**1115 Waiver Approval Talking Points**

In the 2013 legislative session, the Legislature worked with business, community, and health care leaders to pass a comprehensive plan to transform the Alabama Medicaid program through Regional Care Organizations (RCO). RCO reform transitions Medicaid from a system that rewards volume to one that incentivizes quality. The RCO model adds accountability and care coordination to improve efficiency in the program. The approval of the 1115 Waiver recently announced is a huge achievement in Alabama’s effort to reform Medicaid.

**What are Regional Care Organizations?**

RCOs are **managed care organizations** operated by local communities and local providers designed to coordinate the health care of Medicaid patients. Since RCOs are made up of local leaders and providers, they provide a way to let a local community direct local action. The RCOs have extra motivation because it is their community.

**How are RCOs different from traditional Medicaid?**

RCOs will move away from a volume-based payment system to one that **incentivizes better care and budget efficiencies**. Under the new structure, Alabama Medicaid will enter into contracts with RCOs to coordinate patient care. RCOs will work with patients to make sure they receive the appropriate preventative care in order to avoid expensive emergency room visits…the right care, at the right time, in the right setting.

**What does this mean for Medicaid patients?**

The RCO system will build upon the existing health home model, giving each Medicaid patient a primary care physician. By **increasing access to primary care**, patients will receive early, preventative care instead of relying on more expensive emergency care. These patients will now have a source for all their health care needs.

**How will RCOs impact the General Fund?**

RCOs will receive a set payment for each Medicaid eligible in their region. In the RCO system, providers will work to manage the care, encouraging patients to seek preventative care instead of costly emergency room visits. Case managers will work with patients to ensure quality of care and also **shift care to less expensive settings**. The state has been divided into 5 regions with the RCOs bearing the financial risk for the cost of the care they provide to individuals living in that region. As Medicaid recipients receive better coordinated care in a more efficient manner, the RCOs will **bend the cost curve** for the program and provide a more predictable budgeting environment.

**What is the future of Medicaid?**

RCOs are an important investment in Medicaid. With the newly approved 1115 waiver, Alabama can move forward with its plan to **enhance care coordination** and bend the cost curve. By properly investing in Medicaid and the RCO model, the Legislature can take the final step in the reform process.

**What’s next?**

Health care providers are working with the Legislature to ensure that Medicaid’s budget needs are met, enabling the state to move forward with this crucial transformation. Without an **adequate investment on the front end**, this reform, designed to ensure future efficiencies, cannot move forward.