



## State Health Officer Don Williamson introduces proposed Medicaid regions



By [Mike Cason | mcason@al.com](mailto:mcason@al.com)

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[Email](#)



State Health Officer Don Williamson discusses a proposed map of five new Medicaid regions in Alabama under a new managed care plan in Montgomery, Alabama on June 17, 2013. (Mike Cason/mcason@al.com)

MONTGOMERY, Alabama --- State Health Officer Don Williamson today introduced a proposed map dividing the state into five regions for Medicaid services [under a new managed care system](#).

Williamson introduced the map at a public meeting for health care providers, advocates and others.

The regions include a north region with 10 counties, including Madison County; a central/east region with 15 counties, including Jefferson and Shelby counties; a west region with 13 counties, including Tuscaloosa County; a central/southeast region with 21 counties, including Montgomery County; and a southwest region with eight counties, including Mobile and Baldwin counties.

The map will be subject to change during a public comment and rule-making process. Williamson said there would be at least one public hearing. The map is expected to be final by Oct. 1.

[See the map of Medicaid regions.pdf](#)

The Alabama Medicaid Agency will switch from a system of paying doctors and hospitals on a fee-for-service basis, and instead will contract with regional care organizations, RCOs, to provide care for Medicaid patients for a negotiated payment per beneficiary.

The RCOs will make money if they can provide care for less than the negotiated payment. That gives RCOs incentive to keep patients healthy through prevention and efforts to control chronic conditions, such as diabetes, Williamson has said.

The current plan calls for one RCO per region.

The system was mandated under a bill signed into law by Gov. Robert Bentley on May 17. It is intended to slow the growth of the cost of Medicaid, which receives about one-third of the state's annual spending from the General Fund.

The Legislature appropriated \$615 million from the General Fund to Medicaid for fiscal 2014, which starts Oct. 1.

The RCOs are expected to be in place by Oct. 1, 2016, although some could begin operations sooner.

Alabama has more than 900,000 people on Medicaid.

Medicaid beneficiaries in nursing homes will not initially be included in a regional care organization. Long-term care Medicaid programs, such as those providing care to people in nursing homes, continue unchanged through Sept. 30, 2016.

Here's how many Medicaid recipients there are in each region who would be included in the new RCOs:

**A (North Alabama/Huntsville): 120,039**

**B (Central/East Alabama/Birmingham): 214,153**

**C (West Alabama/Tuscaloosa): 61,534**

**D (Central/Southeast Alabama/Montgomery): 172,518**

**E (Southwest Alabama/Mobile): 114,670**

Williamson said 60,000 was considered the minimum number for a region. He said the map was drawn with the intent, to the extent possible, to maintain existing patterns of hospital and doctor referrals and to keep hospital systems intact.

For example, Walker County borders Region C, which has the lowest number of beneficiaries, and could have been placed there rather than Region B. But Williamson said Walker County patients are more often referred to Jefferson County providers and that Walker Baptist Medical Center is part of the Birmingham-based Baptist Health System.

Patients whose doctors fall in another region should still be able to see those doctors, Williamson said. That's because RCOs have to let providers participate, including those outside of the region, if the provider is willing to accept the reimbursement levels set by the RCO and meet other requirements. For example, a Birmingham doctor could see patients from Chilton County, even though it's in a different region, because the Birmingham doctor could participate through Region D, Chilton County's region.

RCOs will be allowed to set lower reimbursement rates for out-of-region providers. But Williamson said Medicaid will set minimum reimbursements to prevent the disparity from being so great as to negate the use of out-of-region providers.

Williamson also said he expects every region to have a contract with Children's Hospital in Birmingham and with UAB Hospital.

Jim Carnes, policy team adviser for Alabama Arise, an advocacy group for low-income families, said Arise supports the regional, managed care concept because it provides incentives for the RCOs to counsel patients toward better health.

"Overall, as the costs themselves have gone up, it just makes sense to shift care to the front end, where it's cheaper and where outcomes are better," Carnes said. "If you intervene earlier and get people in a management program, you lower the cost at the back end, you lower hospital utilization, and it just makes sense overall."