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Bentley launches legislative push for Medicaid reform

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MONTGOMERY — Flanked by health care officials and lawmakers, Gov. Robert Bentley officially launched a push Tuesday to get his Medicaid reform plan through the Alabama Legislature.

“We can put this into place and it will make Medicaid more efficient and more effective,” Bentley said in a press conference at Jackson Hospital in Montgomery.

Speaking on the 12th day of the Legislature’s 30-day session, Bentley said legislators will soon introduce bills that would set up as many as eight nonprofit or quasi-public regional entities to manage health care for Medicaid patients, with a per-patient cap on the amount of money those agencies receive.

The Medicaid reform legislation, not yet introduced in either house, will be the product of months of study by the Medicaid Advisory Commission, convened last year to bring the costs of the state-and-federal health care program down.

Alabama will spend an expected \$615 million on Medicaid in this fiscal year, roughly twice the program’s pre-recession costs. Much of that increase is due to the growth in the number of people who live below the poverty line and are thus eligible for Medicaid coverage.

Still, Medicaid reform advocates say at least some of the cost can be offset by a change in the way Medicaid delivers services. They pointed to Medicaid’s current fee-for-service model, which pays for medical care on demand, with caps on how many times per year a patient can request certain services.

Bentley, a dermatologist, said he’d seen firsthand the inefficiencies of that system.

“I realized that Medicaid patients needed some management,” he said. He said that for every 10 Medicaid patients he scheduled, five would actually show up, often because they were children whose parents had to work. Case management would help prevent some scheduling conflicts, officials said.

The proposed reform would create regional health care networks around the state that would take responsibility for covering Medicaid patients. The state would give those organizations a yearly sum based on a yearly expected cost per patient. The regional networks would perform case management on each patient, with the intent of bringing the cost down.

State Health Officer Don Williamson said the regional networks would be quasi-governmental bodies or nonprofit corporations headquartered within the regions they cover.

“Basically, it’s a locally developed, locally run managed-care plan,” he said.

Williamson wouldn't speculate on how many people would be employed in administration of each network, once they're set up.

In past events, Williamson and other members of the Medicaid Advisory Commission have said the new health care networks would likely be built by hospitals and other already-existing health care agencies. Anniston is home to two hospitals that serve patients from surrounding counties. But the health care regions for the state have yet to be established, and Williamson said it was too early to say whether Anniston would be in the same region as Gadsden — also home to two hospitals — or Birmingham.

“We want regions that are actuarially sound,” he said. He said the Black Belt, with a high-poverty population but few hospitals, would pose a problem officials who will draw district lines.

Williamson said the changes, if approved, would cut projected costs of the program by \$50 million to \$75 million per year. But they wouldn't cut the program's cost below this year's \$615 million.

“What this bill does is bend the cost curve,” he said. “It doesn't make Medicaid cost hundreds of millions of dollars less.”

Medicaid reform bills referred to in the press conference haven't been introduced yet, though supporters say they will be in the next few days. The legislative session is nearly half over, and the pace of legislation in both houses has slowed after debate over the passage of a school-reform bill, passed earlier this month, that Democrats say was significantly changed at the last minute.

Senate Minority Leader Vivian Davis Figures, D-Mobile, said she'd have to see the legislation before deciding whether to support the reform.

Davis has repeatedly introduced resolutions to urge Bentley to expand Medicaid to an additional 300,000 clients under the Affordable Care Act, a move that would be funded entirely by the federal government in the first three years and at more than 90 percent thereafter.

“The longer we wait, the more millions of dollars we leave on the table,” she said.

Bentley said his first priority is to repair the system, not expand it.

“What we're going to do at the present time is to try to fix the system, and try to make the system better,” he said.

Asked whether he'd consider the program fixed after the reform legislation passes, Bentley said the process was just starting.

“This is just the beginning,” he said. “We haven't passed the legislation yet.”

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