



BOB RILEY  
Governor

# Alabama Medicaid Agency

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CAROL H. STECKEL, MPH  
Commissioner

September 28, 2009

Dear Patient 1<sup>st</sup> Provider:

In accordance with Medicaid's commitment to the Patient 1<sup>st</sup> Program, we are again sharing a portion of the savings with those providers who helped make those savings possible. On your October 2, 2009 remittance advice (RA), you will receive your portion of shared savings as a line item transaction.

Distribution of shared savings is based on established measures and a formula designed to equitably reflect several measures of performance and efficiency. These include:

- **EFFICIENCY:** The actual amount Medicaid spent on behalf of a PMP's panel compared to the expected expenditures.
- **PERFORMANCE:** For each of three performance measure, the actual utilization by the PMP's panel compared to what was expected. The performance measures are: Generic Dispensing Rate, Non-Certified Emergency Room Visits and Office Visits by unique enrollee.
- To calculate each value, the percent variance is determined and based on the ranking of the variance of all PMPs, a score is applied. The score is then multiplied by the member months to determine the "share points".
- Each point is worth \$0.2190 from the efficiency pool and worth \$0.0660 from the performance pool.

We have enclosed a check stub indicating the amount expected to be received. A complete explanation of the criteria used in the calculation of these payments is available on the Agency's website at: [www.medicaid.alabama.gov/programs/patient1st](http://www.medicaid.alabama.gov/programs/patient1st). Questions regarding the shared savings payments may be directed to [paige.clark@medicaid.alabama.gov](mailto:paige.clark@medicaid.alabama.gov) or Kim Davis-Allen, at [kim.davis-allen@medicaid.alabama.gov](mailto:kim.davis-allen@medicaid.alabama.gov).

We appreciate your participation in the Patient 1<sup>st</sup> program and thank you for the valuable service you provide to the Medicaid recipients of Alabama.

Sincerely,

Carol H. Steckel, MPH  
Commissioner

CHS:yc  
Enclosures