

Alabama lawmakers wrap up hearings on Medicaid



Members of the Alabama Legislature's House and Senate budget committees hear a presentation today from Medicaid Commissioner Stephanie Azar at the last in a series of hearings on Medicaid. (Mike Cason/mcason@al.com)



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Alabama lawmakers finished a series of [hearings on Medicaid](#) today to collect information about funding and the outlook for an ambitious reform plan that has been underway more than three years.

Medicaid Commissioner Stephanie Azar told members of the House and Senate budget committees that Gov. Robert Bentley is reviewing potential service cuts because state funding for next fiscal year is \$85 million less than Medicaid's request.

Azar said she expects the governor will allocate some one-time money for Medicaid but not enough to fully close the gap.

Azar said one of the first cuts might be reduced payments to doctors.

She said that could happen as early as August.

Azar and other officials have said previously that reduced payments could cause some doctors to stop seeing Medicaid patients.

Earlier this year, the Legislature postponed the start date for a sweeping reform of Medicaid.

Beginning Oct. 1, Medicaid was to serve patients through regional care organizations, non-profit corporations made up of hospitals, doctors and other investors.

Lawmakers had passed a bill in 2013 to start the transformation.

The RCOs would receive a capitation payment, a fixed amount for each Medicaid recipient they enroll, to coordinate their care and pay doctors for covered services.

That would depart from the current system of Medicaid paying for every doctor visit and procedure.

Medicaid serves about 1 million people in Alabama. The RCOs would handle care for about two-thirds of those. Nursing home care, pharmacy, dental care and substance abuse services would not be provided by RCOs.

In February, the federal Centers for Medicare and Medicaid Services approved a waiver to allow the change to RCOs, which is intended to slow the growth in costs and improve patient outcomes.

The waiver called for Alabama to receive \$748 million from the federal government over five years to make the transition.

But that's on hold, with the implementation date for the RCOs delayed indefinitely.

Eleven RCOs in the state's five regions have organized, obtained probationary certification from Medicaid and were gearing up to be ready for Oct. 1.

Executives with the RCOs spoke at today's hearing and urged lawmakers to find a stable source of funding to proceed with the change to managed care.

Anna Velasco, executive director of Alabama Care Plan, one of the RCOs, said the organizations have invested heavily with money and time to get ready to be up and running.

Alabama Care Plan includes UAB Health System, St. Vincent's Health System and Triton Health Systems, and will contract with VIVA Health.

Velasco said the risk RCOs will assume by being responsible for taking care of patients on a fixed amount of money is a powerful incentive.

"They have an incentive to deliver the right care at the right time in the right setting," Velasco said.

The managed care concept is expected to place more emphasis on prevention, such as cancer screenings and prenatal care, innovations, such as telemedicine, and management of chronic conditions.

Sen. Trip Pittman, R-Montrose, chairman of the Senate's General Fund committee, said the hearings have built a record for lawmakers to review as they weigh important decisions about the future of Medicaid and RCOs.

Today's final meeting was the seventh, and Azar has made detailed presentations at each.

Azar's presentations can [be found here](#).

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