

## **Arise legislative update 5-7-13**

### **Medicaid reform bill passes Legislature, heads to governor**

A bill to provide Medicaid services in Alabama through a network of regional care organizations (RCOs) sailed through the Legislature on Tuesday and went to Gov. Robert Bentley for his consideration. SB 340 [cleared the House 98-0](#) after brief discussion, culminating months of work by its sponsor – Sen. Greg Reed, R-Jasper – and Rep. Jim McClendon, R-Springville, who sponsored the identical HB 454.

Alabama Arise and the Disabilities Leadership Coalition of Alabama [will recommend representatives to the governing board and citizens' advisory committee of each RCO](#) under the measure. Reed's bill follows the Medicaid reform commission's recommendations, including consumer representation on key governing and advocacy bodies of the RCOs and an opportunity for Alabama providers to implement the state-designed managed care system.

"This major piece of legislation will have an impact on health care delivery to Alabama's most vulnerable citizens for years to come," said Arise communications director Jim Carnes, who represented consumers on Bentley's Medicaid reform commission. "We should celebrate its passage, but continue the work needed as the state puts the new system into operation."

#### **New system stresses prevention, better patient outcomes**

The reform plan shifts Medicaid from a traditional fee-for-service health care system to a network of RCOs across the state. Measures are designed to control costs while improving patient outcomes. Providers agree to care for patients for a flat yearly fee under the system, meaning it financially rewards providers for effective primary and preventive care. The design also gives consumers, local providers and other stakeholders strong control over health care delivery.

Among the key goals are to control rising health care costs by catching health problems earlier and to help Medicaid recipients avoid the need for much costlier emergency room care for more routine health problems, State Health Officer Don Williamson said. Williamson, who is overseeing the Medicaid redesign, said the bill's greatest strength is the RCO system and the way it pays doctors.

"It reduces emergency room use and rewards providers for preventive care," Williamson said. "In the current system, Medicaid patients often have no choice but to go to an emergency room for things a doctor could handle in an office."

#### **Bill limits access for private managed care companies**

Transportation to and from health appointments and better access to health providers are also part of the plan, Williamson said. Another strong point is a requirement that RCOs be "fiscally sustainable," he said. The legislation requires liability bonds to protect Medicaid from financial losses if an RCO fails.

Commercial managed care companies, which lobbied to be the state's Medicaid providers, would enter the Medicaid picture only if an RCO could not sustain services in its region and no other RCO agreed to assume responsibility for services there.

Alabama hospitals now pay a provider assessment fee to a state trust fund set up to use as the state's share of matching funds to help bring federal Medicaid dollars to the state. Williamson said passage of SB 340 will assure continuation of that fee, which was set to expire this year.

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