

**ALABAMA**  
**SECTION 1115 DEMONSTRATION**  
**FACT SHEET**

**Name of Section 1115 Demonstration:** Alabama Medicaid Transformation  
**Waiver Number:** 11-W00299/4

**Date Proposal Submitted:** May 30, 2014  
**Date Proposal Approved:** February 9, 2016  
**Date of Implementation:** April 1, 2017  
**Date of Expiration:** March 31, 2022

**Number of Amendments** 1

**SUMMARY**

On February 9, 2016, CMS approved this demonstration to allow Alabama to transition from its current fee-for-service (FFS) delivery system to statewide managed care through risk-bearing, provider-based regional care organizations (RCOs). The state planned to implement the demonstration in April 2016, but was unable to begin due to a significant state budget deficit in 2016. The state was able to resolve the budget issues in November 2016 and submitted a request to amend the implementation date in December. On March 30, 2017, an amendment was approved to delay implementation of the demonstration by one year to April 1, 2017 and extend the expiration date to March 31, 2022.

Under the demonstration, the state will make payments to providers and RCOs that will assist in the transition to new payment methodologies which the state anticipates will create incentives for the efficient use of resources. The RCOs will operate in five distinct regions of the state and affected populations will be assigned to an RCO based on geographic location. All RCOs will complete financial solvency and network adequacy requirements to become fully risk-bearing in demonstration year 1. The goals of the demonstration are to use the RCO delivery system to further the objectives of title XIX by:

- Addressing fragmentation in the state’s delivery system;
- Improving prevention and management of chronic disease;
- Improving access to and care coordination of health services;
- Improving birth outcomes; and
- Improving healthcare delivery system financial efficiency.

Authority for transition pool payments to RCOs and providers begins in demonstration year 1 and extends through the end of demonstration year 3. The purpose of the payments is to support the transition to capitated risk-based RCOs and improve care delivery through integrated provider systems. In addition, under the demonstration, expenditure authority will provide federal matching funding for specified state healthcare programs and activities to assist the state in the transition to a reformed Medicaid health care delivery system.

The March 2017 amendment required Alabama’s assurance that no waiver authorities previously

approved for April 1, 2016 through March 31, 2017 were implemented during that period. The amendment also specifies there is no federal financial participation available for any demonstration costs authorized under the expenditure authorities that were in effect for April 1, 2016 through March 31, 2017.

### **ELIGIBILITY**

This demonstration affects most populations who are eligible under the state plan, unless otherwise excluded as described in Special Term and Condition (STC) 18, and those subject to opt-out or opt-in provisions in STC 22 and STC 23.

The following populations will not be affected by the demonstration and will continue to receive Medicaid benefits through the service delivery system under the approved state plan:

- a. Children in foster care
- b. Children in the custody of the Department of Youth Services
- c. Inmates and people living in Institutions for Mental Diseases (IMDs)
- d. Individuals dually eligible for Medicare and Medicaid
- e. Aged, blind or disabled individuals receiving only optional state supplements
- f. Individuals participating in the Program of All-Inclusive Care for the Elderly (PACE)
- g. Individuals receiving long-term skilled nursing care in long-term care facilities
- h. Individuals utilizing home- and community-based waiver services
- i. Individuals utilizing hospice services
- j. Individuals receiving Refugee Medical Assistance
- k. Individuals participating in the Plan First Program who only receive family planning services
- l. Individuals with other commercial managed care insurance or participating in the Health Insurance Premium Payment (HIPP) program
- m. Individuals with limited or no Medicaid coverage (e.g., some non-citizens only eligible for emergency services, or individuals receiving short-term hospital presumptive eligibility)

### **DELIVERY SYSTEM**

Through this demonstration, the state is implementing managed care through RCOs. By October 1, 2017, all RCOs will become capitated, risk-bearing managed care plans contingent upon CMS approval of the risk contract and state's completion of appropriate readiness review.

### **BENEFITS**

Individuals affected by this demonstration will receive benefits described in the Alabama State Plan through the RCOs, except for the following services that are excluded in this demonstration and will continue to be provided as indicated in the approved state plan:

- a. Children's specialty clinic services
- b. Dental services
- c. Hearing services
- d. Home- and community-based services
- e. Home health services
- f. Hospice services
- g. Intermediate care facility for individuals with intellectual disabilities services
- h. Medicaid emergency psychiatric demonstration services
- i. Mental illness rehabilitative services if provided by Department of Human Resources (DHR); Department of Youth Services (DYS); or Alabama Department of Rehabilitative Services (ADRS), including Children's Rehabilitation Service (CRS) and Alabama's Early Intervention System (EI).
- j. Non-emergency transportation (NET) services that are covered by the Department of Mental Health for clients receiving allowable mental health services at Community Mental Health Clinics
- k. Nursing facility and nursing facility ventilator services
- l. Organ transplants with the exception of corneal
- m. Outpatient renal dialysis services
- n. Prescription drugs (NDC codes billed utilizing NCPDP standard transactions)
- o. Preventive health education
- p. Public health case management services
- q. Public health clinic services
- r. Public health family planning clinic services
- s. School-based services
- t. State laboratory services
- u. Substance use rehabilitative services
- v. Targeted case management services

## **EVALUATION PLAN**

The state is required to evaluate the demonstration and the evaluation design will include the following demonstration hypotheses:

- i. Integration of physical and behavioral health services will improve quality of covered Medicaid services in comparison to the current FFS delivery system;
- ii. Statewide care coordination through RCOs will result in improved health outcomes in comparison to the current FFS delivery system;
- iii. Care coordination through RCOs will result in appropriate utilization of hospital and emergency department services in comparison to utilization under the current FFS delivery system to reduce avoidable hospitalizations; and
- iv. RCOs will be more effective in coordinating care in comparison to the current FFS delivery system.

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