# *Medicaid Matters*

## Level funding approved for Alabama Medicaid budget in FY 2016

After two special sessions and much debate, the state of Alabama now has a General Fund Budget for the fiscal year that begins October 1, 2015. Governor Robert Bentley signed the state General Fund budget on September 16 after days of discussions by legislators over how to fund Medicaid and other General Fund agencies.



*Gov. Bentley signs state FY 16 General Fund budget. (Photo credit: Jamie Martin, Governor's Office)*

The Alabama Legislature adjourned after approving a $1.75 billion General Fund budget which included $685 million for the Medicaid agency's operations and a conditional appropriation of $40 million to continue reforms of its payment and delivery systems. Legislation to provide an additional $16 million in provider taxes for Medicaid was approved as well.

While many state agencies experienced substantial cuts, Medicaid was level funded, thanks to legislative approval of a 25-cent-per-pack cigarette tax and the transfer of $80 million from education funds to cover the projected $200 million shortfall in the General Fund. **Read more >>**

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## Contracts, rate development & data dominate RCO meeting discussions

Representatives of the state's 11 probationary Regional Care Organizations met in Montgomery September 22 to review the final version of a draft contract to be submitted to the Centers for Medicare and Medicaid Services in early October and to receive updated information on various issues related to RCO implementation, including provider standards committee formation, encounter data and capitation rates.

The updated version of the draft contract reflects the input of the probationary RCOs and multiple stakeholder groups which submitted over 1100 comments on a previous version of the contract that was released in December 2014. Comments generally focused on finance, health IT, enrollment, encounters and legal issues. The updated draft contract is also written with the expectation that CMS will require the Agency to maintain freedom of choice with the participation of at least two organizations in each region.



**Regional Care Organizations**

Medicaid Commissioner Stephanie Azar told the group that after a short comment period, the Agency will submit the document to CMS for approval. Federal approval of the contract is required before final RCO certification can take place. She also reported that the Agency's representatives are talking weekly with CMS regarding the state's waiver application.

Azar emphasized that with the recent approval of the state's General Fund budget for FY 2016, Governor Robert Bentley is now working on a plan to fund Medicaid reform. **Read more >>**

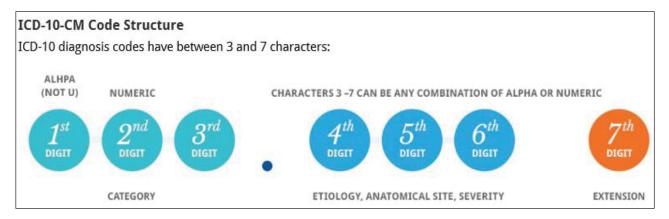**Inside:** • National implementation of ICD-10 code set for October 1, 2015
• FY 2014 county statistics report now available on Agency website

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## National implementation of ICD-10 code set for October 1, 2015

Medical providers in Alabama and throughout the country will soon shift to an updated standardized medical code set for medical diagnoses and inpatient hospital procedures to comply with requirements of the Health Insurance Portability Accountability Act (HIPAA).

The October 1, 2015 implementation date for the new ICD-10 codes is the culmination of a multi-year transition effort for Alabama Medicaid and other payers. The new ICD-10 code set replaces the old ICD-9 code set that has not been updated in the U.S. for more than 35 years. The ICD-9 set contains outdated and obsolete terms that are considered to be inconsistent with current medical practice. All providers, with the exception of dental and pharmacy providers, are affected by this change.

Compared to previously used codes, the new ICD-10 diagnosis codes will be more detailed, ultimately providing more precise indications of severity or complications along with the site of injury or surgery. Valid ICD-10 diagnosis codes contain three to seven characters and must be taken out to the full number of characters required for the code.



**ICD-10-CM Code Structure**

ICD-10 diagnosis codes have between 3 and 7 characters:

ALHPA (NOT U)  NUMERIC        CHARACTERS 3 –7 CAN BE ANY COMBINATION OF ALPHA OR NUMERIC

1st DIGIT   2nd DIGIT   3rd DIGIT   .   4th DIGIT   5th DIGIT   6th DIGIT   7th DIGIT

CATEGORY            ETIOLOGY, ANATOMICAL SITE, SEVERITY      EXTENSION

In addition, surgical procedure codes will be substantially different with ICD-10 using seven alphanumeric digits instead of the three or four numeric digits under ICD-9. Claims filed to Medicaid will be denied if this level of information is not provided. **Read more >>**

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## FY 2014 county statistics report now available on Agency website

Updated statistics on Alabama Medicaid eligibility and payments are now available on the Agency's website. The Agency's County Statistics Report for FY 2014 contains state and county-specific data on eligibility along with Medicaid payments made to providers and on behalf of recipients in each county. The report is available on the Agency's website at **this link**.

New this year to the popular report is the addition of monthly average eligibility data. Medicaid eligibility is reported in two ways: Annual count and monthly average. An annual count of eligible is an unduplicated count of people who qualified for full or partial Medicaid coverage and were enrolled for at least one month of the fiscal year. The monthly average of eligible is an arithmetic average of the unduplicated number and reflects the average number of people who were on Medicaid in any given month of that year.

The report is released each year after updated Census estimates are made available by the Center for Business and Economic Research at the University of Alabama.