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State/Territory Name: Alabama14-0004

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

July 27, 2016

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 #14-0004

Dear Ms. Azar:

We have reviewed the proposed amendment to the Alabama Medicaid State Plan #14-0004 that was received in the Regional Office on December 4, 2014. This state plan amendment allows Alabama Medicaid Agency payments to be sufficient to enlist enough providers so that services under the plan are available to beneficiaries at least to the extent that those services are available to the general population. Payments to teaching physicians are reconciled annually through the average commercial rate demonstration. In order to maintain adequate access to specialty teaching physicians; all specialties include general practice, family practice, and general pediatrics.

Based on the information provided, we are now ready to approve the Medicaid State Plan Amendment AL -14-0004. This SPA was approved on July 26, 2016. The effective date of this amendment is January 1, 2015. 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//

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

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

1. TRANSMITTAL NUMBER: AL-14-004	2. STATE Alabama
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FOR: HEALTH CARE FINANCING ADMINISTRATION

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

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

4. PROPOSED EFFECTIVE DATE
January 1, 2015

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:
January -December 2015 \$34,623,865

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:

This amendment is to change physician access payments to teaching facilities to include general practice, family practice and general pediatrics.

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

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 Governor's designee on file
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
 via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Stephanie McGee Azar

14. TITLE: Acting Commissioner

15. DATE SUBMITTED: 12-4-14

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/04/14

18. DATE APPROVED: 07/26/16

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/15

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Jackie Glaze

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children Health Opns

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: 01/01/2015

- 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 procedure 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.
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 the following link:
http://www.medicaid.alabama.gov/documents/6.0_Providers/6.6_Fee_Schedules/6.6_Physician_Rural_Rate_Fee_Sched_3-25-12.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 provider's average commercial rate demonstration will be updated annually. Enhanced rates have been established based on average commercial rates effective during the State fiscal year proceeding the current State fiscal year for each service designated by a procedure code recognized by the Alabama Medicaid Agency as designating a covered service. The Agency's rates were set as of 01/01/2015, and are effective for services provided on or after that date. All rates are published on the Agency's website at www.medicaid.alabama.gov.

- a. Calculation of the rates for teaching physicians is described as follows:
- (i) Recognize the non facility Medicare physician fee schedule for the most recent full calendar year.
 - (ii) Obtain the rates paid by the top five commercial insurance companies in Alabama for each public university system and children's hospital healthcare system, specified in section 3 a 2, for the most recent full calendar year.
 - (iii) Obtain the adjudicated units of service by procedure code for the most recent full calendar year. The State identifies adjudicated claims through Medicaid's MMIS system that were processed during the most recent full calendar year for services performed by eligible physicians at approved places of service. Approved places of service include a hospital sponsored location such as an inpatient hospital, outpatient hospital, hospital-based clinic or a hospital-affiliated clinic. The following services are excluded from these claims: clinical diagnostic lab procedures, services provided to dual eligibles, and the technical component of radiology services.
 - (iv) Anesthesia payment is based on a fifteen minute unit of service as well as a base payment.
 - (v) Calculate the aggregate commercial payment equivalent for the most recent full calendar year by multiplying the Medicaid units identified in (iii) above by the commercial rates identified in (ii), then combine the payments for all services. This produces the Total Commercial Equivalent Payment Amount.
 - (vi) Calculate the equivalent Medicare payments for the most recent full calendar year by multiplying the Medicaid units from (ii) above by the Medicare rates identified in (i), then combine the payments for all services. This produces the Total Medicare Equivalent Payment Amount.

- (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 results, the rates for the teaching physicians calculated percentage is noted as 158.43% of the Medicare rate effective for the calendar year 2015.
- (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.