

Alabama Medicaid Agency

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ALABAMA MEDICAID AGENCY



AGENDA

- Current Environment
- FY 2017 Budget
- Alabama Medicaid at a Crossroad



Current Environment



Medicaid Critical Points

- Medicaid is a bare bones, minimal program
- Medicaid has been successful in controlling costs of delivering services
- Medicaid has limited ability to control enrollment and other cost drivers
- Medicaid is funded 68% by Federal Government and 32% by the state including only 11% from the General Fund



Medicaid Cost Drivers

- Recipient Enrollment
- Medical Inflation
- Federal Matching Rate (FMAP) - Federal Contribution
- Covered Services



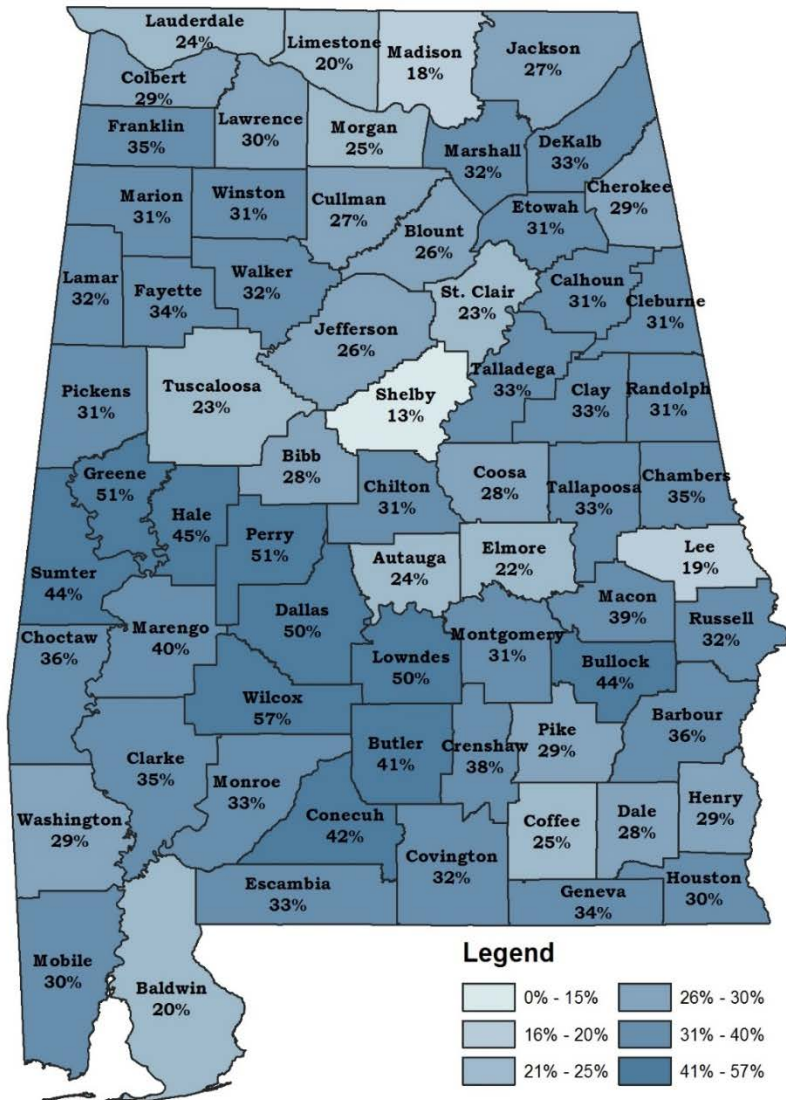
FY 2015 Percent of Population Annually Eligible for Medicaid by County

Highest Percentage

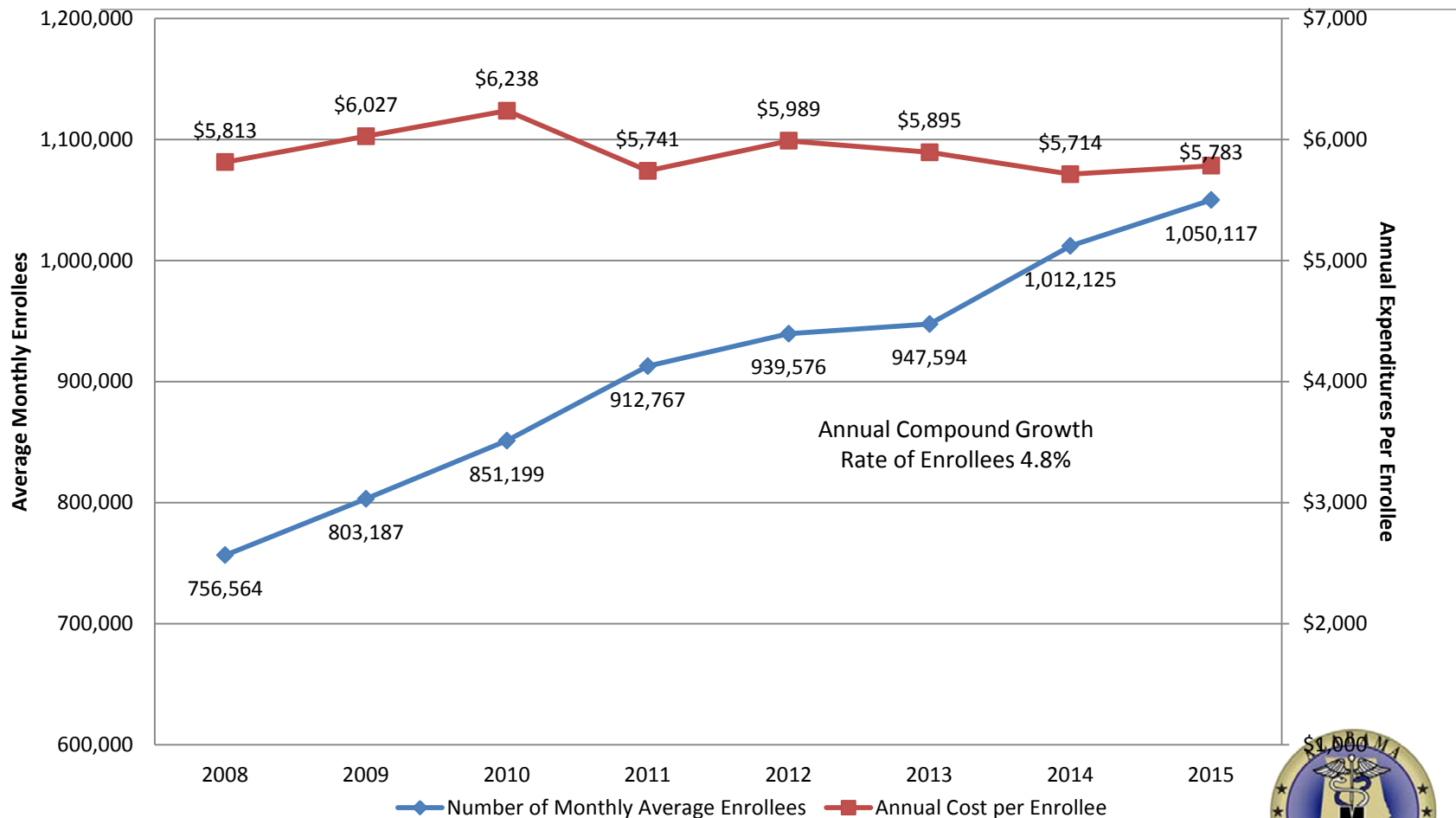
- Wilcox 57%
- Greene 51%
- Perry 51%
- Lowndes 50%
- Dallas 50%

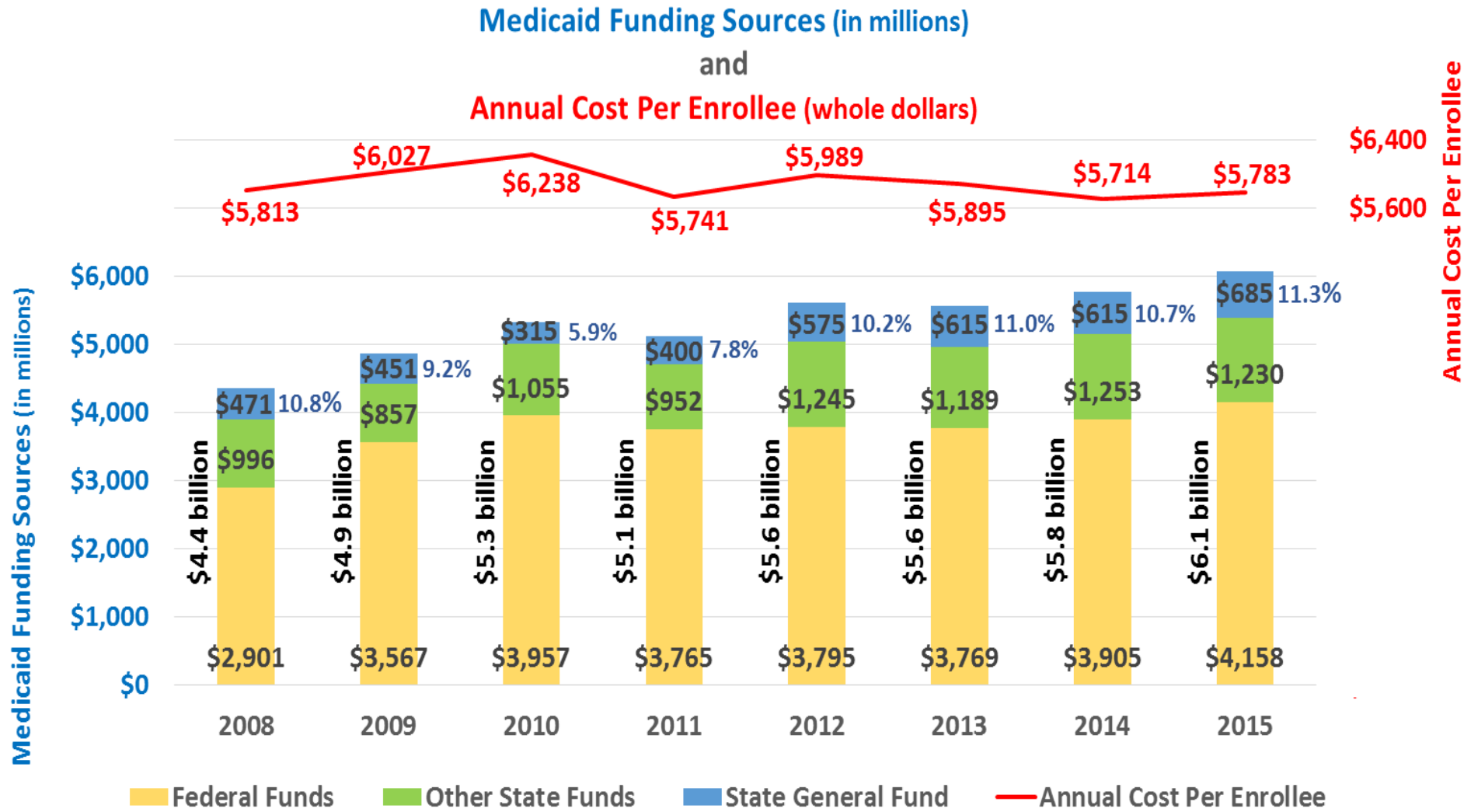
Lowest Percentage

- Shelby 13%
- Madison 18%
- Lee 19%
- Limestone 20%
- Baldwin 20%



Enrollment and Annual Cost Per Enrollee 2008-2015





Medicaid FY 2017 Budget



FY 17 Budget Request Summary

In millions		
General Fund 2016		\$685
Additional funding to support 2016 expenditures		
Carryforward used in 2016	37	
One time funding used in 2016	36	73
TOTAL 2016 funding necessary to match expenditure level		\$758
Additional funding to support 2017 expenditures		
Inflation and utilization increases	22	
Increase in paybacks	12	
Other, Rounding	-2	32
TOTAL 2017 without RCOs		\$790
Incremental RCO costs 2017		
Increase in RCO capitated rates over current spend	37	
Funding of claim runoff	15	52
Total 2017 with RCOs		<u>\$842</u>



FY 2015 Medicaid Funding Analysis

(in millions)

Service Activity	FY 2015 Expense	State Share Overall Amount	General Fund Amount
Nursing Homes*	\$945	\$293	\$179
Pharmacy	685	256	148
Physician	517	159	121
Health Insurance*	335	99	93
Administration	257	93	53
Alternative Care	364	113	53
Health Support	222	69	30
Hospital*	2,146	666	5
Family Planning	59	6	3
Mental Health	462	143	0
CHIP-All Services	81	18	0
<u>Grand Total</u>	<u>\$6,073</u>	<u>\$1,915</u>	<u>\$685</u>
*Controlled by State Statute or Federal Requirement			



Programs Subject to Cuts

Potential Program Cuts	Total State and Federal Share in millions*	General Fund Overall Amount in millions*
End Primary Care bump (8/1/16)	\$ 49.2	\$14.7
Eliminate adult eyeglasses	\$0.8	\$0.3
Eliminate outpatient dialysis	\$12.3	\$3.7
Eliminate Prosthetics and Orthotics	\$1.8	\$0.5
Eliminate PACE Program	\$6.8	\$2.0
Eliminate Health Home and Physician case management fees	\$55.5	\$16.6
Reduction in Administrative Costs	\$13.6	\$3.5
Eliminate Drug Coverage for Adults	\$323 to \$388	\$50 to \$60
Implement Pharmacy preferred provider – net of loss of Rx tax	\$93.3 to \$130	\$19 to \$30
Implement rate reductions to most providers	\$0 to \$169.6	\$0 to \$50.1
*Estimated		



Medicaid at Cross Roads

With adequate funding:

- Case Management and Care Coordination through Regional Care Organizations
- Improved Population Health
- \$748 million in federal dollars for Health System improvement

Without adequate funding:

- Access to Care
- Shifting cost burden to hospitals (e.g. emergency room, kidney dialysis)
- Lack of preventive care, more urgent care
- Lost opportunity to reform Medicaid system
- Loss of up to \$748 million in federal waiver dollars

