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# In Alabama, an Effort at Medicaid Managed Care, With Different Managers

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Managed care in Medicaid may not be a new concept, but it's a newsmaker. For example, the fight to transfer management of care for 560,000 Iowans to private contractors has gone for more than a year.

Which is what makes Alabama's attempt to try managed care so interesting. Governor Robert Bentley, a Republican who is a former Air Force medical officer, opted to try managed care, but the enterprise will be controlled by providers, not the commercial insurance companies who have drawn complaints in other states.

Alabama has resisted Medicaid expansion under the Affordable Care Act, and the state has some of the strictest enrollment limits in the country—parents can make only about \$4000 a year to obtain health coverage under the program. Beneficiaries are largely children, the disabled, pregnant women, or seniors who are dually eligible under Medicare.

Despite this, Medicaid costs were growing in Alabama, as they are elsewhere in the South despite the overall resistance to Obamacare. Some believe increased awareness about health coverage, and contact with navigators about the exchanges, let some very poor realize they could gain access to Medicaid for the first time. With costs rising, Alabama was weighing Medicaid cuts if state officials could not reach agreement with CMS on a waiver.

This month, the federal government blessed Alabama's first-of-its-kind plan create 5 regional care organizations (RCOs), all nonprofit entities run by providers. According to information from the governor's office, each RCO will be governed by a board quite local in nature. By law, the boards must feature 12 "risk-bearing" members, which provide the assets to operate the RCO; and 8 "non-risk-bearing" members, which must include medical providers who provide care in that given area.

The law further requires that each board include an optometrist, a pharmacist, 3 primary care physicians and a representative from a federally qualified health center, as well as a business leader appointed from an area Chamber of Commerce. The law also ensures representation from advocates for persons with disabilities. About 650,000 beneficiaries will enroll in these entities, according to a press release from

Bentley's office.

Hospital leaders who will run the program say the infusion of federal aid that will come with the waiver--\$328 million over 3 years to get the RCOs up and running, and improve access to care, with an additional \$420 million possible—will make it easier for providers to manage chronic disease like diabetes that are so prevalent in the state.

Medical providers are hopeful that Alabama officials may someday change their minds on Medicaid expansion, but the RCOs are a good first step. “We see this as a huge milestone,” Danne Howard, executive vice president for the Alabama Hospital Association, told [Kaiser Health News](#). “We hope this will pave the way for more serious discussion of expansion.”

For oversight, a state board controlled by physicians will rate the RCOs on dozens of quality and customer service measures, and these new entities will be judged on whether they do a good job keeping sick people out of the hospital.

Not everyone thinks it was necessary to build provider networks from the ground up. However, Alabama's market conditions are unusual—Blue Cross and Blue Shield of Alabama controlled 84% of market in 2014. The state's [mental health](#) delivery system nearly collapsed last year when BCBSAL severed its relationship with the largest mental health provider, for example. The episode led to an outcry from providers over the state of service delivery and reimbursement levels, especially for the poor.