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H.B. No. 1771

Substitute the following for H.B. No. 1771:

By: McReynolds

C.S.H.B. No. 1771

A BILL TO BE ENTITLED

AN ACT

relating to the Medicaid managed care delivery system.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 533.001, Government Code, is amended by amending Subdivisions (2) and (5) and adding Subdivisions (8), (9), and (10) to read as follows:

(2) "Executive commissioner" [~~"Commissioner"~~] means the executive commissioner of the Health and Human Services Commission [~~health and human services~~].

(5) "Managed care plan" means a plan under which a person undertakes to provide, arrange for, pay for, or reimburse any part of the cost of any health care services. A part of the plan must consist of arranging for or providing health care services as distinguished from indemnification against the cost of those services on a prepaid basis through insurance or otherwise. The term includes a primary care case management provider network or an integrated care management provider network. The term does not include a plan that indemnifies a person for the cost of health care services through insurance.

(8) "Case management" means the method of identifying, assessing, planning, coordinating, and monitoring recipients with complex, chronic, or high-cost health care needs and the development of a plan of care to coordinate the medical and social support services needed to achieve optimum recipient outcomes in a

1 cost-effective manner. The term includes disease management.

2 (9) "Medical home" means a primary care physician or
3 health care provider who:

4 (A) manages and coordinates all aspects of a
5 recipient's health care; and

6 (B) has a continuous and ongoing professional
7 relationship with the recipient.

8 (10) "Service coordination" means a process,
9 independent of providers, to link recipients with the spectrum of
10 medical, functional, and social support services and resources by
11 developing a plan of care to maximize the potential of the recipient
12 to achieve optimal health care, community integration and
13 inclusion, independence, and functionality.

14 SECTION 2. Section 533.002, Government Code, is amended to
15 read as follows:

16 Sec. 533.002. PURPOSE. The commission shall implement the
17 Medicaid managed care program as part of the health care delivery
18 system developed under Chapter 532 by contracting with managed care
19 organizations in a manner that, to the extent possible:

- 20 (1) improves the health of Texans by:
- 21 (A) emphasizing prevention;
 - 22 (B) promoting continuity of care; ~~and~~
 - 23 (C) providing a medical home for recipients;
 - 24 (D) providing long-term services and supports in
25 the most integrated setting possible; and
 - 26 (E) promoting consumer control and
27 self-determination through consumer-directed services;

1 (2) ensures that each recipient receives high quality,
2 comprehensive health care services in the recipient's local
3 community;

4 (3) encourages the training of and access to primary
5 care physicians and providers;

6 (4) maximizes cooperation with existing public health
7 entities, including local departments of health;

8 (5) provides incentives to managed care organizations
9 to improve the quality of health care services for recipients by
10 providing value-added services; ~~and~~

11 (6) reduces administrative and other nonfinancial
12 barriers for recipients in obtaining health care services;

13 (7) reduces administrative, financial, and
14 nonfinancial barriers for recipients and physicians and health care
15 providers participating in the state Medicaid program;

16 (8) minimizes expenditures not related to the
17 provision of direct care, unless those expenditures will result in
18 better care provided to and improved outcomes for recipients;

19 (9) ensures that each recipient who needs community
20 and long-term services and supports receives those services and
21 supports in the recipient's local community in accordance with
22 Section 531.0244 or 531.043, to the extent applicable; and

23 (10) promotes the integration, inclusion, and
24 independence of recipients by providing home and community-based
25 services.

26 SECTION 3. Section 533.0025, Government Code, is amended by
27 amending Subsections (b), (c), and (d) and adding Subsections

1 (b-1), (c-1), (c-2), (f), (g), and (h) to read as follows:

2 (b) Except as otherwise provided by this section and
3 notwithstanding any other law, the commission shall provide medical
4 assistance for health care and long-term services and supports [~~for~~
5 ~~acute care~~] through the most cost-effective model of Medicaid
6 managed care as determined by the commission. If the commission
7 determines that it is more cost-effective, the commission may
8 provide medical assistance for health care and long-term services
9 and supports [~~for acute care~~] in a certain part of this state or to a
10 certain population of recipients using:

11 (1) a health maintenance organization model[~~,~~
12 ~~including the acute care portion of Medicaid Star Plus pilot~~
13 ~~programs~~];

14 (2) a primary care case management model;

15 (3) a prepaid health plan model;

16 (4) an exclusive provider organization model; or

17 (5) another Medicaid managed care model or
18 arrangement.

19 (b-1) The executive commissioner may not use a capitated
20 risk model for health care and long-term services and supports for
21 recipients who are aged, blind, or disabled, except in the acute and
22 long-term care integration pilot operating in Harris County on
23 August 31, 2005.

24 (c) In determining whether a model or arrangement described
25 by Subsection (b) is more cost-effective, the executive
26 commissioner must consider:

27 (1) the scope, duration, and types of health benefits

1 or services to be provided in a certain part of this state or to a
2 certain population of recipients;

3 (2) administrative costs necessary to meet federal and
4 state statutory and regulatory requirements;

5 (3) the anticipated effect of market competition
6 associated with the configuration of Medicaid service delivery
7 models determined by the commission; ~~and~~

8 (4) the gain or loss to this state of a tax collected
9 under Chapter 222 ~~[Article 4.11]~~, Insurance Code;

10 (5) the impact, including fiscal impact, to the
11 medical delivery infrastructure of political subdivisions of this
12 state that provide medical assistance, health care, or health care
13 services to recipients or indigent populations; and

14 (6) the long-term impact to the provider network of
15 the state Medicaid program, including participation in the network
16 by privately practicing physicians, home and community support
17 services agencies, mental health providers, providers of assisted
18 living services, and day activity health providers.

19 (c-1) The commission shall maintain any primary care case
20 management model implemented on or before January 1, 2005, until
21 the model is replaced by the integrated care management model as
22 provided by Subchapter D.

23 (c-2) If after January 1, 2005, the commission begins
24 initially providing medical assistance to recipients using a
25 Medicaid managed care model or arrangement, other than an
26 integrated care management model as provided by Subchapter D, the
27 commission must provide an option for those recipients to receive

1 medical assistance through a primary care case management model of
2 managed care.

3 (d) If the commission determines that it is not more
4 cost-effective to use a Medicaid managed care model to provide
5 certain types of medical assistance for health care and long-term
6 services and supports [~~for acute care~~] in a certain area or to
7 certain medical assistance recipients as prescribed by this
8 section, the commission shall provide medical assistance for health
9 care and long-term services and supports [~~for acute care~~] through a
10 traditional fee-for-service arrangement.

11 (f) Before the commission begins initially providing
12 medical assistance through a Medicaid managed care model or
13 arrangement to recipients residing in a certain area of this state,
14 or begins providing medical assistance through a different model or
15 arrangement to recipients in an area served by a Medicaid managed
16 care model or arrangement, the commission shall seek public
17 comments and hold a public hearing in the affected area at least six
18 months before the date the commission intends to begin providing
19 medical assistance through that model or arrangement.

20 (g) Before the commission begins initially providing
21 medical assistance to recipients through a Medicaid managed care
22 model or arrangement or begins providing medical assistance to
23 recipients through a different model or arrangement, the executive
24 commissioner shall provide to the governor, lieutenant governor,
25 and speaker of the house of representatives a report containing the
26 findings, determinations, evaluations, and weight given by the
27 executive commissioner to each provision the executive

1 commissioner is required to consider under Subsection (c) before
2 taking that action. A report submitted under this subsection must
3 be made available to the public on the commission's Internet
4 website.

5 (h) The implementation of any Medicaid managed care model or
6 arrangement does not preclude the operation of any program of
7 all-inclusive care for the elderly (PACE) site under Section
8 32.053, Human Resources Code.

9 SECTION 4. Subchapter A, Chapter 533, Government Code, is
10 amended by adding Section 533.019 to read as follows:

11 Sec. 533.019. MEDICAL HOME FOR CERTAIN RECIPIENTS. A
12 recipient who is a child with special health care needs or who is a
13 child or adult with a disability may select a physician who is a
14 subspecialist to act as the recipient's medical home if the
15 subspecialist agrees to serve in that role.

16 SECTION 5. Chapter 533, Government Code, is amended by
17 adding Subchapter D to read as follows:

18 SUBCHAPTER D. INTEGRATED CARE MANAGEMENT MODEL

19 Sec. 533.061. ESTABLISHMENT OF AN INTEGRATED CARE
20 MANAGEMENT MODEL; PILOT PROJECT. (a) The executive commissioner
21 by rule shall establish, and the commission shall conduct and
22 evaluate, a pilot project to determine the cost savings, health
23 benefits, and effectiveness of providing medical assistance
24 through an integrated care management model to the following
25 populations of recipients:

26 (1) recipients of financial assistance under Chapter
27 31, Human Resources Code;

1 (2) pregnant women;

2 (3) children;

3 (4) recipients eligible to receive Supplemental
4 Security Income (SSI) benefits under 42 U.S.C. Section 1381 et
5 seq., who are not residents of long-term care facilities;

6 (5) recipients who are determined eligible for the
7 community-based alternative 1915(c) nursing home waiver services;
8 and

9 (6) recipients who are dually eligible for Medicaid
10 and Medicare.

11 (b) For purposes of this section, "integrated care
12 management" includes:

13 (1) the development and maintenance of a comprehensive
14 network of physicians, hospitals, community clinics, public health
15 providers, home and community support providers, and other
16 providers, as appropriate, to meet the diverse needs of recipients
17 described by Subsection (a) who are participating in the pilot
18 project;

19 (2) the assignment of recipients to a medical home;

20 (3) recipient-level reporting, at least quarterly, to
21 physicians or appropriate health care providers of the utilization
22 and costs of health care services, including prescription drug
23 utilization and costs, of recipients described by Subsection (a)
24 who are participating in the pilot project;

25 (4) health risk assessment screenings for recipients
26 on enrollment in the pilot project and annually after enrollment to
27 identify recipients who have chronic illnesses or diseases or who

1 are at risk of developing chronic illnesses or diseases and the
2 reporting of the results of the assessment screenings to the
3 recipient's medical home;

4 (5) care coordination with the recipients' medical
5 home, including the provision of home health services or durable
6 medical equipment;

7 (6) case management, including coordination of
8 disease management for recipients identified as having chronic
9 health conditions, and prescription drug management;

10 (7) a mechanism to provide for increased levels of
11 payment to providers who:

12 (A) adhere to physician-developed,
13 evidence-based, and peer-reviewed clinical guidelines and
14 performance measures;

15 (B) incorporate early and periodic screening,
16 diagnosis, and treatment services into the medical home;

17 (C) establish and maintain clinics to treat
18 recipients after normal business hours, as defined by rule of the
19 executive commissioner; and

20 (D) implement measures to improve patient
21 safety;

22 (8) a comprehensive quality management program;

23 (9) outreach initiatives to recruit physicians and
24 health care providers to participate in the Medicaid program;

25 (10) cost-effective utilization of telemedicine
26 medical services or telehealth services, particularly to improve
27 the management of chronic conditions;

1 (11) mechanisms to assist recipients to easily
2 identify participating physicians and health care providers,
3 including the posting of a list of participating providers on the
4 Internet;

5 (12) implementation of a clinically based after-hours
6 nurse telephone hotline;

7 (13) a functional needs assessment, performed on
8 enrollment and at least annually after enrollment in the most
9 cost-effective manner, to determine community and social support
10 services needed by recipients;

11 (14) a mechanism to link case management and service
12 coordinators to assure timely communication and care plan
13 collaboration regarding the recipient's medical, functional, and
14 social support needs to maximize optimal health care, independence,
15 and functionality;

16 (15) aggressive efforts to prevent or delay
17 institutionalization of recipients through the effective
18 utilization of home and community-based support services;

19 (16) implementation of the Promoting Independence
20 initiative for children and adults to identify persons who wish to
21 leave a nursing facility or other institution and to reside in the
22 community;

23 (17) the provision of services in the most integrated
24 setting possible that promotes community integration, inclusion,
25 and independence; and

26 (18) any other features the executive commissioner,
27 with advice from the advisory committee under Section 533.064,

1 determines will improve a recipient's health outcome and are
2 cost-effective.

3 (c) The Department of Aging and Disability Services is
4 responsible for the development of policies for the long-term care
5 provisions of the integrated care management model.

6 (d) In establishing the integrated care management model,
7 the commission shall implement the pilot project in the eight
8 Medicaid managed care service delivery areas of this state where
9 Star Plus would have otherwise been implemented.

10 Sec. 533.062. CONTRACTING FOR INTEGRATED CARE MANAGEMENT.

11 (a) The commission shall contract with a managed care organization
12 or other qualified organization to perform the components of the
13 integrated care management model specified in Section 533.061(b) to
14 achieve the following goals:

- 15 (1) assure proper utilization of services;
16 (2) promote cost-effective outcomes;
17 (3) enhance the ability of physicians and health care
18 providers to be effective and responsive in making treatment
19 decisions; and

20 (4) ensure that services for persons with functional
21 limitations or medical needs and their families assist those
22 persons in achieving and maintaining the greatest possible
23 independence, autonomy, and quality of life through
24 consumer-directed services and self-determination.

25 (b) In contracting under this section, the commission
26 shall:

- 27 (1) require the integrated care management contractor

1 to use fee-for-service billing systems in existence on August 31,
2 2005;

3 (2) incorporate disease management into the
4 integrated care management model utilizing the Medicaid disease
5 management contractor operating in the state as of November 1,
6 2004, and through the expiration or renewal of the disease
7 management contract in effect on August 31, 2005;

8 (3) consider the effect a transition to a new
9 contractor will have on the recipients and physicians and health
10 care providers participating in the state Medicaid program; and

11 (4) make every reasonable attempt to minimize any
12 administrative burden and expense on the physicians and health care
13 providers participating in the pilot project.

14 (c) The commission may amend contracts to the extent allowed
15 by law.

16 Sec. 533.063. COST-EFFECTIVENESS OF THE INTEGRATED CARE
17 MANAGEMENT MODEL. (a) In determining whether the integrated care
18 management model achieves cost savings, the commission shall
19 consider:

20 (1) any savings achieved through disease management
21 programs established under Section 32.059, Human Resources Code, as
22 added by Chapter 208, Acts of the 78th Legislature, Regular
23 Session, 2003;

24 (2) the appropriate utilization of prescription
25 medications by recipients;

26 (3) appropriate case management and care coordination
27 by utilization of a medical home;

1 (4) reductions in inappropriate utilization of
2 emergency rooms by recipients; and

3 (5) appropriate utilization of home and
4 community-based services by recipients to reduce the need for
5 more-expensive hospital care or long-term institutional care.

6 (b) The comptroller shall verify the findings of the
7 commission in evaluating the cost savings of the integrated care
8 management model.

9 (c) Projected cost savings are not to be achieved by
10 reducing eligibility for long-term services below what is currently
11 available in the existing integrated managed care long-term service
12 system.

13 Sec. 533.064. STATEWIDE INTEGRATED CARE MANAGEMENT
14 ADVISORY COMMITTEE. (a) The executive commissioner shall appoint
15 an advisory committee to assist the executive commissioner in
16 developing the integrated care management model. The executive
17 commissioner shall consult the advisory committee throughout the
18 development of the model, including in relation to the development
19 of proposed rules regarding the components of the integrated care
20 management model specified in Section 533.061(b).

21 (b) The advisory committee consists of the following
22 members:

23 (1) three practicing primary care physicians from
24 different geographic areas of this state, including at least two
25 physicians with experience practicing under a primary care case
26 management model of Medicaid managed care;

27 (2) three practicing subspecialty care physicians

1 with:

2 (A) one subspecialist having expertise in
3 treating adults with disabilities;

4 (B) one subspecialist having expertise in
5 treating children with special health care needs; and

6 (C) one subspecialist having expertise in
7 chronic care management;

8 (3) one representative of a federally qualified health
9 center, as defined by 42 U.S.C. Section 1396d(1)(2)(B);

10 (4) two representatives of hospital districts located
11 in urban areas;

12 (5) one representative of a children's hospital;

13 (6) one representative of a home and community support
14 services agency;

15 (7) one provider of assisted living services;

16 (8) one consumer representative who is knowledgeable
17 regarding issues affecting pregnant women, children, and families
18 eligible for Medicaid;

19 (9) one consumer representative who is knowledgeable
20 regarding issues affecting recipients who are dually eligible for
21 Medicaid and Medicare; and

22 (10) one consumer representative who is knowledgeable
23 regarding issues affecting recipients who are aged, blind, or
24 disabled.

25 (c) The advisory committee shall establish the following
26 subcommittees composed of one or more members of the advisory
27 committee and one or more persons who do not serve on the advisory

1 committee:

2 (1) one subcommittee to provide advice and assistance
3 to the executive commissioner and advisory committee on the
4 specific medical, social, and functional support services and needs
5 of children;

6 (2) one subcommittee to provide advice and assistance
7 to the executive commissioner and advisory committee on the
8 specific medical, social, and functional support services and needs
9 of adults with disabilities; and

10 (3) any other subcommittees the advisory committee
11 considers necessary to provide advice and assistance to the
12 executive commissioner and advisory committee on operational and
13 design issues relating to the development and implementation of the
14 integrated care management model.

15 (d) In making appointments to the subcommittees under
16 Subsection (c), the advisory committee shall assure that each
17 subcommittee provides representation of the broad range of
18 appropriate acute care providers, long-term care providers, and
19 consumers to assure inclusive and diverse input into the
20 development and design of the integrated care management model.

21 (e) The advisory committee shall meet as necessary to
22 perform the duties required by this section.

23 (f) A member of the advisory committee may not receive
24 compensation for serving on the committee but is entitled to
25 reimbursement for reasonable and necessary travel expenses
26 incurred by the member while conducting the business of the
27 committee, as provided by the General Appropriations Act.

1 (g) The advisory committee is not subject to Chapter 551.

2 Sec. 533.065. REPORT REGARDING INTEGRATED CARE MANAGEMENT
3 MODEL. Not later than January 5, 2007, the commission shall submit
4 to the Legislative Budget Board, the lieutenant governor, and the
5 speaker of the house of representatives a preliminary report
6 containing the commission's findings regarding the implementation
7 of the integrated care management model developed under Section
8 533.061. The report must include:

9 (1) information regarding:

10 (A) recipient and provider satisfaction;

11 (B) recipient access to primary and subspecialty
12 care services;

13 (C) recipient access to community and social
14 support services;

15 (D) recipient outcomes, including health status
16 improvement;

17 (E) recipient outcomes relating to the Promoting
18 Independence initiative for children and adults;

19 (F) any cost savings realized from the
20 implementation; and

21 (G) the fiscal impact to political subdivisions
22 of this state in the areas in which the model is implemented,
23 including any cost savings realized by those entities from the
24 implementation;

25 (2) recommendations for improvement of the model; and

26 (3) recommendations on whether to implement the pilot
27 project in other areas of this state.

1 Sec. 533.066. EXPIRATION OF SUBCHAPTER. This subchapter
2 expires September 1, 2009.

3 SECTION 6. Section 32.0212, Human Resources Code, is
4 amended to read as follows:

5 Sec. 32.0212. DELIVERY OF MEDICAL ASSISTANCE.
6 Notwithstanding any other law and subject to Section 533.0025,
7 Government Code, the department shall provide medical assistance
8 for health care and long-term services and supports [~~for acute~~
9 ~~care~~] through the Medicaid managed care system implemented under
10 Chapter 533, Government Code.

11 SECTION 7. (a) The executive commissioner of the Health and
12 Human Services Commission shall adopt rules to implement the
13 integrated care management model pilot project established under
14 Section 533.061, Government Code, as added by this Act, not later
15 than December 1, 2005.

16 (b) Not later than September 1, 2006, the Health and Human
17 Services Commission shall implement the integrated care management
18 pilot project established under Section 533.061, Government Code,
19 as added by this Act.

20 SECTION 8. The executive commissioner of the Health and
21 Human Services Commission shall appoint the members of the
22 statewide integrated care management advisory committee created
23 under Section 533.064, Government Code, as added by this Act, not
24 later than September 2, 2005.

25 SECTION 9. If before implementing any provision of this Act
26 a state agency determines that a waiver or other authorization from
27 a federal agency is necessary for implementation of that provision,

1 the agency affected by the provision shall request the waiver or
2 authorization and may delay implementing that provision until the
3 waiver or authorization is granted.

4 SECTION 10. This Act takes effect immediately if it
5 receives a vote of two-thirds of all the members elected to each
6 house, as provided by Section 39, Article III, Texas Constitution.
7 If this Act does not receive the vote necessary for immediate
8 effect, this Act takes effect September 1, 2005.