



# Alabama Medicaid Agency

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July 27, 2017

## **Alabama Medicaid to Pursue an Alternative to Regional Care Organizations**

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MONTGOMERY -- Alabama Medicaid Commissioner Stephanie Azar announced Thursday that in light of known federal administration changes and potential congressional adjustments the Alabama Medicaid Agency will pursue an alternative to the Regional Care Organization (RCO) initiative to transform the Medicaid delivery system. Moving forward, the State will work with the Centers for Medicare and Medicaid Services (CMS) to create a flexible program which builds off the Agency’s current case management structure as a more cost-efficient mechanism to improve recipients’ healthcare outcomes.

Commissioner Azar cited major changes in federal regulations, funding considerations, and the potential for new opportunities for state flexibility regarding Medicaid spending and services under the Trump Administration as key factors in the decision to employ a new strategy for the state Medicaid program. Since the passage of the RCO statute, new managed care regulations have made the RCO program less viable for the state. Additionally, funding uncertainties at the state and federal levels led to the withdrawal of several probationary RCOs.

“It is highly likely that federal healthcare changes are on the horizon,” Commissioner Azar said. “While the financial implications could be challenging for our state, the new flexibilities and waiver options that the Trump Administration is willing to consider gives our state Medicaid program new options to accomplish similar goals without incurring the same level of increased upfront costs associated with the RCO program.”

“In the coming days, I will work with Governor Ivey, our stakeholders and CMS to develop an innovative model to accomplish our goal of retooling Medicaid to better serve the needs of Alabamians.”

RCOs were mandated by state law in 2013 to move the Medicaid agency away from its current payment system to one that would incentivize efficient delivery of high-quality healthcare services and improve health outcomes. When RCOs were first proposed after the Affordable Care Act under the Obama Administration, the plan was appropriate; however, in today’s climate, it is no longer the best use of taxpayer resources, she said.

The program was set to launch in 23 north and west Alabama counties on October 1, 2017.

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