

Alabama House passes budget with 5 percent cut for Medicaid Agency

Governor Bentley vows veto of “unworkable” budget

A new General Fund budget passed by the Alabama House of Representatives on May 19 not only will derail the Agency’s planned transformation efforts, but potentially will lead to deep cuts and a program that is simply not viable, officials said.

The budget includes a 5 percent cut to the Alabama Medicaid Agency as well as Corrections, Mental Health and Human Resources departments. All other state agencies’ budgets were reduced by 9 percent. Governor Robert Bentley, who has proposed new measures to raise revenue, has stated that the budget in its current form is unworkable and that he will veto it should it reach his desk. None of the governor’s proposed new revenue sources were included in the House’s budget bill.



Dr. Don Williamson, chair of the Medicaid Transition Task Force, emphasized that without adequate state funding, an actuarially-sound managed care program will not be possible. Regional Care Organizations are the cornerstone of the Agency’s planned transformation effort to move the Agency away from a system that has traditionally been based on visits and volume as opposed to outcomes and quality.

“With this budget, it becomes financially impossible to move forward with the Medicaid transformation,” he said.

Williamson noted the 5 percent cut, when combined with reductions in revenues from hospitals and repayment obligations to the Centers for Medicare and Medicaid Services (CMS), creates a General Fund shortfall of \$94 million. When the federal match is considered, the total shortfall to the Agency would be \$370 million.

To balance the budget, optional programs such as adult eyeglasses, outpatient dialysis, hospice, and orthotics would have to be eliminated along with the PACE program in Mobile and Baldwin counties. The state’s Health Home program – the building block for the planned Regional Care Organizations – would have to end as well, he said.

In addition, the state would also have to end the enhanced payments for primary care physicians known as the “bump,” implement a pharmacy benefits manager program that relies on mail order and/or a preferred provider network and make an additional cut of 22 percent to all providers except for hospitals and nursing homes.

“Clearly, these type of cuts would jeopardize the viability of the Alabama Medicaid program,” Dr. Williamson said. “At a minimum, they would dramatically limit access for recipients, especially in rural areas and would likely result in physicians leaving the state.”