

Medicaid Matters

HIE Commission approves strategic plan, operational plan next

A strategic plan that provides a conceptual framework upon which to implement a statewide health information exchange was approved May 7 by members of the Alabama Health Information Exchange (HIE) Advisory Commission.

With the approval of the state's strategic plan, the HIE Advisory Commission and its six workgroups will now focus on development of an operations plan to implement the exchange, according to Kim Davis-Allen, director of the Alabama Medicaid Agency's Transformation Initiatives Division.

"The strategic plan will serve as the framework upon which everything else will be built," said Davis-Allen. The implementation plan will be more focused on issues such as how to engage physicians to participate in the exchange, the rules that will regulate the exchange and its operations, and how the exchange will be funded. The strategic plan was drafted by a team led by Patricia MacTaggart, of George Washington University's Health Policy Department, who is serving as consultant to Alabama's HIE planning effort.



Patricia MacTaggart

The Commission informally submitted a copy of the plan to the Office of the National Coordinator (ONC) for Health Information Technology May 11 to gain feedback in further shaping of the exchange. Feedback from the ONC regarding the strategic plan is anticipated by early June, while the strategic plan is expected to be officially submitted alongside the operational plan to ONC by late July. [Read more >>](#)

AAC drug pricing, dispense fee increase pending before CMS

Thanks to ongoing stakeholder involvement and support, Alabama Medicaid is now on schedule to implement a new pharmacy reimbursement system this summer that not only provides a transparent, timely and accurate pricing method for the state but meets federally-mandated requirements to pay providers based on true estimated acquisition costs.



The Agency filed a State Plan Amendment (SPA) with the Centers for Medicare and Medicaid Services (CMS) in May that would remove Average Wholesale Price (AWP) from the "lower of" reimbursement methodology now in use, and add the invoice-based Average Acquisition Cost (AAC) method for brand and generic drug ingredient costs.

The proposed State Plan change pending before CMS also includes a companion request to increase the Agency's dispensing fee from \$5.40 per prescription to \$10.64 per prescription based on an independent Cost of Dispensing (COD) survey. The cost of dispensing modification and the drug pricing changes are also being submitted through state's Administrative Code process which includes a public comment period. Pending state and federal approvals, the changes are projected to be effective in August 2010. [Read more >>](#)



- **State effort to reduce anti-psychotic use reports initial success**
- **HIPP: Support for recipients, savings for Alabama Medicaid**

State effort to reduce anti-psychotic use reports initial success

Data from the first six months of a new quality improvement initiative suggest that educational interventions can help reduce the number of Medicaid-eligible children taking powerful antipsychotic medications. The initiative was launched in May 2009 to improve the quality of care for Medicaid recipients, particularly children, by supporting FDA-approved indications and evidence-based, age-appropriate utilization of antipsychotic drugs.



Initial review of the data found that the overall percentage of children aged 0-17 who were previously prescribed antipsychotic medication by the targeted group of providers declined by 4 percent while 4 percent of children in the group were no longer on antipsychotic medications. Among children aged 0-4 whose prescribers had been contacted by telephone by a board-certified child psychiatrist, 3 percent were no longer using antipsychotics, and usage overall declined by 21 percent.

“This new initiative is consistent with the Agency’s emphasis on quality improvement and improved health outcomes,” said Medicaid Medical Director Robert Moon, M.D. “The goal is more consistently evidence-based and/or guideline-supported prescribing for this vulnerable population. With further program experience, we hope to continue the initial success of this program.”

Prior to the program, Alabama Medicaid identified more than 400 children aged 0-4 years who had received a “second generation” (also known as atypical) antipsychotic medication during calendar year 2007. Approximately half of these children did not have an FDA-approved diagnosis, while the other half had what would have been an FDA-approved diagnosis had they been older. A number of very young children were on multiple antipsychotic medications. [Read more >>](#)

HIPP: Support for recipients, savings for Alabama Medicaid

Difficult economic times often follow a high-risk pregnancy or the need for expensive medical treatments, even for those with private health insurance. When job or income loss makes it impossible for certain Medicaid recipients to pay their monthly insurance premiums, Alabama Medicaid’s Health Insurance Payment Program (HIPP) program is providing much-needed support while saving thousands of dollars for taxpayers.

First implemented in the early 1990s, the HIPP program pays health insurance premiums for recipients with high-cost medical conditions such as cancer, pregnancy or autoimmune diseases who would otherwise be covered by Medicaid alone. In turn, the health insurance pays for the high cost treatment and care—saving Medicaid thousands of dollars.



It’s a small program that provides a big return on investment for both recipients and the Agency. In FY 2009, the agency spent \$18,092 on premiums for 19 recipients. By maintaining the recipients’ private insurance – which pays before Medicaid does – the Agency avoided paying more than \$208,000 in health care costs. [Read more >>](#)

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