

# ***Medicaid Matters***

## **Report: Preferred Drug List saves state of Alabama \$275 million**

Implementing a mandatory **Preferred Drug List (PDL)** has saved the state of Alabama more than \$275 million over a six-year period, a new study reports. Conducted by Goold Health Systems, Inc., the study found that the state would have spent a total of \$2.7 billion on medications for Alabama Medicaid recipients between November 2003 and December 2009 if the PDL had not been in place. Instead, the Agency paid \$2.45 billion for approximately 44.1 million prescriptions during that time period.



“The Preferred Drug List has played a pivotal role in maximizing Medicaid’s limited funding while ensuring that our recipients have access to clinically effective medications,” said Medicaid Pharmacy Services Director Kelli Littlejohn, Pharm.D. “The average paid amount per prescription per month had a trend to rapidly increase before the mandatory PDL was implemented in November 2003. After the start of the PDL, the upward trend we had been experiencing slowed down significantly.”

The study analyzed pharmacy claims paid between October 1, 2001, and December 31, 2009, and calculated pre-rebate paid amounts, the number of unduplicated recipients, number of prescriptions and the average paid amount per prescription per month. Pharmacy claims for dual eligibles (people on Medicare and Medicaid) were excluded from the analysis. [Read more >>](#)

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## **Expansion of consumer-directed health care options approved**

A three-year-old program designed to give elderly and disabled individuals increased choice and flexibility over the delivery of their personal health care services, is being expanded to serve eligible Medicaid recipients in three south Alabama counties.



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The Agency was notified earlier this year that the Centers for Medicare and Medicaid Services approved the state’s “**Personal Choices**” program as an option for certain individuals in Mobile, Baldwin and Escambia counties.

“This program is an excellent example of how state agencies are working collaboratively to provide alternatives to institutional care for our elderly and disabled recipients,” said Alabama Medicaid Commissioner Carol H. Steckel.

Originally approved in May 2007, the program is designed as an option for people are part of the Elderly and Disabled waiver and the State of Alabama Independent Living (SAIL) waiver home and community-based waiver programs. Alabama was the first state to take advantage of a provision in the federal Deficit Reduction Act (DRA) of 2005 allowing states to make program changes to help Medicaid recipients live independently in the community. [Read more >>](#)



**Inside:** • Employee’s review leads to 12 indictments for fraudulent claims  
• Clinically-appropriate imaging saves \$5.9 million for taxpayers

## Employee's review leads to 12 indictments for fraudulent claims

Alabama Medicaid's claims payment system processes millions of claims each year, so picking out errors and possible fraud is a lot like looking for the proverbial "needle in a haystack." Thanks to Medicaid nurse analyst Hazel Ashley's eye for detail and her thorough, meticulous efforts, 12 indictments were recently returned alleging Medicaid fraud and theft of over \$600,000 after the Attorney General's Medicaid Fraud Control Unit presented evidence to a Montgomery County grand jury last August.

The case began when Ashley, a nurse analyst in the **Program Integrity** Provider Review Unit since 2007, ran a standard billing detail report on a medical supply company looking for errors and possible fraud. However, what she uncovered was anything but typical. Ashley spotted a large number of billings for prosthetics and orthotics.

Ashley, one of four certified professional coders working for the Agency, subsequently examined medical records to scrutinize medical necessity and documentation for the Medicaid-billed services. After reviewing specific records from the provider in question, she found more than 100 instances in which supplies were dispensed and billed without a valid prescription and proof of delivery. Based on her initial findings, the case was referred to the Attorney General's office for further investigation and prosecution.



"It (the excessive billing) really jumped out at me immediately," Ashley said. "Identifying something that was so wrong and helping save Medicaid much-needed funds is a rewarding experience."

Stacey Robinson, Associate Director, Provider Review Unit, says after reviewing medical records Ashley quickly discovered issues that violated the Alabama Administrative Code as well as the Alabama Medicaid Provider Manual. [Read more >>](#)

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## Clinically-appropriate imaging saves \$5.9 million for taxpayers

First year data from the Agency's **Radiology Management** program confirms that the new program is not only achieving its goal of ensuring that Medicaid recipients receive clinically-appropriate imaging services, but is saving a significant amount for taxpayers, according to Alabama Medicaid Commissioner Carol H. Steckel.



Data from the program's first full year of operation showed an estimated net savings of approximately \$5.9 million, she said. The savings is based on a calculation of what the state projected it would spend without the radiology management program versus actual cost for the scans between March 2009 and February 2010.

"The most important thing we've learned is that this program hasn't pushed doctors into ordering cheaper tests or not to order needed tests, but that in fact, it has resulted in more appropriate utilization of CT, PET, and MRI scans," Commissioner Steckel said. Implemented in March 2009, the program requires prior

review and approval of certain elective outpatient procedures for most Medicaid recipients with full benefit coverage. [Read more >>](#)

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