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Calendar notes

Thurs., Feb. 14 – National day of action on payday lending (*see Page 2*).

Sun.-Fri., March 3-8 – Selma-to-Montgomery March. For details, contact Shelley Fearson at (334) 262-0932 or statecoordinator@aol.com.

Thurs., March 7 – **ARISE LOBBY DAY**, State Capitol, Montgomery.

Welcome, Eric!

We're pleased to have Eric King join us for a spring internship. A native of Birmingham, Eric will complete his Master of Social Work degree from the University of Alabama in May. With an adults and families specialty and a public policy and administration emphasis, Eric looks forward to blending course content and practical experience during his Arise stint.

He views this placement as an opportunity to build on his plan to exert a positive influence on the criminal justice system. Aware of the many reasons for the system's continuous growth, he is interested in state and local approaches to reducing the number of incarcerated Alabamians.

"I'm excited to see how policies are developed and what I can do to affect that process in a significant and positive way," he said.

Welcome to Arise, Eric!

Turn to Page 4 to read Eric's report on our recent Mobile legislative dialogue.

Report

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Vol. 16, No. 1

January 28, 2013

Medicaid Advisory Commission

Reform plan expands regional networks

By M. J. Ellington, health policy analyst

After months of study of Medicaid programs in other states, the Alabama Medicaid Advisory Commission voted Jan. 16 to recommend expanding an existing care coordination pilot project now operating in four Alabama regions. Gov. Robert Bentley gave the commission a deadline of Jan. 31 to propose reforms that would control costs and improve quality in the program.

Under the commission's plan, Alabama Medicaid would divide the state into 10 or more regions, using the patient care network (PCN) model to coordinate care tailored to local needs. The commission roundly rejected an aggressive effort by commercial managed care organizations (MCOs) to expand into Alabama with statewide contracts.

An amendment to the recommendation, proposed by commission member and State Finance Director Marquita Davis, leaves the community-based networks the option of contracting with managed care companies to provide some or all of the required services. Such an arrangement could, for example, help a particular region temporarily fill gaps in its capacity to administer and coordinate care.

"We're pleased with the plan to make Medicaid's care delivery more effective and efficient while keeping the savings in-state," ACPP policy team leader Jim Carnes said. Carnes holds the lone consumer seat on the 33-member coalition, which also includes health care providers, insurers and government officials. To broaden consumer input on the Medicaid

reform process, Arise convened a coalition of 17 groups representing current and potential Medicaid recipients. For a list of coalition members and to read the principles of consumer-centered Medicaid reform they submitted to the commission, visit arisecitizens.org.

Dr. Don Williamson, commission chairman and State Health Officer, put a target date for statewide operation of the new structure sometime in 2015 if Bentley and the Legislature agree on the plan. The Medicaid-run pilots now serve multi-county regions centered in Huntsville, Mobile, Opelika and Tuscaloosa. Only one member of the commission voted against the proposal.

PCNs have two inter-related goals: improving health outcomes and holding down costs. By providing patients with a regular doctor, preventive services and care coordination, they aim to catch problems earlier and address them more effectively. In their first year, the pilot projects have shown promising results in reducing emergency department visits for routine care and lowering per-member costs. If the commission's proposal moves forward, Williamson said the state must seek a waiver, or formal suspension of rules, from the federal Centers for Medicare and Medicaid Services (CMS) to take the new care delivery and payment structure statewide.

A vote on the plan came after the commission's extensive review of Medicaid care delivery in other states that also are trying to stabilize Medicaid

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A few words from Kimble —

As our legislators return on Feb. 5, they can't assume our budget issues are solved. Yes, voters on Sept. 18 approved a \$145.8 million diversion from the Alabama Trust Fund to balance the 2013 General Fund budget. But that vote did not stop health care inflation. And none of us expected this: The state's poverty rate fell, causing our Medicaid match rate to change for 2014. We have to come up with an additional \$22 million to match next year's federal Medicaid dollars.

Expect some legislators to keep bashing Obamacare, but now that Arizona Gov. Jan Brewer has decided to expand Medicaid, other governors are likely to follow. In Alabama, some health care stakeholders expect a two-step process: first reform Alabama Medicaid, then expand it. The sooner Gov. Robert Bentley makes the expansion decision, the sooner the spigot is turned on to allow a \$100-million-a-month flow of federal dollars into Alabama's economy, while bringing peace of mind to hundreds of thousands of uninsured workers.

To influence big decisions, Arise needs bigger numbers of members. As February begins and your friends begin to talk about legislative issues, urge them to join ACPP. Whether it's health care or payday lending or the grocery tax, Arise can only make progress if we pull more advocates into our ranks. It's energizing to know that more individuals are on board than ever before. Please help us to keep that momentum going!

Yours in hope,

Medicaid commission

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costs. Representatives from multiple commercial managed care companies talked with commission members and elected officials as commission work progressed. They stressed care delivery at a reasonable cost, but such companies usually locate in states where overhead costs for running the Medicaid program are higher than in Alabama.

Alabama Medicaid, with its 2 percent to 3 percent overhead, already has the third lowest cost per recipient of any state Medicaid program. Alabama Medicaid serves only low-income pregnant mothers and children, the elderly and people with disabilities. Parents earning above 12 percent of the federal poverty level (approximately \$200 a month for a family of four) and childless adults are not eligible for Medicaid in Alabama.

Also at play in the delivery system discussion was the impact that

commercial managed care would have on hospitals and other health care providers. Hospitals and nursing homes pay two-thirds of the current state share of Medicaid costs through a provider tax that is due for renewal this year. Alabama Hospital Association Executive Director Mike Horsley termed the state provider tax system "very fragile." If the state gives the Medicaid contract to an outside provider, Horsley said, "I don't see any way I could get my members to renew the provider tax."

Late in 2012, Bentley said Alabama will not expand Medicaid "under the current structure" to cover everyone up to 133 percent of federal poverty level, as the Affordable Care Act encourages states to do. But the work of the commission and a concurrent Joint Legislative Committee on Medicaid Policy could restructure the program and persuade the governor to approve expansion.

To find out more about the commission's Medicaid reform study and recommendations, visit Medicaid.alabama.gov and click on "Newsroom."

Feb. 14 rally at B'ham YWCA

Advocates build case for lending reforms

By Stephen Stetson, policy analyst

Opponents of predatory lending have a Valentine's Day message for Alabama legislators: "Bad finance leads to bad romance!" Feb. 14 has been declared a national day of action against high-interest loans, and consumer advocates are gathering at the Birmingham YWCA to kick off a campaign they hope will reach the State House. The rally, scheduled for 11:30 a.m. to 1 p.m., will focus on payday and car title loans, both of which legally charge triple-digit interest rates to Alabama borrowers. The Legislature is expected to consider bills this session limiting interest rates on both kinds of loans. Details about a follow-up event in Montgomery to announce the proposed legislation will be available at the rally.

Predatory lending has sparked a growing bipartisan concern, creating alliances between consumer advocates and congregations opposed on biblical

grounds to the practice of usury. Further, members of the military have experienced the effectiveness of capping interest rates on consumer loans. In 2007, Congress set a maximum of 36 percent interest on such loans to service members and their dependents.

"We're hoping to get a big turnout on the 14th because Birmingham has been a hotbed of concern about predatory lending," said Shay Farley, legal director at Alabama Appleseed, one of the groups organizing the event. "People have seen the damage that these loans have done to our communities. They say they're helping borrowers, but they're hurting them. Now it's time to join Georgia, Arkansas and North Carolina and fix our usury laws."

For details on the Valentine's Day rally and other events targeting predatory lending, contact Stephen Stetson at stephen@alarise.org or (800) 832-9060.

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Arise and League host dialogue

Mobile lawmakers hear constituent concerns

By Eric King, ACPP policy intern

South Alabama Arise members and the League of Women Voters of Mobile held a dialogue with state legislators at Dauphin Way United Methodist Church on Jan. 22. The event drew more than 60 participants, including five members of the Mobile legislative delegation. The representatives who attended were James Buskey (D), Randy Davis (R), Victor Gaston (R), Jamie Ison (R) and David Sessions (R). Alabama Arise state coordinator Kimble Forrister moderated the discussion.

Before the meeting, a planning committee developed questions related to health care, water management and public services for people with disabilities. A major focus of the evening's dialogue was access to health care. Some legislators expressed an interest in addressing barriers to access, such as Alabama's widespread shortage of health care providers. "You want to provide basic health care to as many people as you can," Gaston said. However, lawmakers were quick to cite Alabama's chronic revenue shortage as a barrier to improving or expanding health care services.

Another health care issue that received vigorous discussion was the potential impact of Medicaid expansion on Alabama's economy and hospitals. None of the legislators came out for or against the expansion, which Gov. Robert Bentley has said he will not approve "under the current structure." (See Page 1.) The legislators indicated they will not decide about expansion until they receive a report from the Joint Legislative Committee on Medicaid Policy. That body, chaired by Rep. Greg Wren, R-Montgomery, is expected to offer a package of Medicaid reform bills early in the 2013 session, which opens Feb. 5.

After legislators responded to the planning committee's questions, Forrister opened the floor for broader discussion. Topics included alternative energy, pollution, accessible tourism and ensuring that Alabamians get the jobs at a new Airbus plant. However, many audience members used this time to make passionate pleas for Alabama to expand Medicaid to low-income adults. One participant asked lawmakers to ponder this question: What will happen if Alabama does *not* participate in the Medicaid expansion?

Thank you!

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