

# FY 2015

## News through the Year

In Fiscal Year 2015, Medicaid moved closer to its goal of creating locally-led Regional Care Organizations (RCOs) that will ultimately provide healthcare services to most Alabama Medicaid recipients. Medicaid's transformation plans moved forward with certification of 11 probationary RCO applicants.

Other highlights of Fiscal Year 2015 included six probationary RCOs agreeing to operate Health Home programs after Alabama Medicaid expanded the program statewide and the Agency's final push to implement the ICD-10 diagnosis codes after years of groundwork.

### Eleven probationary Alabama RCOs certified

All 11 organizations that applied to be Alabama's first Regional Care Organizations received probationary certification in December 2014.

Probationary certification means that the various groups met initial requirements established by the state including formation of a governing board and bylaws, formation of a Citizens' Advisory Board, among others. The next step toward final approval requires the probationary RCOs to demonstrate that they can provide an adequate provider network and have financial solvency to operate a viable program no later than October 1, 2016.

The newly certified organizations included:



Region A (North Alabama): Alabama Community Care – Region A, Alabama Healthcare Advantage North, and My Care;

Region B (Central/East Alabama): Alabama Care Plan and Alabama Healthcare Advantage East;

Region C (West Alabama): Alabama Community Care – Region C and Alabama Healthcare Advantage West;

Region D (Central/Southeast Alabama): Alabama

Healthcare Advantage and Care Network of Alabama; and, Region E (Southwest Alabama): Alabama Healthcare Advantage South and Gulf Coast Regional Care Organization.

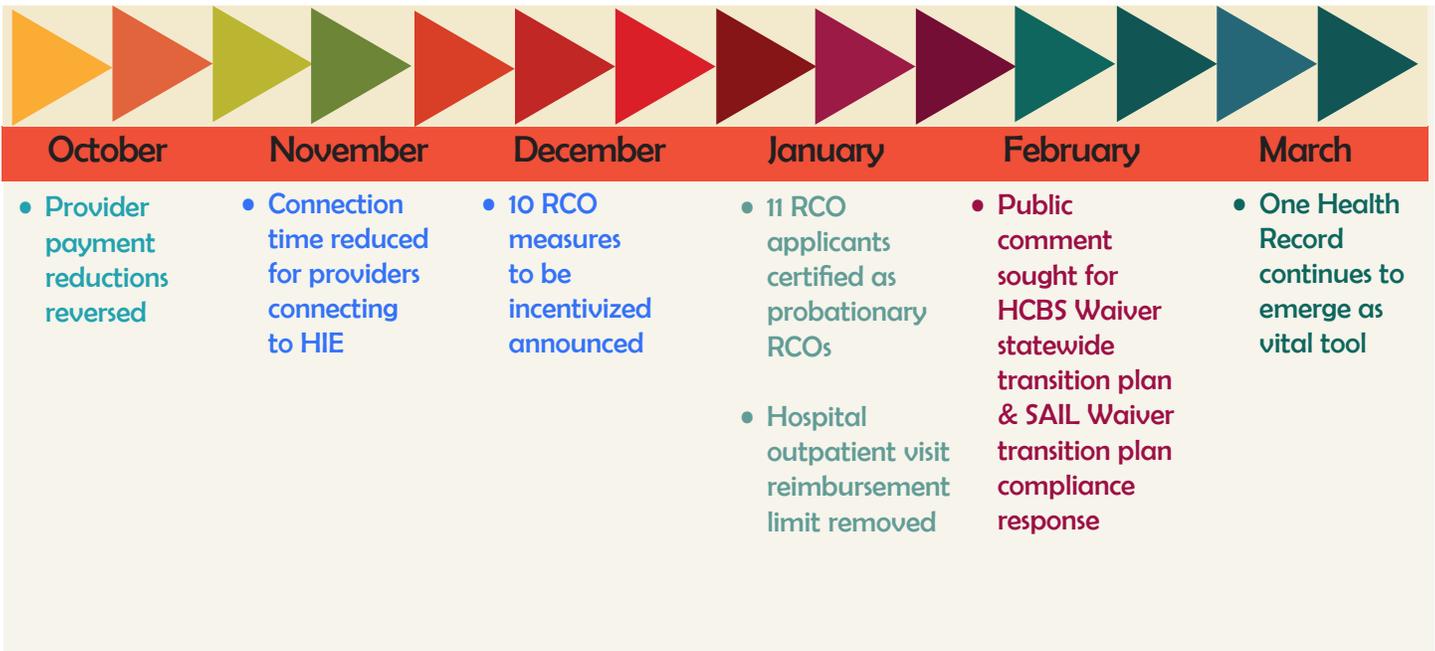
### Improved health outcomes goal for RCO quality assurance incentive measures

In addition to assuming the financial risk of providing health care, Medicaid's planned Regional Care Organizations will also be responsible for improving enrollees' health outcomes once the new system is underway in October 2016.

Agency officials announced that 10 quality assurance measures will be incentivized under the new managed care system. The announcement came at a November 2014 meeting of the RCO Quality Assurance (QA) Committee.

The 10 measures are a subset of 42 measures unanimously approved by the QA Committee earlier in 2014. Those 42 measures will be used for monitoring RCO performance, but the ten will be used in the incentive program. All but one of the 42 measures are nationally recognized and validated, allowing Alabama to compare its performance to other states and national benchmarks.

The QA committee was created under the 2013 law establishing Regional Care Organizations, and is comprised of healthcare professionals of which 60 percent or more must be physicians.



## Health Home expansion to help patients with chronic health conditions

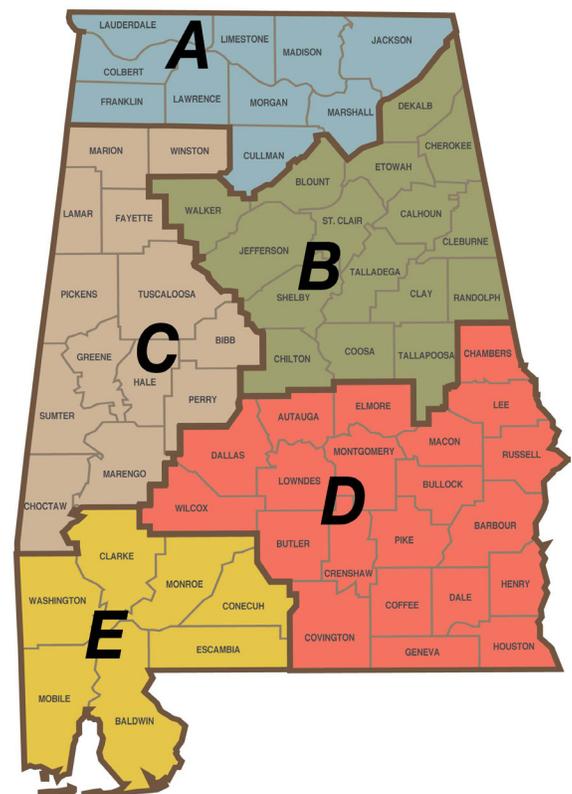
More than 250,000 Medicaid recipients with chronic health conditions began receiving access to enhanced care coordination and other services to improve their overall health when the Alabama Medicaid Agency expanded its Health Home program on April 1, 2015.

Six probationary Regional Care Organizations (RCOs) contracted to operate Health Home programs. The groups include: Region A: Alabama Community Care – Region A and My Care Alabama; Region B: Alabama Care Plan; Region C: Alabama Community Care – Region C; Region D: Care Network of Alabama; and Region E: Gulf Coast Regional Care Organization.

The program, which has operated since 2012 as Patient Care Networks in 21 counties of the state, expanded statewide as an interim step toward implementation of full-risk RCOs.

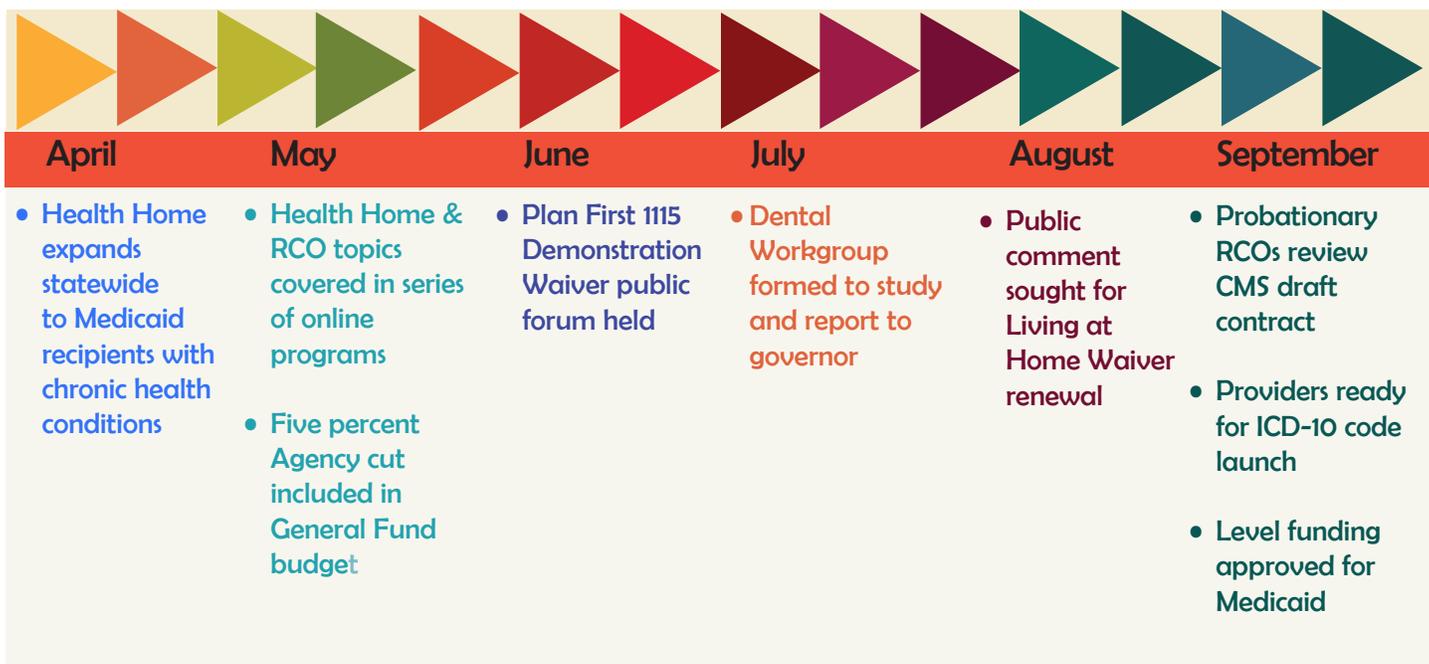
The Health Home program is defined by the federal government as an optional Medicaid program that integrates and coordinates care for patients with certain chronic conditions to achieve improved health outcomes.

In Alabama, the Health Home program adds an additional level of support to Patient 1st Primary Medical Providers (PMPs) by intensively coordinating the care of patients who have or who are at risk of having certain chronic conditions: asthma, diabetes, cancer, COPD, HIV, mental health



conditions, substance use disorders, transplants, sickle cell, BMI over 25, heart disease and hepatitis C.

Care management, or coordinated care, in the Health Home program is done by connecting patients with needed resources, teaching self-management skills, providing transitional care and bridging medical and behavioral services, among other efforts.



## Contracts, rate development and data dominate RCO meeting discussions

Representatives of the state's 11 probationary Regional Care Organizations met in Montgomery to review the draft contract to be submitted to the Centers for Medicare and Medicaid Services in early October. The group also received updated information on various issues related to RCO implementation, including provider standards committee formation, encounter data and capitation rates.

The updated version of the contract reflects the input of over 1,100 comments on a December 2014 version of the contract. Comments generally focused on finance, health IT, enrollment, encounters and legal issues.

The updated draft contract is also written with the expectation that CMS will require the Agency to maintain freedom of choice with the participation of at least two organizations in each region.

A short comment period will precede the document being submitted to CMS for approval. Federal approval of the contract is required before final RCO certification can take place.

## Dental workgroup created to study and report to Governor, State Legislature

While Medicaid's dental program was not initially included in RCO-covered services, the 2013 RCO law required the

Agency to evaluate its existing Medicaid dental program and report its findings to the governor and legislature at the beginning of FY 2016.

The group formed in the summer of 2015 and met during August and September. During the study period, the group heard presentations about Medicaid dental programs in other states and examined various models of care, including managed care, fee-for-service and hybrid models. The workgroup consisted of dental providers and organizations, plus physician groups, consumers, and other stakeholders.



## Provider payment cuts started in 2013 reversed

Payment reductions made to certain providers during 2013 were reversed starting October 1, 2014. The cuts, made in order to help balance the Agency's 2014 budget, impacted physicians, dentists, lab and X-ray providers, durable medical equipment providers and renal dialysis providers.

Physician payments – including payments to physician assistants and nurse practitioners – had been reduced 7.5 percent on October 1, 2013. A 5 percent payment reduction to the other providers was implemented in April 2013. The reduction did not impact the federally-mandated payments to primary care physicians.

## Annual limitation for hospital outpatient visit reimbursement removed

Outpatient visits were no longer limited to three per calendar year effective for dates of service January 1, 2015, and thereafter. As a result, Alabama Medicaid began reimbursing all in-state and out-of-state hospitals claims for medically necessary outpatient visits without regard to an annual limitation.

## Public comments sought for Statewide Transition Plan & three HCBS waiver renewals

The Agency sought public comment in February and March on its proposed Statewide Transition Plan for Alabama Home and Community-Based Waiver programs. The Statewide Transition Plan is the vehicle through which states determine their compliance with regulation requirements for home and community based waiver programs and describes to Centers for Medicare and Medicaid (CMS) how they will comply with the new requirements.

The CMS final rule requires that all HCBS waiver programs meet certain qualifications. The Statewide Transition Plan is designed to ensure that individuals receiving long-term services and support through home and community-based service waiver programs have full access to benefits of community living and the opportunity to receive services in the most integrated setting that is appropriate.

The Statewide Transition plan will include the individual waiver transition plans from Intellectual Disabilities, State of Alabama Independent Living (SAIL) and Living at Home Waiver that were also presented for public comment during waiver renewal in 2015.

The Statewide transition plan includes actions the state proposes to ensure compliance with HCBS requirements for all waivers. The individual waiver renewals address all aspects of each program. The Statewide Transition plan only focuses on the settings in which services are delivered and their compliance with CMS' Final Rule.

## Annual forum held for input on Medicaid's Plan First 1115 Demonstration Waiver

Providers, recipients and other interested individuals had the opportunity to provide input on the Alabama Medicaid Agency's Plan First program during a June 11, 2015 public forum in Montgomery.

The annual forum is a requirement by the Centers for Medicare and Medicaid Services (CMS) for the 1115 Demonstration Waiver under which the Plan First program operates. The waiver was originally approved in 2000 and renewed by CMS on December 29, 2014.

The goal of the Plan First program is to reduce unintended pregnancies and improve the well-being of Alabama's children and families by extending Medicaid eligibility for



family planning services to eligible women ages 19-55 whose income is at or below 141 percent of the Federal Poverty Level.

## New technology reduces connection time to state health information exchange

Changes to the state's health information exchange (HIE) technology make it possible to connect providers to One Health Record® in substantially less time than before, according to a report given during a November 2014 state Health Information Exchange (HIE) Commission meeting.

Under the previous technology platform, connections normally took around 90 to 100 days. But, the purchase of a new interface software engine allowed the HIE to successfully connect a clinic or hospital in less than one day.

The HIE commission provides oversight/guidance for the development and operation of One Health Record®.



## State Legislature approves Fiscal Year 2016 level funding for Alabama Medicaid Agency

After two special sessions and much debate, the state of Alabama received a General Fund Budget for the fiscal year that began October 1, 2015. Gov. Robert Bentley signed the state General Fund budget on September 16 after days of discussions by legislators over how to fund Medicaid and other General Fund agencies.

The Alabama Legislature adjourned after approving a \$1.75 billion General Fund budget which included \$685 million for the Medicaid Agency's operations and a conditional appropriation of \$40 million to continue reforms of its payment and delivery systems. Legislation to provide an

additional \$16 million in provider taxes for Medicaid was approved as well.



While many state agencies experienced substantial cuts, Medicaid was level funded, thanks to legislative approval of a 25-cent-per-pack cigarette tax and the transfer of \$80 million from education funds to cover the projected \$200 million shortfall in the General Fund.

### **State workgroup evaluating wide range of Alabama Medicaid long term care services**

Members of a state workgroup tasked with evaluating Medicaid long term care services began studying potential ways to improve quality and outcomes for Medicaid recipients in February. The group is looking at a wide range of services including institutional and community-based long term care.

The 17-member workgroup commissioned in 2013 by the legislation that created RCOs includes long term care and home care providers as well as state agency officials and consumer advocates. Long term care services are currently exempted under the RCO law.

### **National implementation of ICD-10 code set**

Alabama Medicaid providers spent much of the year preparing to implement an updated standardized medical code set for medical diagnoses and inpatient hospital procedures to comply with requirements of the Health Insurance Portability Accountability Act (HIPAA).

The October 1, 2015, nationwide implementation date for the new ICD-10 codes culminates a multi-year transition effort. The new code set will replace the ICD-9 code that has not been updated in the U.S. for more than 35 years. All providers, with the exception of dental and pharmacy providers, will be affected by this change.

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### **Medicaid joins state task force in tackling chronic health problems, access to care issues**

Under the leadership of Dr. Don Williamson, chairman of the Medicaid Transition Task Force, the Alabama Health Care Improvement Task Force took its first steps toward finding potential solutions to some of the state's most compelling health care challenges.

Created in April 2015 by Gov. Robert Bentley, the 38-member task force is comprised of legislators, physicians, state agency officials, consumer advocates, and health care professionals from around the state. Acting Commissioner Stephanie Azar joined the group that is expected to explore possible reform ideas over the next three years and offer suggestions for policy changes to the Governor as early as the 2016 legislative session.

In the Executive Order creating the task force, Gov. Bentley cited a shortage of primary care doctors, the prevalence of chronic conditions and the closure of 10 hospitals between 2011 and 2013 as some of the major issues the task force hopes to solve.

Making health care accessible and affordable are only two of the challenges addressed by the group. At its second meeting chairs of the task force's three committees – Personnel, Infrastructure and Quality of Care outlined their focus areas. These include more telemedicine options; improving or ensuring access to hospitals, clinics or other facilities in rural or underserved urban areas; making sure communities have enough medical professionals; improving the integration of care for mental health and physical health; and improving the overall general health of Alabamians.

