

Bentley supports Medicaid changes

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Gov. Robert Bentley indicated Tuesday that he would support proposed legislation aimed at changing the way in which Medicaid delivers services to patients and payments to providers.

At a press conference at Jackson Hospital, Bentley and members of his Alabama Medicaid Advisory Commission, which was set up to look at efficiency and cost improvements, said they hoped the changes would move the program toward better outcomes for patients and state budgets.

“We need to better manage this group of patients so that we can better their lives,” Bentley said at the press conference. “That’s really what we’re here for.”

The legislation has not yet been filed, but is expected to be introduced later this week and follow recommendations made by the commission last January.

The changes would authorize Medicaid to divide its delivery system into a maximum of eight regions, run under a patient-care, case-management model. Under the PCCM, payments to providers would move from a fee-for-service program into one where compensation depends on patients’ health care results.

“You’re paying not on a visit basis, but an outcome basis,” said State Health Officer Don Williamson, the chairman of the commission. “Medicaid today would pay for a hip replacement based on numbers of days of hospitalization.

“Now we will pay a global amount for that hip replacement ... It incentivizes the hospital, because you’re now paying them a capped amount, to deliver more efficient care to get them out ... more quickly, but not too quickly, because otherwise they don’t get reimbursed for the bounce-back (if complications arise).”

Work on implementing the networks will begin this year, said Williamson. The Alabama Medicaid Agency would set policies and determine boundaries for the districts, which have not yet been determined.

Districts also would have the option of contracting with a managed care organization to provide care or risk management. The agency currently has four pilot programs in the state similar to the PCCM model.

Bentley and Williamson said they hoped the moves would reduce emergency room utilization by Medicaid recipients and ensure greater access to primary care providers.

“One of the things well-done, integrated health care systems do is they provide wrap around services to get (a) kid to the physician’s office,” he said. “They provide ways for the parent to get services different from 8 to 5, when you’re working.”

The projected savings are relatively modest — \$50 to \$75 million per year, according to Williamson, in a program expected to cost the state up to \$1 billion annually by 2018. However, Williamson said it would help “bend the cost curve” of the program, which has accelerated in recent years.

Medicaid covers approximately 940,000 Alabamians — roughly 20 percent of the state population — and covers 53 percent of the births in the state, 47 percent of the children and almost two-thirds of nursing home residents. The recent economic downturn has significantly increased enrollment; Medicaid is budgeted to receive about \$615 million in General Fund money in 2013, making up the single-largest expenditure in the

budget. The federal government matches state spending at a rate of over two-to-one.

The governor has often referred to Medicaid as a “broken system,” and Tuesday said he wanted to see Medicaid do a better job connecting patients to primary care providers and preventive care, and reducing emergency room utilization. That, Bentley said, was helping drive costs upward.

“It’s getting out of reach for all states, not just Alabama,” he said.

Williamson called Medicaid a “foundational portion” of the state’s health care system. He hoped to see the proposed networks help connect patients to primary care.

“You can’t do health care in Alabama without Medicaid being an integral part of it,” he said. “I don’t ... believe people who are on Medicaid get worse health care than people who have Blue Cross.”