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TOP STORY

Lawmakers seek delay on Medicaid contracts

By Mary Sell Montgomery Bureau Updated Nov 5, 2016

MONTGOMERY – Citing costs and the recent exit of some key players, some Alabama lawmakers are rethinking their 2013 legislation to overhaul how Medicaid is delivered to nearly 1 million patients in the state.

Members of the Legislative Contract Review Committee said Thursday it is asking Gov. Robert Bentley not to move forward with two contracts -- one for \$8.2 million -- related to the creation of the regional care organization system.

That's a move that could delay or kill the transformation to a managed-care system.

Meanwhile, Medicaid Commissioner Stephanie Azar said a third proposed regional care organization this week dropped out of the initiative. Like the previous two, there was concern about the state's long-term funding of Medicaid, she said.

The regional care organizations are spending millions of their dollars to set up their infrastructure.

"There seems to be somewhat of a lack of commitment on this, and if that's the case, now is the time to find out before we spend more money," Senate President Pro Tem Del Marsh, R-Anniston, said Thursday about concerns he's heard.

Azar said she has deadlines specified by the legislation and state statute she needs to meet.

"It's not optional for me not to move forward," she said.

As of last year, about \$16 million had been spent on the implementation of the new program. That was a mix of state and federal money, Azar said.

The goal of the regional care organizations was to "bend the cost curve" on Medicaid's expenses. The third-party regional care organizations would oversee patients' care and be paid a set amount per patient.

Medicaid costs a total of more than \$5 billion a year, including federal funding, and has been a growing burden on the state's General Fund. But nixing the RCOs wouldn't fix the budget problem.

"I've been clear ... we've got a revenue problem with or without RCOs," Azar said Thursday.

"The Legislature is going to have to come up with additional revenue for the Medicaid program. Even if we don't have RCOs, we have to have it for our bare-bones funding because we've lived off one-time funding for so long," she said.

Contract review committee chairman, Sen. Bill Holtzclaw, R-Madison, said he doesn't want to see the regional care organizations launched without more clarification about funding.

"I think we're great risk if we put the RCOs in place and inadvertently put pressure back on the Legislature to do something we might not be able to do," Holtzclaw said about funding for Medicaid.

Earlier this week, Senate General Fund committee chairman, Trip Pittman, R-Daphne, said he didn't think the state has the money to move forward with the RCOs.

Bentley's office on Thursday said he would meet with concerned legislative leadership soon.

The transformation calls for splitting the state into five areas where multiple regional care organizations can operate. So far, three proposed regional care organizations have backed out of the plan. Eight remain, Azar said.

The new system is supposed to take effect July 1, 2017, after being delayed from Oct. 1 of this year.

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