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State/Territory Name: Alabama

State Plan Amendment (SPA) #: 17-0004

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

October 26, 2017

Ms. Stephanie Azar, Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

Re: Title XIX State Plan Amendment, AL #17-0004

Dear Ms. Azar:

We have reviewed the proposed amendment to the Alabama Medicaid State Plan #17-0004 Teaching Physician Annual Rate Demonstration that was received in the Regional Office on August 1, 2017. This State plan amendment updates the Qualified Medicaid Practitioner Enhanced Payment and Average Commercial Rate Demonstration for a calendar year to set a Medicaid teaching physician rate based on a percentage of the Medicare rate. The amendment allows the established Medicaid teaching physician rate to be in effect for up to three years. The amendment also updates and clarifies the plan language referencing fee schedules and rate equivalent percentage of the Medicare rate.

Based on the information provided during our review, we are now ready to approve the Medicaid State Plan Amendment AL-17-0004. This SPA was approved on October 26, 2017. The effective date of this amendment is September 1, 2017. We are enclosing the approved form HCFA-179 and plan pages.

If you have any questions, please contact Joseph Raymundo at 404-562-7406.

Sincerely,

//s//

Shantrina Roberts
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
AL-17-0004

2. STATE
Alabama

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
September 1, 2017

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR Section 447.204

7. FEDERAL BUDGET IMPACT:
a. FFY 2016 \$40.4 million
b. FFY 2017 \$47.9 million
c. FFY 2018 \$56.6 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

State Plan Amendment 4.19-B page 2, 2b

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

State Plan Amendment 4.19-B page 2, 2b

10. SUBJECT OF AMENDMENT: The State will perform the average commercial rate demonstration for a calendar year to set a Medicaid rate based on a percentage of the Medicare rate. The established rate will be effective for up to three years based on the average commercial rate demonstration. All rates are published on the Agency's website at www.medicaid.alabama.gov. Based on the average commercial rate demonstration for calendar year 2015 Medicaid utilization, and 2015 Medicare base rates the established teaching physician percentage is 162.41%.

11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
Governor's designee on file
via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL:
//s//

13. TYPED NAME:
Stephanie McGee Azar

14. TITLE:
Commissioner

15. DATE SUBMITTED: 08/01/17

16. RETURN TO:
Stephanie McGee Azar
Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
08/01/17

18. DATE APPROVED: 10/26/17

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
09/01/17

20. SIGNATURE OF REGIONAL OFFICIAL:
//s//

21. TYPED NAME: Shantrina Roberts

22. TITLE: Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

23. REMARKS:

- c. For crossover claims the allowable payment to the provider is determined not by the Alabama Medicaid Agency but by Medicare. The Alabama Medicaid Agency will pay no more than the part of the allowable payment not paid by Medicare and other insurers who are obligated to pay part of the claim.

3. Physicians and Other Practitioners

Effective Date: 09/01/2017

- a. Physician Fee Schedule Payment: A statewide maximum payment will be calculated for each service designated by a procedure code recognized by the Alabama Medicaid Agency as designating a covered service. To determine payments for procedures codes without an established Medicaid rate, the Alabama Medicaid Agency will base rates on the current Medicare rate, and if not available the average commercial rate. Except as otherwise noted in the state plan, state-developed fee schedule rates are the same for both governmental and private physicians and other practitioners. The Agency's fee schedule rate was set as of 01/01/2015 and is effective for services provided on or after that date. All rates are published on the Agency's website at www.medicaid.alabama.gov. To view a Physician Fee Schedule visit http://medicaid.alabama.gov/content/Gated/7.3G_Fee_Schedules/7.3G_Physician_Fee_Schedule_10-5-17.pdf.

1. Rural Physician (Enhanced) Payment:

- (i) Providers in rural counties whose specialty is OB/GYN, Family Practice, General practice or Pediatrics, will be paid an enhanced rate for global delivery codes and delivery codes only. These rates can be found at www.medicaid.alabama.gov To view a Rural Physician Fee Schedule visit http://medicaid.alabama.gov/content/Gated/7.3G_Fee_Schedules/7.3G_Rural_Physician_Fee_Schedule_5-27-15.pdf
- (ii) In order to increase provider participation and improve access to care, both governmental and non-governmental providers of all specialties in rural counties will be paid an additional \$1.00 per office visit or hospital visit.

- 2. Physician Access (Enhanced) Payment: In order to maintain adequate access to specialty faculty physician (all specialties including general practice, family practice, and general pediatrics) services as required by 42 USC 1396(a) (30) and 42 CFR 447.204, enhanced rates will be paid to teaching physicians. Teaching physicians are defined as doctors of medicine or osteopathy employed by or under contract with (a) a medical school that is part of the public university system (The University of Alabama at Birmingham and The University of South Alabama) or (b) a children's hospital healthcare system which meets the criteria and receives funding under Section 340E (a) of the U.S. Public Health Service Act (42 USC 256e), and which operates and maintains a state license for specialty pediatric beds. The State will perform the average commercial rate demonstration for a calendar year to set a Medicaid rate based on a percentage of the Medicare rate. The established rate will be effective for up to three years based on the average commercial rate demonstration. All rates are published on the Agency's website at www.medicaid.alabama.gov. For the most recent Physician Access (Enhanced) Fee Schedule click on the Providers tab, select Fee Schedules, I accept on the User Agreement, then click the Providers tab, Fee Schedules, and Physician (Teaching) Fee Schedule.

- (vii) Divide the Total Commercial Payment Amount by the Total Medicare Equivalent Payment Amount to determine the aggregate Average Commercial Rate Percentage of Medicare.
- (viii) Based on the average commercial rate demonstration for calendar year 2015 Medicaid utilization and 2015 Medicare base rates the established teaching physician percentage is 162.41%.
- (ix) Calculated reimbursement rates for all numeric procedure codes will be rounded to the nearest dollar. Rates for procedure codes starting with an alpha character will be rounded to the nearest penny.
- (x) Reimbursement rates for numeric procedure codes not recognized by Medicare, but recognized by the Alabama Medicaid Agency will be the average rate paid by the top five commercial insurance companies in Alabama for that numeric procedure code for each public university system and children's hospital system, identified in section 3 a 2, for the most recent full calendar year.

Effective Date: 04/01/90

- b. For Medicare crossover claims, refer to item 19 in this attachment.

Effective Date: 01/01/12

- c. Payment to Certified Registered Nurse Anesthetists is 80% of the maximum allowable rate paid to physicians for providing the same service.

Effective Date: 01/01/12

- d. Payment to physician-employed Physician Assistants and Certified Registered Nurse Practitioners is 80% of the maximum allowable rate paid to physicians for providing the same service except for injectables and laboratory procedure. Injectable and Laboratory procedures are reimbursed at 100% of the amount paid to physicians.

Effective Date: 01/01/12

- e. Pharmacists, employed by pharmacies participating in the Alabama Medicaid program, are reimbursed a vaccine administration fee established at the same rate paid to physicians. The Agency's rate for vaccine administration was set as of January 1, 1999, and is effective for services on or after that date. All rates are published on the Agency's website at www.Medicaid.alabama.gov. Except as otherwise noted in the plan, state developed rates are the same for both governmental and private providers.