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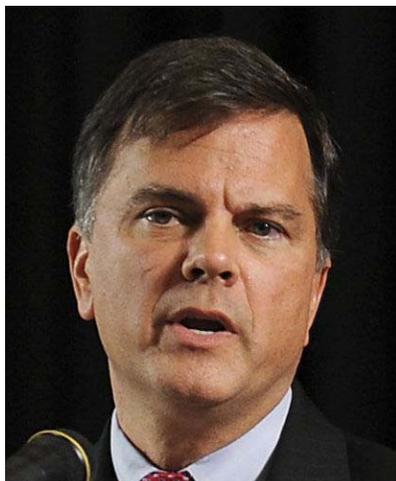
FEATURED

## Lawmaker: State can't afford Medicaid transformation

By Mary Sell Montgomery Bureau Updated Nov 3, 2016



Sen. Trip Pittman, R-Daphne



MONTGOMERY — One of the budget leaders in the Alabama Legislature thinks the state can't afford and should temporarily table its plan to change how Medicaid serves its nearly 1 million patients.

Another said before the state puts any more money into it, he wants assurance the transformation from a fee-for-service model to a managed-care system will happen next year.

The creation of the regional care organizations, third-party groups



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that oversee patients' care, was approved more than three years ago. The goal was to slow the state's growing cost for the agency that spends more than \$5 billion a year.

But Sen. Trip Pittman, R-Daphne, said Wednesday he doesn't think the state has the money to move forward with the implementation or should commit to contracts with the organizations.

Pittman is the chairman of the Senate General Fund committee and on the Legislative Contract Review Committee. The contract review committee meets today and has before it a one-year contract extension worth up to \$8.2 million between Medicaid and a Chicago consulting group assisting with the launch of the regional care organizations. This is the second extension for a contract originally worth up to \$12.1 million.

"I'm objecting to it," Pittman said about the contract. "We just don't have the money. I don't know why we're proceeding with the RCOs."

Last month, lawmakers balked at a \$1.3 million contract for legal assistance related to the transformation.

The Legislature in August and September met in a special session to scrape together a budget to fund Medicaid. A portion of the state's BP settlement was used to prop up the budget for fiscal 2017, which began last month. Looking ahead to 2018, Pittman said he expects there to be about \$30 million less in the General Fund budget.

The transformation — where the regional care organizations have a financial stake in keeping patients healthier and costs lower — was supposed to begin last month but was delayed amid budget concerns. The regional care organizations would be paid a set amount per patient.

"To me, if you're going to do the RCOs, then you have to have without question the revenue stream to fund it, and I don't see that revenue stream," Pittman said. "I don't see any revenue streams to fund the RCO program for three to five years, which you need."

Pittman voted against the RCO legislation in 2013 at least in part because of concerns about cost, he said Wednesday.

The transformation plan calls for splitting the state into five areas where multiple regional care organizations can operate. Medicaid spokeswoman Robin Rawls on Wednesday said Viva Health Inc. and the UAB Health System recently informed the agency they would not be moving forward with their proposed regional care organizations in two areas of the state.

"It does not change anything for us," Rawls said. "We are continuing to move toward a July 1 implementation date."

Sen. Arthur Orr, R-Decatur, who is on the contract review and General Fund committees, said he wants more assurance the transformation is going to happen before any more state dollars are spent. He's concerned about other organizations dropping out.

"We don't need to spend \$7 million or \$8 million now and then decide two months from now that RCOs aren't going to proceed because we don't have enough support," Orr said.

The Huntsville Hospital System has created two regional care organizations. On Wednesday, CEO David Spillers said he's still optimistic the state will move forward with implementation. He said he'd be willing to move forward with the new system, even if other parts of the state are not and continue to operate under the current funding structure.

Medicaid is funded through provider fees and state and federal dollars. The contract with Navigant Consulting Inc. is funded through a 50-50 split of state and federal money.

Information about how much the state has spent to date on the transformation was not immediately available.

Gov. Robert Bentley has been a proponent of the RCOs and wants to see them move forward, a spokeswoman said Wednesday.

Sen. Tim Melson, R-Florence, is on the General Fund committee and a medical doctor. He wasn't in the Legislature when the RCO legislation was approved.

"We either need to bite the bullet and fund it or kill it and move on," Melson said. "But I want to know how much it is going to cost if we don't fund it. We were given certain money from the federal

government for this, so what are the consequences of not funding it?”

About \$700 million in federal dollars has been pledged to the new program over the next five years.

Sen. Larry Stutts is also a doctor and lawmaker on the General Fund committee. He thinks Medicaid funding questions hinge on next week's presidential election. Republican nominee Donald Trump is proposing federal block-grant funding of Medicaid.

“If that happens, we wouldn't have a funding crisis in Medicaid,” Stutts said. “We cut out a lot of the federal red tape.”

Opponents of that plan have said it could lead to funding and care disparities.

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