mostly from the aged category. A reasonable estimate is that the admission rate for all Medicaid eligibles was about 21%. If this is true it is also probable that among Alabamians not on Medicaid 1 person in 7 used a hospital bed in '75 as compared to 1 in 6 among Medicaid eligibles. Last year the ratio was approximately 1 in 7 for both groups.

The average length of stay for the two groups was approximately the same. The Medicaid figure of 6.3 days shown in Table 58 would easily rise to or past the 7 day figure shown for all Alabama inpatients if the aged were included in the Medicaid calculations.

Plate 58 shows the average cost to Medicaid per day and per stay for some patients, and per patient for all Medicaid patients. Per day, per stay, and per patient costs for all Alabamians should be close to the figure for Medicaid patients who did not have Medicare coverage.

Plate 58 divides Medicaid hospital inpatients into two groups, defined in terms of who pays their medical bills. Plate 59 shows the same patients divided by category, and shows how cost and use vary among categories. The aged, the blind, and the disabled use hospitals much more than the dependents. However, the total money Medicaid pays for these high-care groups is approximately equal to what it spends for this low-care group. This seeming paradox is explained by the fact that Medicare pays over 80% of each hospital bill for the high-care groups.

AFY '75

HOSPITAL PROGRAM

Medicaid hospital patients compared to other patients

	Total Number In 1975	Inpatients
Medicaid-Medicare Eligibles	150,000	30,274
Medicaid Only Eligibles	255,458	35,595
All Alabama Residents	3,520,000	*N/A

Sources: Ala. Dept. of Public Health (#1)
BC Printouts (#32, #40)

*Not available

AFY '75

HOSPITAL PROGRAM

Use and costs of inpatient hospital care

	Number of People Eligible For Hospital Care
Aged—Category 1	132,735
Blind—Category 2	2,461
Disabled—Category 4	52,219
Dependent Children and Adults—Categories 3&7	218,043
All Categories	405,458

Sources: BC Printouts (#32, #40)

PLATE 58

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	Cost Per Patient
*N/A	*N/A	*N/A	*N/A	$ 3,589,445 (est.)	*N/A	*N/A	$119
46,926	18.4%	295,261	6.3	$28,175,553 (est.)	$88	$555	$792
618,439	17.6%	4,317,649	7.0	*N/A	*N/A	*N/A	*N/A

PLATE 59

Number of People Who Became Inpatients	Percent Who Became Inpatients	Total Cost to Medicaid	Cost Per Recipient To Medicaid	Average Length Of Stay
30,323	22.8%	$ 5,545,247	$ 183	8.7 days
493	20.0%	432,036	876	7.7 days
10,552	20.2%	10,679,170	1,012	4.9 days
24,501	11.2%	15,108,545	616	8.6 days
65,869	16.2%	$31,764,998	$ 482	6.2 days

AFY '75 PLATE 60

HOSPITAL PROGRAM

Cost per recipient

	Number of Recipients of Hospital Inpatient Care	Total Medicaid Payments for Hospital Inpatient Care	Cost Per Recipient To Medicaid
Medicaid recipients with Medicare	30,274	$ 3,589,445	$119
Medicaid recipients without Medicare	35,595	28,175,553	792
All Medicaid Recipients	65,869	31,764,998	482

Source: Plate 31 of this publication

Plate 60 shows how many Medicaid hospital patients did and did not have Medicare. The two groups are not very different 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 larger average ($792 per stay) is about six and one-half times the size of the smaller average ($119 per stay).

The group which cost Medicaid $119 per stay was all aged, blind, or disabled. The other group was mostly children and young adults in Category 3 who needed relatively short hospital stays. Without Medicare's help, total inpatient hospital costs could easily have been double the $31.7 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 61 shows that the largest group of patients were pregnant women. If Plate 61 included data for all Medicaid patients, young and old, the delivery for 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 might be.

CY '75 PLATE 61

HOSPITAL PROGRAM

Diagnoses of Medicaid hospital patients

	Number of Cases	Total Payment By Medicaid
Delivery without mention of complication	10,207	$ 3,166,637
Respiratory diseases	5,998	2,371,879
Circulatory diseases	5,142	3,144,205
Digestive system diseases	4,636	2,425,886
Genito-Urinary system diseases	4,575	2,043,040
Accidents	3,420	1,943,250
Ill defined symptoms	2,649	1,219,078
Neoplasms	2,540	1,646,154
Complications of pregnancy & child birth	1,632	393,335
Other endocrine diseases	1,426	897,839
Diseases of the musculoskeletal system	1,293	858,094
Mental disorders	1,275	1,081,636
Internal infectious diseases	1,166	431,182
Skin diseases	1,042	571,343
Central nervous system diseases	732	464,653
Eye diseases	718	278,058
Special conditions without sickness	703	288,634
Blood diseases	647	335,126
Congenital anomalies	519	340,862
Perinatal morbidity & mortality	503	435,144
Senility	495	328,562
Ear diseases	385	102,526
Viral diseases	224	89,350
Thyroid diseases	166	108,267
Tuberculosis	118	104,223
Other metabolic diseases	101	63,786
Diseases of nerve & ganglia	90	52,856
Venereal diseases	56	20,675
Nutritional deficiency diseases	44	21,302
Miscellaneous	422	250,447
	52,924	$25,478,047

Source: BC Printout (#37)

Outpatients: The total number of hospital patients increased in AFY '75. Plate 62 shows how the size of each group in '75 compares with corresponding groups in '73 and '74. Both inpatients and outpatients increased in number and also as a percent of eligibles. The increase in outpatients from 18.2% to 21.3% was twice as large as the increase in inpatients from 14.8% to 16.2%.

AFY '73 - '75 PLATE 62

HOSPITAL PROGRAM

The growing rate by which outpatients exceed inpatients

	1973 - 1974 AVERAGE		1975	
	Number	Utilization Rate	Number	Utilization Rate
Inpatients	55,420	14.8%	65,869	16.2%
Outpatients	68,061	18.2%	86,206	21.3%

Sources: ABC Printouts (#21)
Plate 31 of this publication

Plate 63 shows outpatient utilization rates by category. The blind use outpatient facilities the most. The aged and disabled use them least. A comparison of Plates 63 and 59 shows that the aged, who used inpatient services most, used outpatient services least.

Plate 64 shows that the average cost per inpatient for Medicaid this year was $482. This is about 13 times the average cost per outpatient ($36). Outpatient costs vary, depending on sex, age, race, and category, but the differences between categories are much smaller than the differences in inpatient costs.

In '75 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—$31.8 million out of a total that easily ran up to $60 million or more. For outpatient bills Medicaid paid 80%.

AFY '75 PLATE 63

HOSPITAL PROGRAM

Outpatient utilization rates by category

	Number of Outpatients	Utilization Rates
Aged	24,974	18.8%
Blind	591	24.0%
Disabled	11,227	21.5%
Dependent	49,414	22.7%
All Categories	86,206	21.3%

Source: Plate 31 of this publication

AFY '75 PLATE 64

HOSPITAL PROGRAM

Annual outpatient costs and inpatient costs compared

	Average Cost Per Outpatient	Average Cost Per Inpatient
Aged	$24	$ 183
Blind	57	876
Disabled	61	1,012
Dependent	36	617
All Categories	$36	$ 482

Source: Plate 31 of this publication

CONCLUSION

Medicaid's expenditures in 1975 were $154 million-double the $77 million of only three years ago. More than half this increase took place this year. The number of eligibles in this three year period increased only 13%, from 291,000 per month to 330,000 per month. There have also been small rises in the number of eligibles who became recipients and in the amount of medical care used by the average recipient, but most of the added expense has been caused by rising prices. As shown in Plate 30, the prices Medicaid pays for some services have risen as much as 12% in a quarter and 22% in a year.

Medicaid's 1976 state funding was reduced almost $7 million by the 1975 legislature. This means that the whole program must be trimmed by $28 million. Thus MSA has already begun to reduce the scope of the program. Following is a summary of action taken by the state agency thus far:

1. The basic days of hospitalization allowed per year were reduced from 30 to 20.
2. Hospital extensions for adults were limited to 10 days.
3. Psychiatric hospital care for persons under 22 has been discontinued.
4. Copayment of $.50 is required by a recipient for each prescription obtained under the drug program.
5. Medicaid has asked Medicare to pay part of the first 100 days of care in nursing facilities.
6. The amount of personal income retained by a nursing facility patient was reduced from $45 per month to $25.
7. MSA discontinued payment for reserved nursing facility beds while patients were transferred to hospital care.
8. The ceiling on the per diem rate for intermediate care beds was reduced from $20.50 per day to $19.35.
9. The MSA audit staff has been increased to provide an in-depth audit of nursing home cost reports.
10. Physician visits for chronic illnesses which have stabalized were reduced from two per month to one per month.
11. MSA will no longer pay for telephone consultations with physicians.
12. An upper limit has been established for Home Health Care at $25 per visit.

As this book goes to press reports on expenditures for the first two months of AFY '76 are available. They are 25% higher than expenditures during the same two months of AFY '75. This suggests that prices are still rising at a rate which may force Medicaid and the Alabama legislature to make difficult decisions. Unless the price rises can be contained, the only choices appear to be:

1. Another large increase in appropriations.
2. A cancellation of at least one of the two significant optional services offered by Alabama Medicaid.
3. A revised limit of income allowance for those in institutional care to reduce the number of people who get this care.
4. A time limit on the number of days of nursing facility care a person may receive.

It is often suggested that expenditures could be cut by reducing the number of eligibles. This is an illusory hope. The cost per average eligible is so small that it would be necessary to disqualify at least a fourth of those now eligible. Even then it would be necessary to see that each category was reduced in size by the same percent.

Institutional care (hospital and nursing facility) now takes such a large slice of the Medicaid dollar (63%) that it has become the only area where significant savings could be made without completely disqualifying an unacceptably large percent of all Medicaid eligibles.

SOURCES OF DATA USED IN THIS PUBLICATION

PUBLISHED MATERIALS

1. Alabama Department of Public Health. Bureau of Health Facilities Construction. *Alabama Master Hospital Plan, FY '75* (Hill-Burton Plan). Montgomery, Alabama.

2. Alabama Department of Public Health. Medical Services Administration. *Alabama Medicaid AFY '73*. Montgomery, Alabama. July, 1974.

3. Alabama Department of Public Health. Medical Services Administration. *Alabama Medicaid AFY '74*. Montgomery, Alabama. August, 1975.

4. AMA Clearinghouse. *State Licensing Board for the Healing Arts* by Fisher and Stevens. Chicago, Illinois. No date given.

UNPUBLISHED REPORTS, RECORDS

11. MSA, Fiscal Division. *Statements of Expenditures*. October 21, 1975.

12. MSA, Research Analysis. *Alabama Medicaid AFY '72*. May, 1973.

13. MSA, Research Analysis. *The Fourth Quarter of AFY '75*. November 4, 1975.

14. Nursing home rosters of patients in residence September 30, 1974. Prepared for Alabama Medicaid in response to a special request.

15. Nursing home rosters of patients in residence September 30, 1975. Prepared for Alabama Medicaid in response to a special request.

16. MSA, Long Term Care Division. Monthly Admission Report.

17. MSA, Management Systems Report. Prepared for Alabama Medicaid.

18. MSA, Pharmaceutical Program Report. Prepared for Alabama Medicaid.

COMPUTER PRINTOUTS MADE FOR ALABAMA MEDICAID

(from the computer of Alabama Beverage Control in Montgomery)

21. Monthly, quarterly, and annual counts of eligibles.

22. Monthly Printout of Payments for Buy-In.

(from the computer of Alabama Blue Cross in Birmingham)

31. SRS-NCSS-120 Statistical Report on Numbers of Recipients and Amounts of Assistance under Public Assistance Programs (monthly).

32. SRS-NCSS-2082 Statistical Report on Medical Care: Recipient Payments and Services (annual).

33. Report #R507060Ml, Dental Utilization Report.

34. Report #R507056R, Physician Procedure Code Summary.

35. Report #R507085Ml, Family Planning Report by Provider.

36. Monthly Disbursement Summary.

37. Report #R501021Rl, Hospital Diagnoses Summary.

38. Report #R506024Y2-Y9, Patient Benefits by County of Recipient and by Type of Service from July 1, 1974, through June 30, 1975.

39. Monthly Recaps of Expenditures by Type of Service.

40. Report #R5010171, Monthly Hospital Summary.

(from the computer of Central Computer Services in Birmingham)

41. Monthly Disbursement Summary.

42. Monthly Recaps of Expenditures by Type of Service.

43. Monthly Nursing Home Management Data.