An Operational Vision for Care Delivery Reform in Alabama

Moving from extremely limited managed care to a fully capitated Medicaid model … in a couple of years!

Defining the Problem – Alabama Medicaid Needed Reform

1

Costs: Health costs – and the portion of the state budget dedicated to Medicaid – continue to rise rapidly.

2

Medicaid Financing: The state lacks a long term sustainable funding model. Current financing builds perverse incentives by basing program funding on utilization and costs.

3

Provider Reimbursement: The current model does not pay based on value and incentivizes utilization.

4

Care Delivery: The care delivery system is fragmented, with minimal incentives and infrastructure to coordinate care across providers.

Collaborative Approach

1. Medicaid Agency director resigned and replaced with politically savvy and well-liked public health officer.

2. Governor convened commission to explore various reform options and develop framework for reform.

3. State leaders were careful to include all provider types, business and consumers on commission.

4. Commission presented findings to governor, findings that formed the basis for initial legislation.

5. Legislation wasn't perfect, but structured to keep all parties in the boat and allow for community-led managed care.

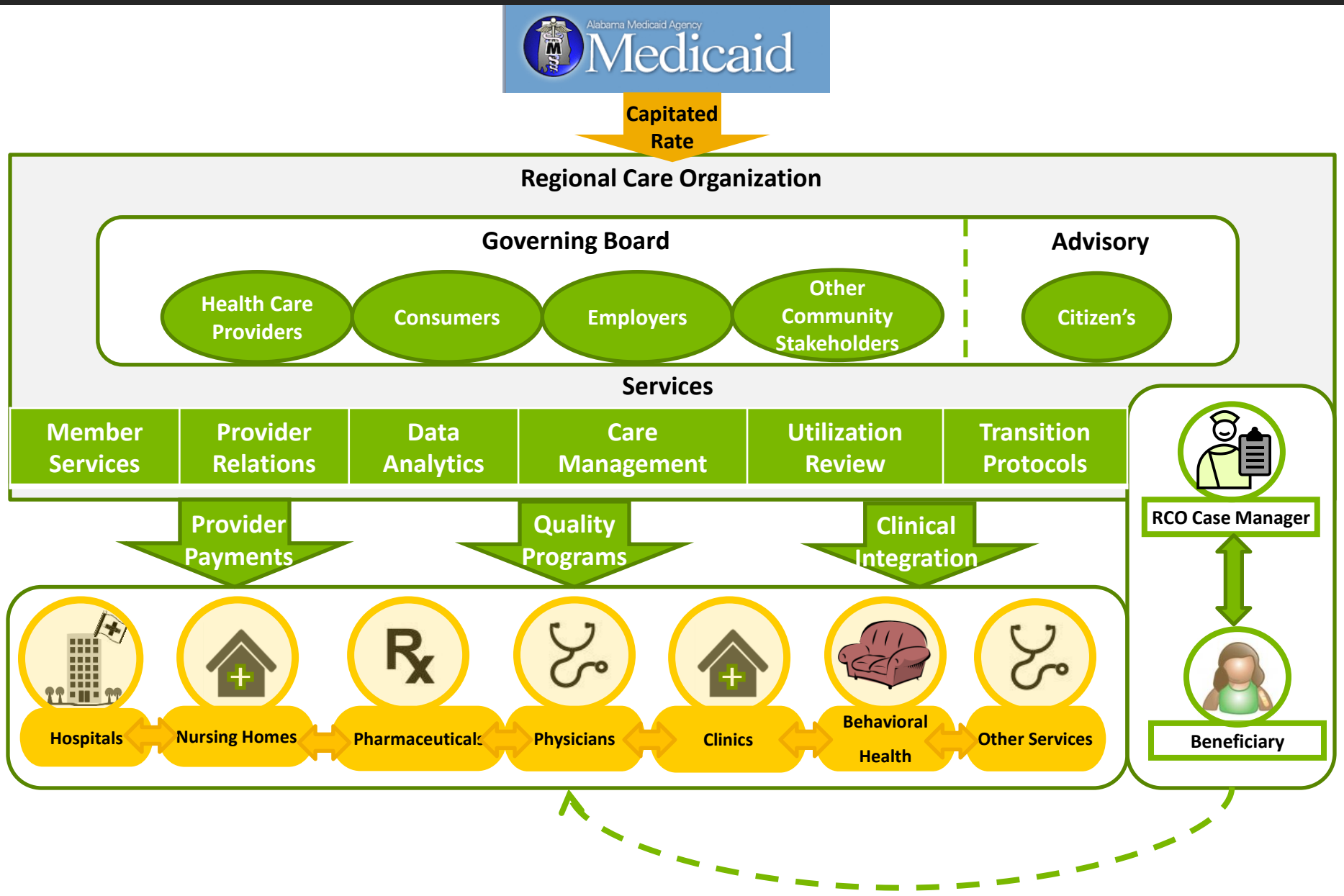
Reform Principles

1. The RCO must be able to implement effective care interventions to reduce utilization and improve outcomes.

2. RCOs must have fiscal integrity and provide the state fiscal certainty.

3. The RCO must be beneficiary-centric and community led.

Regional Care Organizations



Initial member thoughts …

RCO Implementation Timeline

The following dates are "not later than." The Medicaid Agency is permitted to certify RCOs prior to the dates identified below.

October 1, 2013

- Medicaid Agency establishes RCO regions

October 1, 2014

- RCOs establish governing board and structure, approval of which may result in "probationary certification"

April 1, 2015

- RCOs must demonstrate ability to establish an adequate provider network

October 1, 2015

- RCOs must demonstrate they meet solvency and financial requirements

October 1, 2016

- RCOs must demonstrate they are capable of providing services pursuant to a risk contract
- RCOs must be in all regions of the State

Where We Are with RCO Development

- ✓ Legislation passed (twice!)
- ✓ State anti-trust protections in place
- ✓ Regulations finalized:
  - ✓ RCO regions
- ✓ Proposed regulations released:
  - ✓ Supervision of Organizations with Probationary Certification
  - ✓ Citizen's Advisory Committee
  - ✓ Contract for Case-Management Services with Probationary Certification RCOs
- ✓ Waiver concept paper submitted to CMS
- ✓ Draft waiver released for public comment

Still To Come, Among Other Things

- ➢ Updated rules on governance and probationary certification due to new legislation
- ➢ Finalize waiver & obtain federal approval
- ➢ Issue remaining regulations, e.g., network adequacy requirements
- ➢ Approve probationary/full RCOs
- ➢ Build RCOs

Association Lessons Learned

- Member communications is critical, even if it's just restating the questions with no immediate answers.
- Critical for leaders to be inclusive
- While having a hospital tax is not ideal, it has definitely provided a seat at the table.
- Constant evolution of learning for association staff and members that requires expert advice.
- A per-diem payment system doesn't result in good coding

In the end …

Population health … not heads in beds or clicks!