

Facts and Issues: Health Care in Alabama

Report of the Health Care Study Committee

League of Women Voters of Alabama

February 2010

Introduction:

States play a major role in the delivery and financing of health care and public health in the U.S. The League of Women Voters of Alabama state health care study committee, representing several leagues, determined that most members were not knowledgeable about our state programs that provide help to those unable to afford or access needed health care. The committee decided to gather information on programs that provide care to children and needy adults to be shared with local leagues and to evaluate where the gaps in service might be.

In view of the fact that any health care program adopted at the national level will affect health care delivery in the states, we will follow the current study with an evaluation of gaps which may remain after national legislation is put into effect. The committee may determine that a consensus is needed to enlarge our present stated positions.

The committee is providing this material for the use of local leagues to be used as educational background material for any future studies.

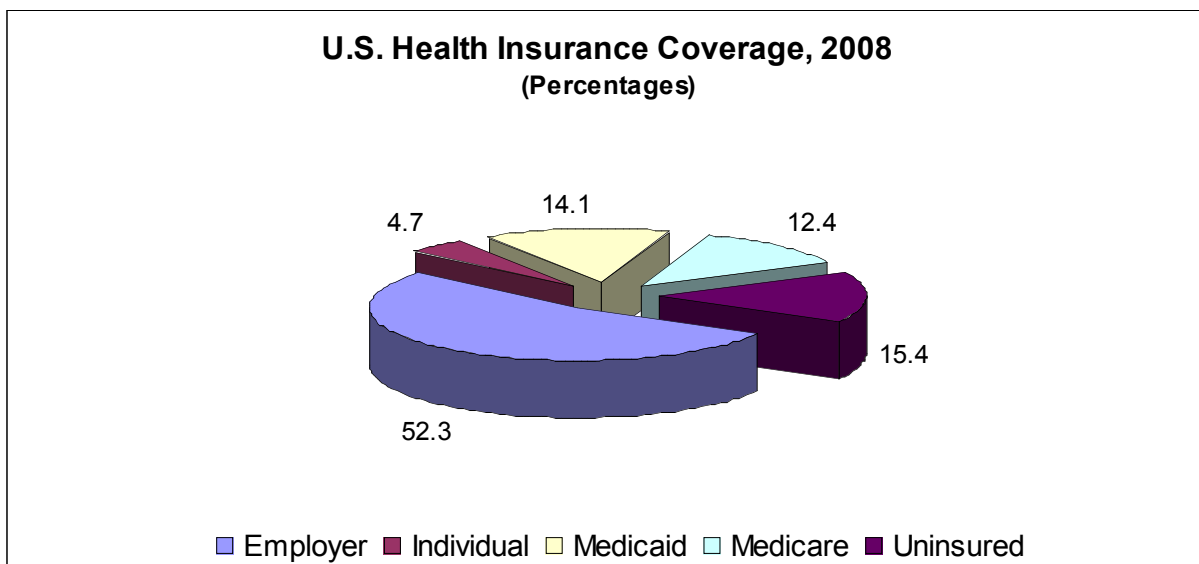
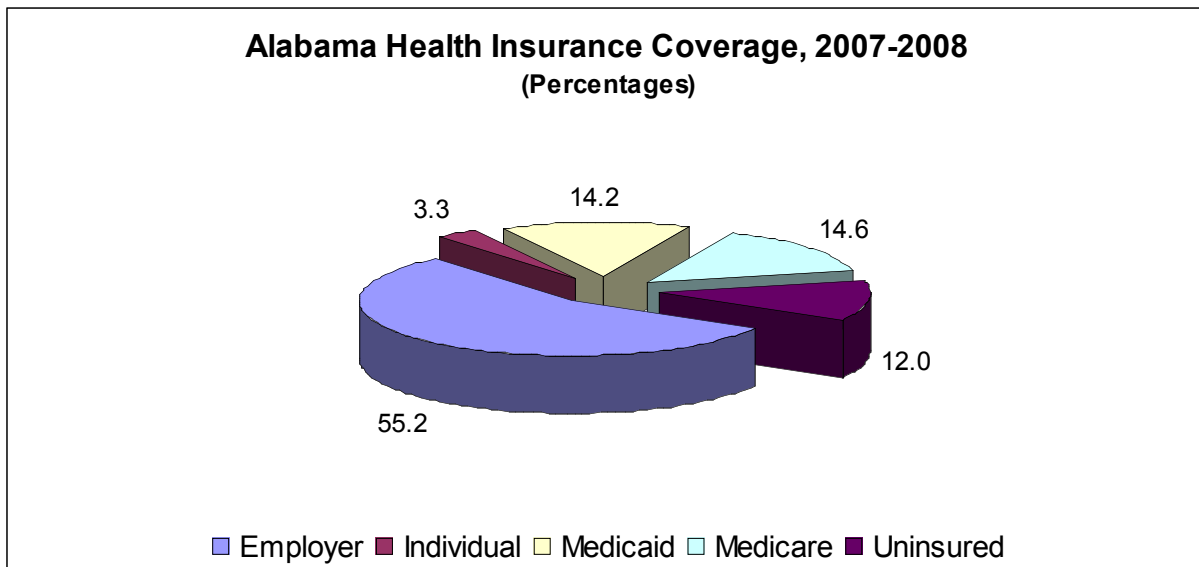
Alabama Statistics Related to Health Care

The most recent statistics that could be obtained were for 2008 but with the economic downturn since then, it is presumed that figures for the uninsured have increased.

The Alabama Appleseed Health Insurance Coverage Project stated that in 2008 the number of uninsured in Alabama had risen to 14.0% or 618,913 from the 2001 number of 11.2% or 495,824.

A report by Families USA indicates that between 2000 and 2006, approximately 3,400 Alabamians between the ages of 25 and 64 died because they did not have health insurance coverage.

The Kaiser Family Foundation (KFF) gave the following figures for the insured and uninsured in Alabama compared to U.S. figures.



KFF reports that young adults, age 19-29, have the highest uninsured rate of any age group in the United States. This age group comprises 30% of the uninsured. Studies indicate this lack of coverage is often a conscious decision made by this age group. Without insurance coverage, these young adults risk both their physical health and their financial security.

Comparisons of the health of Alabama citizens with the average for U.S. citizens indicates that more Alabamians smoke, have a 3% higher incidence of diabetes, and have about a 5% higher incidence of obesity and heart deaths (253.3/100,000 to the U.S. average of 200.2/100,000).

Programs Administered with State Funds

A. MEDICAID

Medicaid is a state administered program for low income persons currently directed by Carol Steckel who is appointed by the governor. Medicaid pays medical costs for eligible persons but provides no services. Federal minimum guidelines must be met by the states, though states may choose to exceed them. Since Alabama has extremely limited funds, the Medicaid agency has adopted minimum federal standards. Recipients must meet minimum income requirements established by the state.

How is Medicaid Funded?

The program is paid for by a 67.98% federal match to Alabama's 32.02% contribution. However, in 2009 and 2010 federal stimulus money provides for a 77% match which helps Alabama's budget deficit considerably. The Director of the Legislative Fiscal Office indicates that the Alabama Medicaid Agency will receive the largest amount of General Fund appropriations, \$308 million, or 19.6% of the entire fund for FY 2010 but that this is an artificially low percentage because of the federal stimulus funds received. In 2009 Medicaid received an appropriation of \$623.8 million from the General Fund, which represented 30% of the fund. When stimulus money became available the legislature reduced that amount. Medicaid will also receive other earmarked state funds in FY 2010 totaling \$620.3 million. Because of the influx of stimulus funds the Legislature last year reduced Medicaid's appropriation by \$165 million as well as appropriations to the Department of Public Health.

The Medicaid budget for FY 2009 was \$4.5 billion. The budget for 2010 is slightly higher, \$4.9 billion. This program has a major impact on Alabama's economy.

Who Qualifies?

Section 1931 of the Social Security Act requires states to provide Medicaid coverage to families who meet state criteria. The family must have dependent children living with them and must meet income limits. This program is called Medicaid for Low-Income Families (MLIF). Currently Alabama has opted to utilize the federal income requirements for eligibility which extend only to those families whose incomes are approximately 15% of the Federal Poverty Level (FPL). In 2009 the FPL for a family of three would be \$18,310 income.

Persons who are elderly or disabled and who meet financial requirements can also be covered by Medicaid. If a person is poor but not elderly or disabled or is without dependent children, he/she will not be eligible for Medicaid.

Medicaid reports that with the beginning of the recession persons are qualifying at an increasing rate. In the 22 months since the recession began, Alabama Medicaid enrollment increased by approximately 100,000 people from 734,810 in December 2007

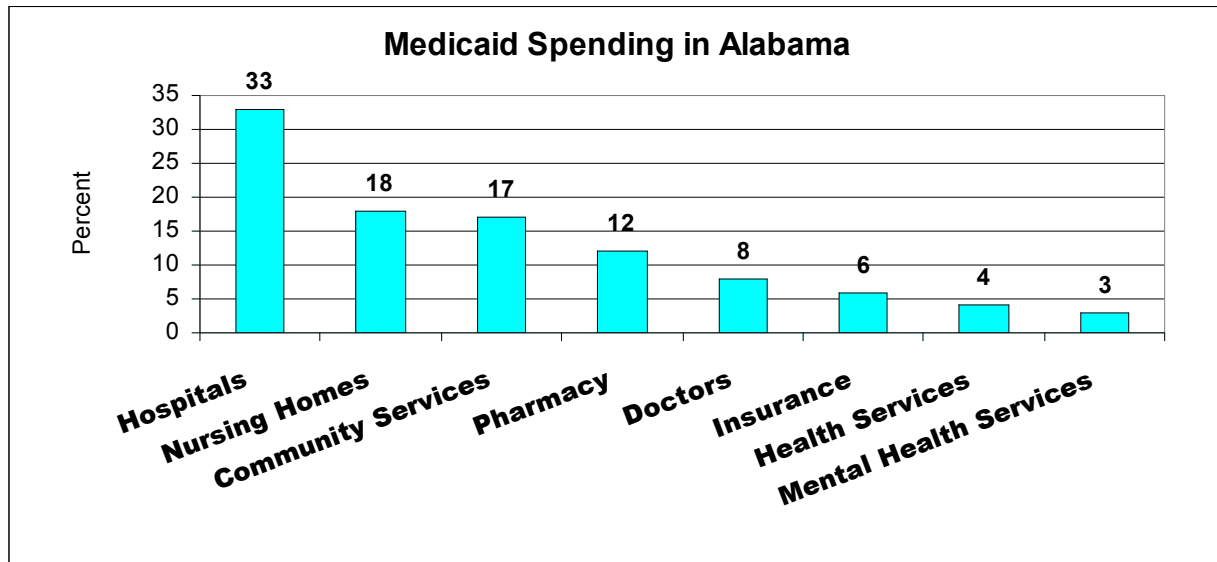
to 834,747 in October 2009. Beginning in December 2008, Alabama has averaged 4800 new Medicaid eligible applicants each month.

Most of the increase since December 2007 can be attributed to growth in Medicaid's SOBRA program which is for children, teens and pregnant women. This program grew by nearly 57,000. Individuals qualifying for SOBRA have incomes at or slightly above the poverty line, or about \$29,328 annually for a family of four. The MLIF program grew by more than 12,600. At the same time, Medicaid's Plan First program, which provides family planning and birth control services to women who, if pregnant, would qualify for Medicaid has also shown tremendous growth with 16,800 additional recipients. Some in the SOBRA program will qualify for the Women, Infants & Children (WIC) which is a supplemental nutrition program for pregnant women, breastfeeding women, women who had a baby within the last six months, infants, and children under the age of five.

Ms. Steckel noted in an interview that the rate of the increase has grown as the recession has continued and it is likely there will be a delayed impact on Medicaid even as the recession ends and the economy improves. She notes that for the first time, the agency is seeing an increase in the number of children who previously were served by ALL Kids, (to be discussed later in this report) whose families now qualify for Medicaid.

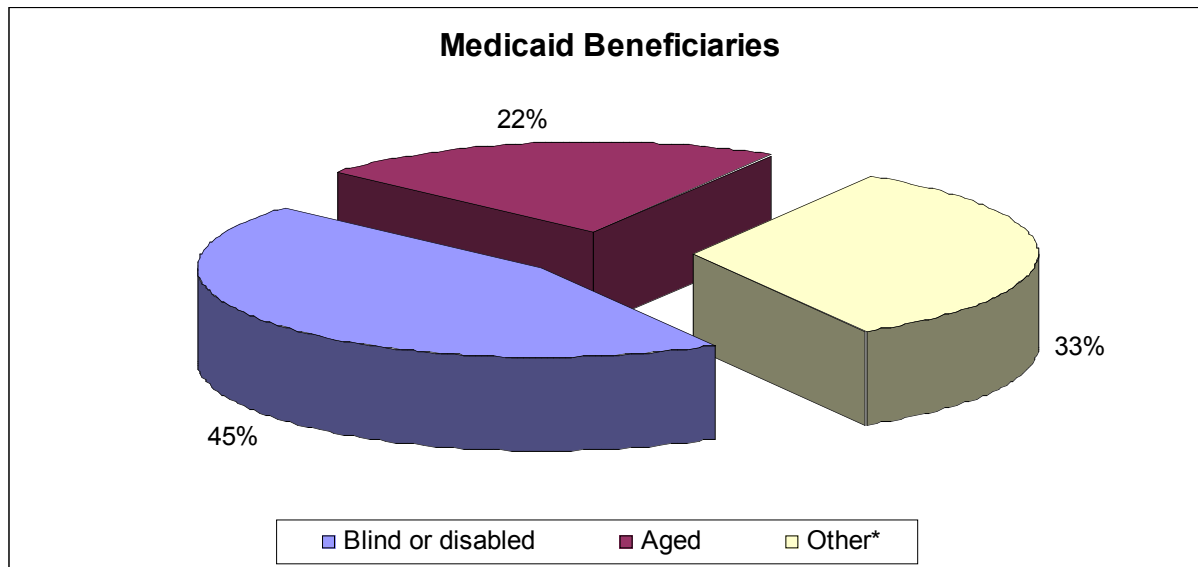
Where Does the Medicaid Money Go?

The following graph indicates where Medicaid funds are being spent.



It should be noted that some physicians are refusing Medicaid (as well as Medicare) patients because of the low reimbursements they receive from those agencies.

Who are the beneficiaries?



* Includes Medicaid for Low-Income Families (MLIF), pregnant women and children

The Kaiser Family Foundation released figures for medical care for neonatal and child birth provided by Medicaid in 2003. These figures indicate the percentage of those receiving such care that were on Medicaid.

	<u>Number</u>	<u>Percentage of All Births</u>
Alabama	26,105	45.5%
Georgia	67,637	60.0%
U.S.	1,495,261	41.0%

A representative of Medicaid reported that the administrative cost of the Alabama Medicaid program is 3% which is very efficient.

B. ALL Kids

In 1997 federal legislation was passed to provide health care to children of families who could not afford private health insurance. Known as CHIP (Child Health Insurance Program) at the federal level, Alabama now calls its program ALL Kids. The original U.S. legislation provided \$24 billion in aid to be used over a ten year period. The program meets the demands of families with children who fall between those who can afford private health insurance and those just above the eligibility level for Medicaid.

Alabama was the first state to have an approved plan for CHIP. Cathy Caldwell is the state director of the program which is administered by the Alabama Department of Public Health and is contracted with Blue Cross/Blue Shield of Alabama for administration.

Qualification and Funding

CHIP covers children up to the age of 19. Each year, eligibility is reviewed. In 2009 the CHIP program was increased by Congress to include more children. Alabama's legislature increased funding by \$11.2 million for FY 2010 with \$7 million of this increase to extend coverage to children in families who have incomes greater than 200% but less than 300% of the FPL. This means that children within a family of four with an income between \$44,101 and \$66,150 will qualify for CHIP. According to the Department of Public Health, approximately 14,000 uninsured children in Alabama will qualify for this expansion. At the end of 2009, approximately 69,800 children were participating in the CHIP program with 1,925 of these enrolled as a result of the expansion. The percentage of uninsured children in Alabama dropped from 7.5% in 2007 to 4.4% in 2008. Parents may pay a fee for their children determined by their income. There is no waiting list and parents may apply on line.

What Health Care Is Included?

ALL Kids covers hospital services, sick/well doctor visits, immunizations, dental, vision care, prescriptions and mental health/substance abuse services.

C. DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is mandated to provide services for the improvement and protection of the public's health. Much of its work is in the areas of Prevention and Education. The State Board of Health serves as an advisory board in all medical matters. Dr. Don Williamson is the state health officer. Funding for the Department is passed each year by the Legislature and comes from the General Fund. When the fund runs short, services have to be cut. An organizational chart provided on the ADPH web site (www.ADPH.org) shows the various departments organized under Dr. Williamson. Each county has a Department of Public Health which administers a wide range of services. Most counties provide:

A. Cancer Detection for women over 40, underinsured or uninsured
This includes breast and cervical cancer screening, referrals for testing and surgery. Some funds are available to pay for these services but they usually run out before the year is over.

B. Early and Periodic Screening, Diagnosis and Treatment (EPSDT)
Alabama is one of the few states that screen for all nine disorders in addition to hearing loss as recommended by the March of Dimes. This includes PKU, sickle cell, etc. Tests are initiated at birth and coordinated through the State Lab by the local Health Department with the baby's family and doctor.

C. Immunizations/vaccinations
Immunizations for children and adult boosters are given at all county Health Departments. Flu vaccine and pneumonia vaccines are also available. Vaccinations for

international travel, such as yellow fever, malaria and hepatitis are only available in a few counties and are quite expensive.

D. Prenatal Care

The department offers pregnancy testing, physical exams to verify pregnancy, counseling and referrals for Medicaid when applicable, and referral for prenatal care. Because malpractice coverage skyrocketed some ten years ago, many small town physicians stopped delivering babies. That is a problem in many rural communities. Some counties have no physician at all.

E. Family planning/birth control clinics.

Anyone at least 14 years old is eligible and fees are based on income

F. Testing, treatment, referral and follow up for Sexually Transmitted Disease (STD), TB and HIV. In most counties treatment medications are provided.

Other duties such as inspections of all food providers, vector control and abatement, inspection of pre/post installation of sewage disposal systems w/septic tanks, and inspection and follow up of illegal garbage dumps are required by law. In times of proration many inspection programs are reduced in frequency because of staff hiring freezes.

The Licensure and Certification Department, a state level office, inspects all nursing homes, assisted living facilities and home care agencies. This inspection is done at least once a year and is not just a visual inspection but includes personnel records, patient care records, etc. The department is also the keeper of health statistics: birth, death, marriage, divorce, and disease outbreaks.

The Health Department also has some responsibilities related to Homeland Security in cooperation with local hospitals.

D. ALABAMA DEPARTMENT OF MENTAL HEALTH

This agency is responsible for administering mental health programs for the state. Provisions for adequate and effective treatment were established under the Wyatt v. Stickney Act of 1972 that was finally settled in 2003. Under the legal settlement adequate and effective treatment is required. Treatment must meet three conditions: a humane psychological and physical environment, sufficient numbers of qualified staff and individualized treatment plans. Included is a Patient's Bill of Rights, now part of the accreditation of hospital standards.

Currently the state is required to provide hospital care only. The state has three psychiatric hospitals. Two are long-term care institutions and the other is focused on acute stabilization. They have waiting lists for admission which forces local hospitals to retain individuals longer than recommended. Budget cuts decrease qualified staff in treatment facilities.

Community services for care of mental illness are provided by independent agencies that contract with the state and must meet state standards for reimbursement. The need for coordination and communication is essential between the Department of Mental Health and the Departments of Corrections, Youth Services, the legal system, and substance abuse facilities. Individuals with serious mental illness may encounter any or all of these agencies in an effort to obtain care and protection.

Health Care Programs Administered With Private Funds

A. ALABAMA CHILD CARING FOUNDATION

This nonprofit private Foundation was founded in 1988 to provide health insurance for children under 18 years of age who do not qualify for other insurance options. It is a partnership program between Blue Cross/Blue Shield of Alabama and the Foundation. Barbara Hutchinson is the director. Every \$240 from the Foundation pays for insurance for one child for one year with matching funds from BC/BS which covers another child's insurance. No public funds are used. This is a program unique to Alabama. The Foundation coordinates with both Medicaid and ALL Kids using a common application. If a child does not qualify for a federal or state program the application is sent to the Foundation for assistance. Eligibility requires that parent's annual income is equal to or less than 235% of the poverty level. All donated funds cover children in the local county.

As of 2009, 6,100 children are enrolled statewide with 2,600 on the waiting list (Nov. 2009). A family must reapply each year to see if their status has changed or they are eligible for another program. It is anticipated that even with health care reform, some children will need coverage.

The range of care provided includes primary and preventive services--periodic well-child physical examination, office visits for illness or injury, routine immunizations, emergency care, hospital outpatient care including surgery, diagnostic lab, X-ray, and vision service. It does not cover hospitalizations. The Foundation currently needs \$1.8 million/year to maintain its current levels of enrollment.

Copies of their annual report are available if requested from the Foundation.

B. COMMUNITY CHARITY CLINICS

Most urban communities have one or more charity clinics which have been established by private efforts. Each program has its own guidelines. Most are run by volunteer health care professionals who give a few hours of their time each week. Some offer dental services.

Responsibility for Health Decisions in the State

Several offices in the state make decisions regarding policy and funding for the various programs in the state. They are:

A. Statewide Health Coordinating Council (SHCC) -- Appointed by the governor, the Council makes recommendations for development of state health policy. All members are medical doctors.

B. Certificate of Need Review Board (CON) -- Requires hospitals, nursing homes, ambulatory surgery centers and diagnostic imaging facilities to have explicit approval before they can operate. *The Birmingham News* (Oct. 14, 2007) printed an article suggesting that CON provides less choice and less innovation and likely never controlled costs and should be discontinued. This is a very debatable subject.

C. Alabama Department of Public Health -- Discussed above.

D. Governor's Office -- Influences health decisions through budget and policy recommendations to the Legislature as well as nomination of department heads and other positions such as SHCC.

E. Legislature -- Provides funding and oversight for state programs.

F. U.S. Government -- Sets mandates for many state programs and impacts state budgets and programs through matching fund requirements.

Other Issues

Lack of access to health care is a reported problem in some areas of the state. Some counties have no physician in the entire county. It is difficult for poor rural areas to attract doctors.

A bill to remove some restrictions on nurse practitioners' ability to diagnose illnesses, prescribe medications and coordinate care has been submitted by the Alabama Nursing Association. At the present time state law allows them to prescribe some medicines but not controlled drugs and the name of a collaborating physician must be listed on each prescription. Many states allow nurse practitioners more leeway in the delivery of health care and, in fact, to have their own clinics. It could help alleviate the lack of access to medical care in rural and poor urban areas where doctors are sparse. The Medical Association is opposed to this legislation. This deserves more research and discussion.

One question which has been asked is why Blue Cross Blue Shield covers 89% of the health insurance in this state. Apparently legislation was passed years ago granting BC/BS certain status. We have obtained no definitive information regarding this action.

Summary

Evaluation of health care delivery in Alabama would give high marks for Alabama's care for children. News reports suggest that the effect of some proposed

national legislation on health insurance coverage of children may decrease the number of eligible children now in ALL Kids.

The number of uninsured adults, particularly young adults, is cause for concern. With federal health care reform it will have to be determined if these gaps have been closed.

In comparing our state with other states, we see a high incidence of smokers and a high incidence of diabetes, obesity and heart deaths. Are there things the state could do to help in prevention of these problems?

Lack of access to health care in some areas of the state is a problem.

Hopefully this information can guide us in seeking ways to improve our state's health care delivery systems.

BIBLIOGRAPHY

A. Web Sites

U.S. Department of Health and Human Services -- "Search" Alabama data

Kaiser Family Foundation -- www.statehealthfacts.org

Alabama Department of Public Health -- www.adph.org

Families, USA -- www.familiesusa.org/about

Legislative Fiscal Office -- www.lfo.state.al.us

B. Other Sources

Report on Alabama's Uninsured and Major Coverage Options,
Alabama Appleseed Center for Law & Justice, Inc.

Barbara Hutchinson, Director, Alabama Child Caring Foundation

Dr. Dell Crosby, Director, Mercy Medical Clinic, Auburn

Dr. Rene McEldowney, Program Director and Associate Professor,
Health Administration Program, Auburn University

Dr. Wally Retan, Retired Physician

Representatives, Alabama Medicaid Agency

Suggested Reading

The following books were not used in this report and are not specific to Alabama but are recommended reading by the League of Women Voters of the United States' Health Care Study Group. You may find these in your public library.

Health Care Meltdown: Confronting the Myths and Fixing Our Failing System,
by Dr. Robert H. Lebow

The Truth About the Drug Companies by Marcia Angell

The Brave New World of Health Care by Richard D. Lamm, former Colorado
governor

Submitted by Health Care Study Committee: Marilyn Garrett, Chair, LWV of East Alabama; Lynne Richardson, LWV of Tuscaloosa; Janet Widell, LWV of East Alabama; Anna Blair, LWV of Montgomery; Catherine Hunt, LWV of Birmingham