



BOB RILEY  
Governor

# Alabama Medicaid Agency

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CAROL H. STECKEL, MPH  
Commissioner

February 25, 2010

Dear Association Director:

As many of you know, the state Finance Director asked the Alabama Medicaid Agency to reduce its current (FY10) General Fund budget allocation and the Agency's FY 11 General Fund request to identify cost savings that would maintain a basic package of services while preserving the health care safety net for our most vulnerable citizens.

We have looked closely at all of our programs, have asked hard questions about the priority of each expenditure and sought data about how each expenditure improves the health of our citizens. This approach has enabled us to find savings that have the least impact on essential services. This also means that cuts must be made.

That is not to say that these cuts are easy, or that they will have no impact on services. The fact is the size of the budget shortfall is too great to provide the same services in the same way that we have in the past. With Medicaid making up about 30 percent of the total General Fund budget, it is impossible to exclude Medicaid funding from the cost saving measures imposed on all other General Fund agencies and the vital services they provide to our citizens.

As a result of budget constraints, the Agency will modify the reimbursement for psychologists beginning June 1, 2010 to align with other midlevel medical professionals. Psychologist reimbursement for covered procedure codes will not exceed 80 percent of the maximum allowable rate paid to physicians providing the same service.

I will be happy to assist you with any questions or concerns you may have regarding this issue at (334) 242-5014, or by email at [mary.timmerman@medicaid.alabama.gov](mailto:mary.timmerman@medicaid.alabama.gov).

Sincerely,

Mary Timmerman, RN, CPC  
Medical Support Unit