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Proposed Options to Accommodate Shortfall Created by the \$700 Million Appropriation

Below are the options available for the Alabama Medicaid Agency to implement the cuts needed for the program to continue with a \$700 million FY 2017 General Fund appropriation. Various combinations of the below cuts could be selected to attempt to maintain the program at this funding level. These amounts are estimates and subject to Centers for Medicare and Medicaid Services (CMS) approval. This funding level will halt implementation of the Regional Care Organization (RCO) program. By eliminating the RCO program, the state of Alabama will lose the opportunity to receive an additional \$747 million in federal dollars over the next five years.

	Total federal and state spend in millions	State share in millions	
Eliminate eyeglasses for adults	\$ 0.8	\$ 0.3	
Eliminate Outpatient dialysis	\$ 12.3	\$ 3.7	Expenses will shift to other categories, i.e. hospitals
Eliminate Prosthetics and Orthotics	\$ 1.8	\$ 0.5	
Eliminate Program of All Inclusive Care for the Elderly (PACE)	\$ 6.8	\$ 2.0	
Eliminate Health Home and Physician case management fee	\$ 55.5	\$ 16.6	
Eliminate Primary Care bump	\$ 49.2	\$ 14.7	
Reduction in Administrative Costs	\$ 13.6	\$ 3.5	
Eliminate Drug Coverage for Adults	\$323 to 388	\$50 to 60	Estimate net of rebates, does not take into account increased other medical and society costs.
Implement a Pharmacy preferred provider - net of loss of pharmacy tax	\$93.3 to 130	\$19 to 30	These savings would be reduced if drug coverage for adults is eliminated.
Implement reimbursement rate reductions to providers such as Ambulatory Surgical Centers, Physicians, Dental, Optometry, Hearing, transportation, EPSDT/Screening, health education and other programs such as Maternity, Family Planning, etc.	\$0 to 169.6	\$0 to 50.1	This percentage could vary 0-21% based on the amount of the other cuts that are selected.