



Executive Board Position Statement on RCOs & Medicaid Funding

February 13, 2017

On behalf of the more than 770 members of the Alabama Chapter-American Academy of Pediatrics (AL-AAP), the AL-AAP Executive Board continues to be a full supporter of provider-driven Medicaid reform in an effort to encourage the Medical Home, particularly patient-centered care and cost-effective care coordination. However, considering the uncertainty of long-term funding and the unknown details of program changes to Medicaid at the federal level, it is our position that all aspects of reform, including Regional Care Organizations, should be put on hold until our state leaders have the needed clarity to make informed decisions on the healthcare delivery system that serves more than 600,000 of Alabama's most vulnerable children and supports our state's healthcare infrastructure. Above all, in order to ensure stability for this vital program, reform must include long-term, sustainable funding for the Alabama Medicaid Agency.

Talking Points on Medicaid Reform & Funding:

- Considering the uncertainty of long-term funding and the unknown details of changes to Medicaid at the federal level, it is our position that all aspects of reform, including Regional Care Organizations, should be put on hold until our state leaders have the needed clarity to make informed decisions on the healthcare delivery system. The AL-AAP supports cost-effective, patient-centered, coordinated reform backed by stable and reliable funding. The AL-AAP continues to advocate for additional state revenue, such as an increase in the tobacco tax, as sustainable funding mechanisms. The AL-AAP also continues to support Medicaid's health home program, which provides care management to chronically ill Medicaid patients.
- Even though the September 2016 Special Session resulted in a specific appropriation for Medicaid for Fiscal Years 2017 and 2018, it does not represent adequate funding to support RCO reform. Significant financial shortages for all state programs funded through the General Fund must be addressed in the 2017 Regular Session of the Alabama Legislature.
- Medicaid block grants are under strong consideration in Washington, and many of our state's leaders have indicated support of this federal funding plan for Medicaid. However, depending on the methodology developed by CMS in determining the state share for block grants, it is highly likely that states like Alabama will not fare well. Block grant mechanics must be carefully and thoughtfully considered. A poorly designed block grant system would have serious and far-reaching effects on the overall funding of health care in Alabama and will lead to drastic cuts to care for our most vulnerable children. Whereas now in Alabama, state Medicaid spending receives a fixed 70.16% federal match, block-granting would cost- and risk-shift the entire financing of the program to states. Alabama would be directly responsible for any spending over the state's annual federal spending cap. And with the unique way Alabama funds its Medicaid with provider taxes and intergovernmental transfers, Alabama stands to lose even more. With shaky state funding of Medicaid in Alabama already, cuts in federal funding of this magnitude can only result in reductions to eligibility and enrollment, harmful reductions in services, waiting lists, and cuts to payment. All of these steps would harm children as they obtain fewer benefits, suffer diminished access to needed care, and experience periods with limited coverage, or no coverage at all. Access to health care would be at risk for not only Medicaid patients, but for every Alabamian.