

**MINUTES OF THE ALABAMA MEDICAID ADVISORY COMMISSION
NOVEMBER 1, 2012
ALABAMA STATE CAPITOL, OLD ARCHIVES ROOM**

Members Present

Donald E. Williamson, M.D., Chair
Mr. Jeff Brannon
Mr. Richard Brockman
Mr. Jim Carnes
Ted Catranis, M.D.
Mr. Barry Cochran
Mr. Danny Cottrell
Dr. Marquita F. Davis
Ms. Mary Finch
Mr. Kyle Godfrey
Melanie Halvorson, M.D.
Mr. Stan Hammock
Representative Ed Henry
Mr. Hiram Johnson

Mr. Neil Morrison
Senator Arthur Orr
Mr. Jeff Parker
Mike Ramsey, M.D.
Mr. Jim Reddoch
Senator Greg Reed
Ms. Suzanne Respass for
 Mr. Mike Warren
Ms. Linda Segrest
George "Buddy" Smith, Jr., M.D.
Mr. Tim Vines
Representative Greg Wren
Ms. Charlotte Wynn

Members Absent

Mr. Frank Brown
Ms. Jessica Monroe

Welcome by Governor Robert Bentley

Governor Robert Bentley welcomed the group and expressed his appreciation to those willing to assist with the important issue of Medicaid and expressed his appreciation to Dr. Williamson for his work over the last few months and his work on the 2012 and 2013 budgets.

On October 25, 2012, Governor Bentley signed the Executive Order to bring all stakeholders, participants, and those involved in Medicaid together to provide him with recommendations that would address an analysis of the financial needs of the Alabama Medicaid Agency; a long-term, sustainable financing model that would meet budget limits on Medicaid spending; new care delivery models that would support quality care and cost control; and an analysis of potential methods to increase transparency and fairness in the system. Recommendations are to be provided to Governor Bentley by January 31, 2013, in advance of the 2013 Legislative Session.

Introduction of Commission Members

Commission members and the organizations represented were introduced.

Presentation of the Issue

Dr. Williamson stated that an inordinate amount of time had been spent determining how to fund Medicaid and generating the common set of identifiable problems, identifiable facts about growth, and identifiable facts about enrollment. Dr. Williamson stated that the transition of Medicaid would be a multi-year process and the Commission would assist in drafting the

roadmap for the transition. Discussions need to occur regarding changes in funding, payments, and the delivery system.

Dr. Williamson presented information on Medicaid expenditures, sources and uses of funding, a summary of the current financing system, reasons for change, enrollment, issues with the delivery system, hospital utilization, barriers in access to care, a project by the Alabama Hospital Association, the mission of reform, the goals of a reformed system, options for reform, financing reform, issues in payment and financing reform, issues in delivery system reform, the dual eligible population, and the charge to the Commission.

Dr. Williamson noted that a web page had been established on the Medicaid Agency's Web site so that minutes, handouts, work papers, and other documents could be posted. Additionally, an e-mail address was created for ideas, thoughts, concerns, and issues to be shared. The e-mail address is medicaidcommission@medicaid.alabama.gov.

Representative Wren commented on the unique opportunity of working in partnership with the Governor's Office, Dr. Williamson, and the Legislature. Representative Wren stated that while the state appropriation of \$613 million comes from the General Fund, Medicaid represents one-third of the state's share costs and represents 35 percent of all General Fund dollars collected by the state. Of the 4.8 million people in Alabama, 940,000 are on Medicaid. The population of Alabamians not on Medicaid, 3.7 or 3.8 million, depends on the Legislature to be accountable for the entire state's budget. The budget has increased from \$278 million to \$613 million over a 12- to 13-year period. The system must be rebuilt with a financing and delivery system that is sustainable.

Dr. Williamson stated that if Medicaid was matched as intended by the federal government, all of the General Fund would be appropriated to Medicaid, with no appropriations for Corrections, Public Health, or Mental Health.

Senator Reed advised that Medicaid, and the decisions that would be made, would have an effect on every Alabamian due to Medicaid's support of the health delivery network. The research and work that would be done by the Commission would be essential to decisions that would be made in the future.

Comments from Committee Members

Mr. Carnes stated that those who did not have Medicaid coverage were seeking and obtaining care, with the expense falling across the system. The Commission would need to review the savings that would come from offsetting uncompensated care. Dr. Williamson made reference to disproportionate share hospital payments, which is a part of uncompensated care, and agreed that this needed to be reviewed.

Appointment of the Executive Committee

As allowed by the Executive Order, Dr. Williamson appointed ten members to the Executive Committee. The following members were appointed: Mr. Frank Brown, Dr. Buddy Smith, Mr. Stan Hammock, Mr. Danny Cottrell, Dr. Marquita F. Davis, Representative Greg Wren, Senator Greg Reed, Mr. Jim Carnes, and Mr. Mike Warren.

Dr. Nancy Dunlap, who is with the School of Public Health in the new Alabama Health Policy Initiative, was assigned by the Governor's Office as staff and advisor to the Commission.

Dr. Dunlap is a Robert Woods Johnson Health Policy Fellow and will bring a lot of expertise to the Commission. She will be available to the Commission full-time in January.

Closing Comments

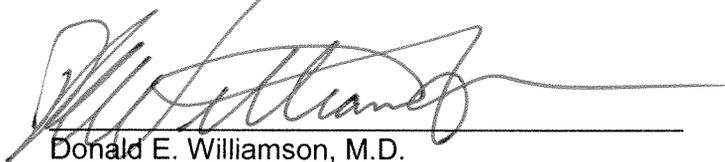
The Executive Committee must decide between commercial managed care and patient care networks. In order for the Executive Committee to understand the advantages of each one, the Alabama Hospital Association's consultant will make a presentation at the first meeting of the Executive Committee, as will a group of commercial managed care plans. In the interim, actuaries will work with the Alabama Hospital Association on the transition from per diem to diagnosis related groups and whether this would be possible. Additionally, conversations will continue regarding intergovernmental transfers versus certified public expenditures.

Next Meeting Date

The Commission will meet again in December and once or twice in January.

The Executive Committee will meet on Wednesday, November 14, from 2 to 4 p.m., in the Board Room of the Alabama Department of Public Health. The Executive Committee meetings will be public and will be in person or via conference call every other week until the end of December, then weekly during the month of January.

There being no further business, the meeting was adjourned.

A handwritten signature in black ink, appearing to read "Donald E. Williamson", written over a horizontal line.

Donald E. Williamson, M.D.
State Health Officer
Chair, Alabama Medicaid Advisory Commission