

**MINUTES OF THE EXECUTIVE COMMITTEE OF THE
ALABAMA MEDICAID ADVISORY COMMISSION
DECEMBER 7, 2012
VIA CONFERENCE CALL**

Members Present

Donald E. Williamson, M.D., Chair
Mr. Frank Brown
Mr. Jim Carnes
Mr. Danny Cottrell
Dr. Marquita F. Davis

Senator Greg Reed
George "Buddy" Smith, Jr., M.D.
Mr. Mike Warren
Representative Greg Wren

Member Absent

Mr. Stan Hammack

Experiences of Other States

Dr. Andy Allison, Director, Arkansas Medicaid; Commissioner Judy Mohr-Peterson, Division of Medical Assistance, Oregon Health Authority; and Ms. Kate McEvoy, Interim Director of Health Services, Connecticut Department of Social Services shared their states experience with managed care and the lessons learned by their organizations.

Discussion

As a result of a discussion with Ms. Cindy Mann of the Centers for Medicare and Medicaid Services (CMS), it was determined that expansion of the Medicaid population would not be an absolute requirement for contemplation of an 1115 waiver. There would be a number of reforms that CMS would support and there would be strong support to move away from certified public expenditures to intergovernmental transfers and for moving away from fee for service to diagnosis related group payment. Dr. Williamson indicated that when a decision was made regarding reform, staff could meet with CMS to determine the steps for implementation.

In order for an 1115 waiver to be granted, a massive transformation of the Medicaid system must take place and state match must be met. Alabama would need to research the funds that are spent on health services that are similar to Medicaid and to a Medicaid similar population.

If the Commission decided to apply for an 1115 waiver, it would require presentation to and approval by the Governor, submission to CMS, and negotiations with CMS. The waiver could be approved in June or July 2013, or it could take more than one year. Dr. Williamson stated he was concerned about securing the state match for the waiver.

Dr. Williamson stated that he would like for the Executive Committee to make a recommendation to the Commission on how to proceed, before the end of the year, recognizing that it may be necessary for some of the Executive Committee members to visit other states to talk with representatives of the hospitals, physicians, nursing homes, and the Medicaid program.

It was noted that Alabama had the second lowest per member per year expenditure in the country, based on 2009 data from the Kaiser Foundation. Changing the way funds are pulled down, changing the hospital payment mechanism, and changing the delivery model to improve care coordination and improve outcomes would not necessarily produce the savings hoped for, in the short term. Long term, improving care coordination would save money.

It was stated that part of Medicaid's growth was due to the change in the federal match rate. In the past, the match rate was artificially suppressed due to Hurricane Katrina and stimulus funds. When Alabama received stimulus funds, the match rate was 25 percent. The rate is currently 32 percent, which is more of a reality. Additionally, the cost of Medicaid increased 27 percent from 2008 to 2012 and this growth was driven by a corresponding 24 percent increase in enrollment. This increase was due primarily to the economy. If the economy were to improve, eligibility would slowly decrease and the demand on the General Fund would decrease. If Alabama's economy were to improve better than other states relative to the national average, the federal match rate would decrease and more state dollars would be demanded for the same federal dollars. In 2014, the federal match rate decreasing from 68.53 to 68.12 (.41 percent) will cost an additional \$22 million state dollars.

It was stated that Medicaid expansion could occur at any time; however, there is a deadline to receive the 100 percent match. Realistically, Alabama could consider transformation beginning in 2014, with the major implementations occurring between 2015 and 2016. The Commission will receive two independent economic analyses on expansion, upon completion.

Even without expansion, the non elderly and non disabled working parents, pregnant women, and children will impact the federally facilitated health insurance exchange, Medicaid, and the Children's Health Insurance Program (CHIP). Effective January 1, 2014, all children between 100 percent and 133 percent of the Federal Poverty Level and currently covered by CHIP, will be transferred to Medicaid. The match rate will remain the same with the number of CHIP enrollees decreasing from 86,000 to 66,000.

The Kaiser report estimated that if Alabama did not expand Medicaid, Medicaid enrollment would increase by 58,000 by the year 2022 and the cost would be approximately \$199 million from 2014 to 2022.

Next Meeting

A representative from one of the four primary care networks in Alabama will present at the next meeting of the Executive Committee, which is scheduled for December 12, 2012, at 2 p.m. at the Montgomery City Hall Auditorium. The full Commission Meeting will follow at 3 p.m., at the same location.

There being no further business, the meeting was adjourned.



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