

The image is a composite background. At the top, a stethoscope is shown in a soft, out-of-focus light. Below this, a black horizontal band contains the main title and subtitle in white text. The bottom portion of the image shows a close-up of a medical chart with several colorful tabs (green, blue, orange, red) labeled with numbers and letters like '5', '3', '7', '4', '6', and 'M'. A stethoscope and a pair of glasses are resting on the chart.

Alabama Medicaid Transformation

Regional Care Organizations
as a Vehicle for Change

May 2014



Regional Care Organizations as a Strategy for Medicaid Reform

- The state of Alabama has established a new system of healthcare financing and service delivery for a subset of Medicaid recipients
- The goal is to improve care and reduce cost that would otherwise be incurred through the existing fee-for-service system
- The strategy is to establish a capitated managed care system through regional care organizations (RCOs)
- An RCO is a corporate entity established under state law that is governed by a Board of Directors representing providers, the public and investors



Regional Care Organizations as a Strategy for Medicaid Reform

- **Delivery Model Reforms**
 - Mandatory enrollment in a care management entity
 - Medical/health home model for Medicaid recipients
 - Include most Medicaid recipients
 - Manage physical and behavioral health services
 - Connection with the health information exchange
- **Provider Reimbursement Reforms**
 - Implement value-based purchasing strategies
 - Enhance coverage and payments for targeted services to enhance access



What's in the Law?

Recap:

- Law enacted during 2013 Legislative Session; changes made by 2014 Legislature
- Dental and long term care carved out for now
- Long term care and dental evaluations due 10/1/15
- Anti-trust / collaboration requirements
- Board composition outlined
- Timeline for implementation
- Medicaid will enroll recipients into RCOs
 - Recipient choice or assignment if no choice is made
- Quality Assurance Committee required



Modifications in 2014 Revision

- **Change in governing board**
 - Board actions no longer require consent of at least one primary care physician
 - Primary care physicians previously selected by caucus of county boards of health, now selected by MASA
- **Allows creation of executive committee**
 - Executive committee limited to implementing governing board policy
 - Primary care physician must be a member of all committees
 - All risk-bearing classes given a seat on executive committee
- **Establishes reimbursement floor**
- **Creates provider standards committee at RCO level**
 - Must be 60% physician membership
 - Metrics subject to review of Q/A committee



Modifications in 2014 Revision

- Establishes extensive provider grievance process
- Requires Medicaid consider provider input in renewal decisions
- Assures Medicaid right to review all contracts
- Allows one entity to have a majority of the governing board only if no other entity offers to bear risk



Agency is on schedule to comply with law

- **10/1/13** – Medicaid established RCO regions
- **10/1/14** – RCO governing boards approved by Medicaid
- **4/1/15** – RCOs must prove they have an adequate provider network
 - Rules to define will follow probationary RCO rules
- **10/1/15** - RCO must meet solvency requirements
 - Rules to define will follow probationary RCO rules
- **10/1/16** - RCO must demonstrate ability to provide services under a risk contract (RCOs start bearing risk) no later than this date



Progress Toward Reform

- Regions established
- New rules filed
- 1115 waiver is being drafted
- Quality Assurance Committee working on metrics
- *One Health Record*® pilot project approved
 - East Alabama pilot project to test benefits of EHR and HIE data exchange for patients and providers
- Covered services and populations identified
- Working with actuary
- Implementation vendor under contract



Rules Filed

- **Final rules – Administrative Code Chapter 62**
 - Certificate to Collaborate with other Entities, Individuals or RCOs
 - Active Supervision of Collaborations
 - Citizens' Advisory Committee
 - Active Supervision of Organizations with Probationary Certification
 - Contract for Case Management services with Probationary RCOs
- **Emergency rules filed May 2, 2014**
 - Governing Board of Directors
 - Probationary Certification of Organizations Seeking to Become Regional Care Organizations
 - Conflict of Interest Policy



Collaboration Rules and Reporting

- The state has determined that it is in the public interest for providers, individuals, and other community entities to cooperate in the formation and operation of the RCO's.
- A collaboration certificate is required of all collaborators with specific standards for reporting covered activities.
- Collaborators include individuals and organizations (business entities)
 - Many are providers desiring only to contract with RCO organizations
- Online process for application and reporting

Apply for a Certificate to Collaborate

Each person or entity who is operating or may operate as a RCO Collaborator shall possess a certificate (Certificate to Collaborate) issued by the Alabama Medicaid Agency qualifying such person or entity to collaborate as set forth in Section 22-6-163 of the Alabama Code.

To apply for a certificate to collaborate as an RCO Collaborator, you must first create a profile in the Agency's online system and then submit your application through the portal.

[Click to Apply](#)

Questions? [Click here to email Medicaid](#)
Telephone Assistance: (334) 353-4121



Timeline for Probationary RCOs

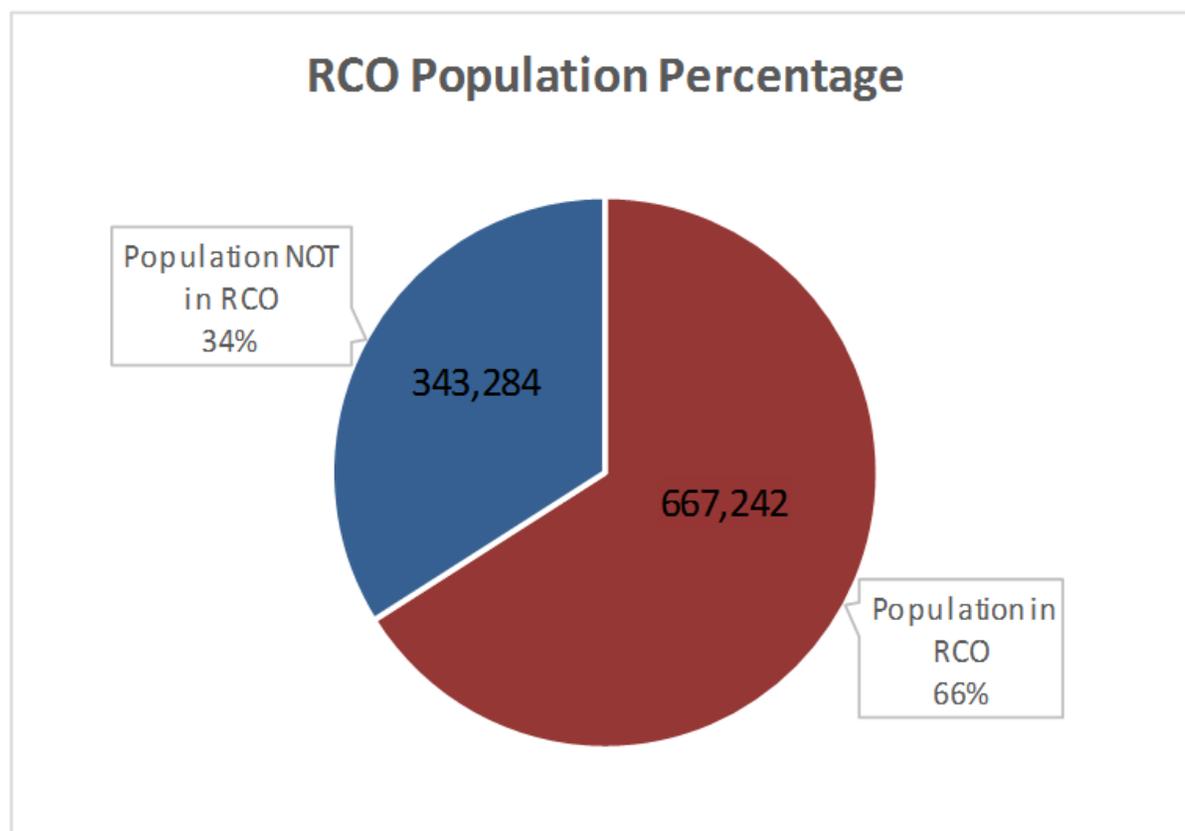
- **Probationary RCOs**

- Agency working to implement changes required by 2014 law
- Probationary RCO applications
 - Accepted May 12 to August 1, 2014
 - Online portal for application process
- Final date for probationary certification – September 30, 2014
- Statewide expansion of health home – January 1, 2015



Covered Populations

Approximately two-thirds of Medicaid population are projected to enroll in RCOs:





Populations

- **Covered populations**

- Aged, blind & disabled recipients
- Breast and Cervical Cancer Treatment Program participants
- Recipients of Medicaid for Low Income Families (MLIF)
- SOBRA children and adults

- **Excluded populations**

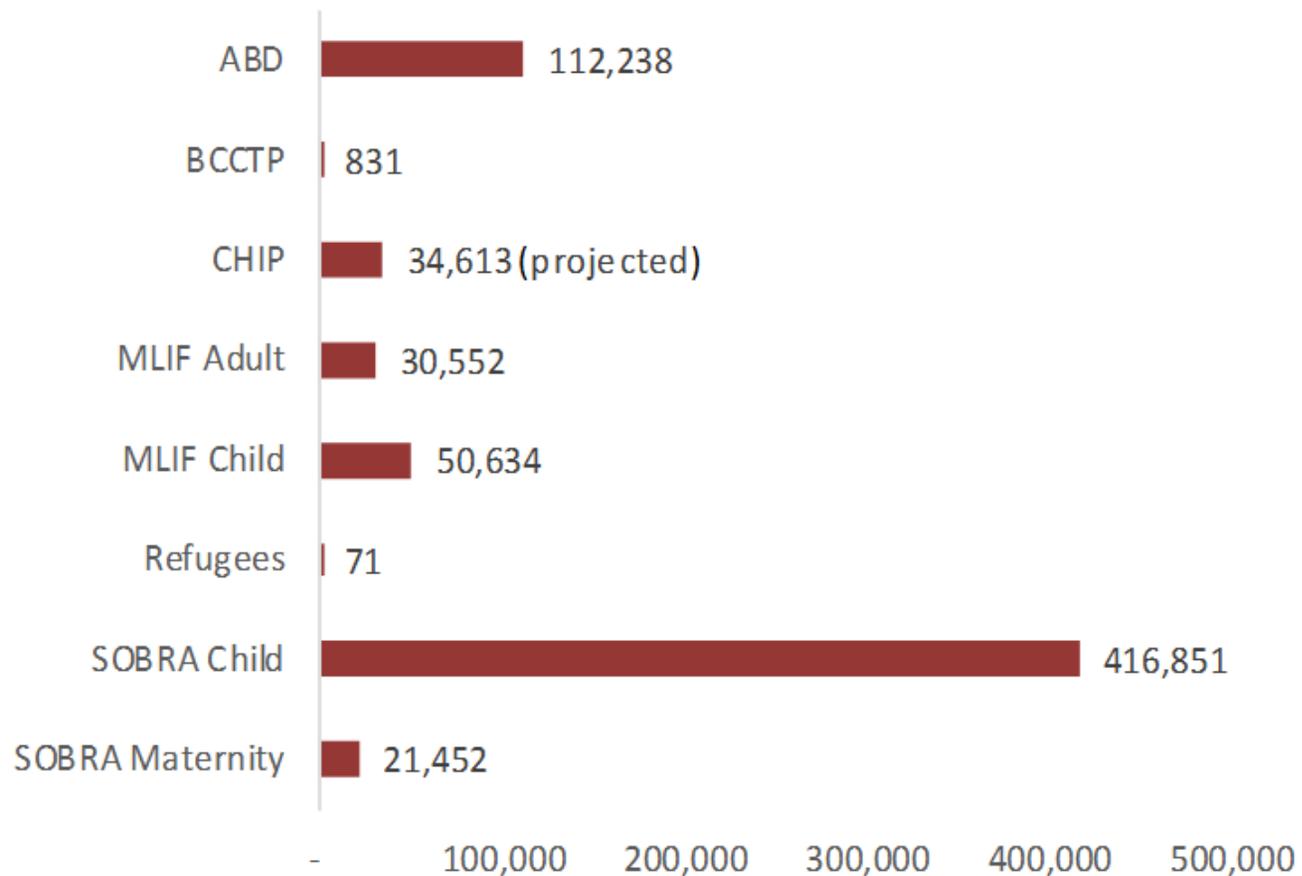
- Medicare/dual eligibles
- Foster children
- Hospice patients
- ICF-MR recipients
- Nursing home/institutional recipients
- Plan 1st and unborn recipients
- Home and Community-Based Services waiver recipients





Covered Populations

Population In RCO (as of Sept '13)





Covered Services

- Some of the services to be covered by RCO:
 - Hospital inpatient and outpatient care
 - Emergency Room
 - Primary and Specialty Care
 - FQHCs/RHCs
 - Lab / Radiology
 - Mental/Behavioral Health/Substance Abuse
 - Pharmacy
 - Eye Care
 - Maternity
- Long term care and dental services are excluded now





Transition of Primary Care Networks to RCOs

- Medicaid currently has funded four primary care networks (PCNs) that provide a level of managed care in 21 counties
- Enhanced federal funding is available to expand that program statewide
- As a transition step, Medicaid is continuing to explore using probationary RCOs to facilitate expansion
- This action would give Medicaid and the RCOs an opportunity to develop strategies to improve care and analytical capabilities



1115 Waiver

- Financial success for Alabama's RCO effort depends on federal approval of an 1115 waiver which will inject additional funds needed for investment in reform.
- 1115 Waiver is a federal program used to test new ways to deliver and pay for Medicaid health care services that:
 - Improve care, increase efficiency and reduce cost
- Use of 1115 federal investment
 - RCO Investments
 - Quality of Care Pool
 - Provider Transformation Payment Transition Pool
- Next steps:
 - Public comment period ended April 4; 400+ comments
 - Formal waiver submitted to CMS – May 2014
 - Waiver negotiations - ???



Critical Success Factors...

- State funding must meet current operational needs.
- Medicaid must demonstrate that RCO, full risk strategy is less costly than current system.
 - Actuarially sound rates
 - Must be approved by CMS
- CMS must approve 1115 Waiver with Designated State Health Program (DSHP) matching and approve the resulting federal funds for the transformation with acceptable conditions.
- Probationary RCOs must transition to operationally effective entities that can accept risk/capitation.

Questions? Comments?

<http://www.medicaid.alabama.gov>

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Medicaid Pharmacy Commission submits final report to Governor

New rules proposed to support move to RCOs, comply with state law

Agency contracts with vendor for RCO implementation support

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WELCOME

Welcome to the Alabama Medicaid Agency! Medicaid is a state/federal program that pays for medical and long-term care services for low-income pregnant women, children, certain people on Medicare, individuals with disabilities and nursing home residents. These individuals must meet certain income and other requirements.

Information about ALL Kids to Medicaid transfer -- [Click here](#)

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RCO Web Page:

- Collaboration information
 - Applying for Certificate
 - Reporting of Activities
- Links to proposed and final rules
- District map
- 1115 waiver concept paper
- QA Committee activity and webinars
- Legislation
- Presentations