

**MINUTES OF THE EXECUTIVE COMMITTEE OF THE  
ALABAMA MEDICAID ADVISORY COMMISSION  
NOVEMBER 28, 2012**

**VIA VIDEO CONFERENCE AND CONFERENCE CALL  
MONTGOMERY, ALABAMA**

**Members Present**

Donald E. Williamson, M.D., Chair  
Mr. Frank Brown  
Mr. Danny Cottrell  
Dr. Marquita F. Davis  
Ms. M.J. Ellington (representing Mr. Jim Carnes)

Mr. Stan Hammack  
Senator Greg Reed  
George "Buddy" Smith, Jr., M.D.  
Mr. Mike Warren

**Member Absent**

Representative Greg Wren

**Opening Comments**

Since the last meeting of the Executive Committee, work was done on the 2014 Medicaid budget. Dr. Williamson indicated the federal medical assistance percentage (FMAP) rate for 2014 would decrease by .41 percent, which would translate to 22 million state dollars. Medicare Part B premiums would increase by approximately 6 million state dollars. Additionally, there would be issues regarding the impact of a woodwork effect, even without Medicaid expansion.

Dr. Williamson called attention to the recently released *Kaiser Commission Report on Medicaid and the Uninsured*, which contained information for years 2013-2022 and indicated the report would be made available on the Medicaid Agency's website.

**Consideration of the Minutes of November 14, 2012**

The draft minutes from the November 14 Executive Committee Meeting were made available to the Committee; however, a vote was not taken to accept the minutes. The minutes will be reviewed and discussed at the next meeting.

**Experiences of Other States**

Mr. Lawrence Kissner, Commissioner, Kentucky Department for Medicaid Services; and Ms. Ruth Kennedy, Medicaid Director, Louisiana Department of Health and Hospitals, shared their states experience with managed care and the lessons learned by their organizations.

## **Discussion of the Executive Committee**

Regardless of whether Alabama selected a community-based managed care system or a commercial managed care system, it is likely someone would be asked to bear risk and would be capitated.

If commercial managed care was selected, implementation could occur a year earlier than with a community-based system; the network could potentially be less durable due to less buy in from the provider community; and funds would be moved out of state. If community-based systems were selected, implementation would take longer and would likely occur in 2016 or 2017; the network might be more durable because the providers would own the product; and funds would remain in state.

Dr. Williamson indicated he would schedule a conference call with Cindy Mann of the Centers for Medicare and Medicaid Services to determine if Alabama could apply for or obtain an 1115 waiver without a commitment to expand Medicaid under the current system. Alabama could consider moving a small portion of its population to managed care, but would not likely consider moving the dual eligible population or the nursing home population first.

Regardless of which method of managed care was selected, Alabama would first need to change its hospital reimbursement method from per diem to a diagnosis related group model, realizing that dual payment systems would exist for a period of time so there would be an incentive for hospitals to code correctly. Second, Alabama would need to change from certified public expenditures to intergovernmental transfers (IGTs). In the meantime, work could be done on the 1115 waiver. Changing the hospital reimbursement method and changing to IGTs would likely be Medicaid policy changes and State Plan Amendment changes.

The Medicaid Advisory Commission's report is due to Governor Bentley on January 31, 2013. Assuming the Executive Committee could make a recommendation regarding the managed care system before January 31, Dr. Williamson would like to provide the recommendation to Governor Bentley so the 1115 waiver process could begin. Dr. Williamson would also like to inform the Legislature during the 2014 budget discussion that Alabama had applied for a waiver that would help with the 2015 budget.

It was suggested that periodic updates on the work of the Commission be provided to the Legislature by Dr. Williamson.

Dr. Williamson reminded the Executive Committee that Dr. Nancy Dunlap would be available beginning January 1, 2013, and that her assistance on the 1115 waiver would be critically important.

The Committee indicated it was helpful to hear other states' experiences and indicated it would also be helpful if a summary or comparison could be done on each state that

presented, to include the positives and negatives, and the views of the provider communities. An inquiry could be made of each sister organization or provider community regarding the positives and negatives, actions they would do differently, access issues, savings (both real and aspirational), and the match. The responses could be sent to Dr. Williamson.

**Next Meeting Date**

In an effort to use the Executive Committee's time wisely, and to allow the Executive Committee to have as much information as necessary to make a decision, conference calls were scheduled for December 6 at 8:30 a.m., and for December 7 at 10:00 a.m., for the Committee to hear from Tennessee, Oklahoma, Arkansas, Connecticut, and Oregon.

There being no further business, the meeting was adjourned.



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