



## Alabama Medicaid: The Move to a Managed Care Program (Part I)

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On May 17, 2013, Governor Bentley signed into law Act 2013-261, Ala. Code §§ 22-6-150 et seq., which changes the Alabama Medicaid system from a fee-for-service to a managed care program (the "Act"). This historic legislation will result in nearly 1 million Alabama Medicaid beneficiaries receiving care from new entities called regional care organizations or "RCOs". Each RCO will receive a capitated per-member per-month fee from the Medicaid Agency in return for providing health care services to beneficiaries assigned to the RCO. RCOs must be established no later than October 1, 2014, with the provision of care starting October 1, 2016. According to the Medicaid Agency, the new managed care program is estimated to save Alabama and the federal government between \$748 million and \$1.079 billion over five years.

Following is a summary of the key elements of the Act, along with a discussion of regulations and other guidance issued by the Alabama Medicaid Agency (the "Agency"). To date, only a few regulations have been issued, and therefore much of what is known about RCOs and the Medicaid managed care program is taken from the Act itself. Part I of this paper will discuss organizational and operational requirements of RCOs, while Part II published next month will discuss the antitrust immunity provided to third-party payers, health care providers and other individuals and corporations (called "collaborators" under the Act) to collectively cooperate, negotiate and agree on price and health care delivery.

Readers can download the article in its entirety [here](#).

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