

A L E R T

May 18, 2012

To: All Providers

SUBJECT: General Fund Proration

As a result of General Fund proration declared on March 16, 2012, the Alabama Medicaid Agency has been directed to identify and implement cuts to its overall budget. After program impact analysis and multiple provider meetings and communications, the Agency will implement these cuts in three ways:

- Reduction of payments to certain provider groups by 10 percent
 - Physicians
 - Dentists
 - Physician Lab & X-ray
 - Durable Medical Equipment
 - Independent Lab & X-ray
 - Other licensed practitioners
 - Maternity primary contractors (Effective for dates of service on or after May 14, 2012)
- Reduction in services to adults (benefits to children remain unchanged)
 - Change coverage of routine eye exams and work-up for refractive error to once every three years (now one eye exam every two years)
 - End coverage of eyeglasses as a benefit (now one pair every two years)
 - Limit drugs to one brand-name drug per month; generics and covered OTCs remain unlimited. Allowances will remain for up to 10 brands per month for antipsychotics, antiretrovirals, and switchovers. (In addition to children, LTC recipients are excluded from this reduction.)
- Reduction in cough/cold covered drugs for all recipients: Legend generic cough/cold drugs will no longer be covered (legend brand drugs are currently non-covered). Certain OTC drugs will remain covered.

Except as specified otherwise above, these reductions will be effective for dates of service on or after June 1, 2012.
