

By: Delisi

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 adding Subdivision (5-a) to read as follows:

(5-a) "Medical home" means a primary care physician or other health care provider who:

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

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

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

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

(1) improves the health of Texans by:

(A) emphasizing prevention;

(B) promoting continuity of care; and

(C) providing a medical home for recipients;

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

1 (3) encourages the training of and access to primary  
2 care physicians and providers;

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

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

8 (6) reduces administrative and other nonfinancial  
9 barriers for:

10 (A) recipients in obtaining health care  
11 services; and

12 (B) physicians and other providers participating  
13 in the state Medicaid program; and

14 (7) minimizes expenditures not related to the  
15 provision of direct care, unless those expenditures will result in  
16 better care provided to and improved outcomes for recipients.

17 SECTION 3. Section 533.0025, Government Code, is amended by  
18 amending Subsections (b), (c), and (d) and adding Subsections (c-1)  
19 and (f) to read as follows:

20 (b) Except as otherwise provided by this section and  
21 notwithstanding any other law, the commission shall provide medical  
22 assistance [~~for acute care~~] through the most cost-effective model  
23 of Medicaid managed care as determined by the commission. If the  
24 commission determines that it is more cost-effective, the  
25 commission may provide medical assistance [~~for acute care~~] in a  
26 certain part of this state or to a certain population of recipients  
27 using:

1 (1) a health maintenance organization model,  
2 including the acute care portion of Medicaid Star Plus pilot  
3 programs;

4 (2) a primary care case management model;

5 (3) a prepaid health plan model;

6 (4) an exclusive provider organization model; or

7 (5) another Medicaid managed care model or  
8 arrangement.

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

12 (1) the scope, duration, and types of health benefits  
13 or services to be provided in a certain part of this state or to a  
14 certain population of recipients;

15 (2) administrative costs necessary to meet federal and  
16 state statutory and regulatory requirements;

17 (3) the anticipated effect of market competition  
18 associated with the configuration of Medicaid service delivery  
19 models determined by the commission; ~~and~~

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

22 (5) the impact, including fiscal impact, to the health  
23 care delivery infrastructure of political subdivisions of this  
24 state that provide medical assistance, health care, or health care  
25 services to recipients or indigent populations; and

26 (6) the long-term impact to the provider network of  
27 the state Medicaid program, including participation in the program

1 by physicians engaged in the private practice of medicine, home  
2 health providers, and mental health services providers.

3 (c-1) Except as provided by Subchapter D, the commission may  
4 not provide medical assistance in a certain area of this state or to  
5 a certain population of recipients using a Medicaid managed care  
6 model or arrangement as provided by this section unless the  
7 commission provides an option for recipients in that area or  
8 population to receive medical assistance through a primary care  
9 case management model of managed care.

10 (d) If the commission determines that it is not more  
11 cost-effective to use a Medicaid managed care model to provide  
12 certain types of medical assistance [~~for acute care~~] in a certain  
13 area or to certain medical assistance recipients as prescribed by  
14 this section, the commission shall provide medical assistance [~~for~~  
15 ~~acute care~~] through a traditional fee-for-service arrangement.

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

24 SECTION 4. Chapter 533, Government Code, is amended by  
25 adding Subchapter D to read as follows:

26 SUBCHAPTER D. INTEGRATED CARE MANAGEMENT MODEL

27 Sec. 533.061. INTEGRATED CARE MANAGEMENT MODEL PILOT

1 PROJECT. (a) The executive commissioner by rule shall establish,  
2 and the commission shall conduct and evaluate, a pilot project to  
3 determine the cost savings, health benefits, and effectiveness of  
4 providing medical assistance through an integrated care management  
5 model to the following populations of recipients:

6 (1) recipients of financial assistance under Chapter  
7 31, Human Resources Code;

8 (2) pregnant women;

9 (3) children; and

10 (4) aged, blind, or disabled persons who are not  
11 residents of long-term care facilities.

12 (b) The integrated care management model developed under  
13 the pilot project must include the following components:

14 (1) the assignment of recipients to a medical home;

15 (2) the establishment of a system for integrated care  
16 management that addresses or provides for:

17 (A) acute or long-term care services, as  
18 appropriate;

19 (B) the coordination and management of disease  
20 management services; and

21 (C) case management, including case management  
22 for recipients with chronic health conditions and management of  
23 prescription drug use;

24 (3) the performance of health risk assessment  
25 screenings on the initial enrollment of recipients in the pilot  
26 project to identify those recipients who have or are at risk of  
27 developing a chronic illness;

1           (4) a method for reporting the results of assessment  
2 screenings described by Subdivision (3) to the recipient's medical  
3 home;

4           (5) a method for reporting to physicians or other  
5 appropriate health care providers at least quarterly on the use by  
6 patients of:

7                   (A) prescription drugs and the associated cost of  
8 that use; and

9                   (B) other health care services and the associated  
10 cost of those uses;

11           (6) coordination by the patient's medical home of the  
12 patient's support services, including home health services or  
13 durable medical equipment;

14           (7) the establishment of a reimbursement system that  
15 provides higher levels of payment for providers who:

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

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

21                   (C) adhere to evidence-based, clinical  
22 guidelines and performance measures that are developed by  
23 physicians and subjected to a scientific peer review process;

24           (8) a comprehensive quality management program; and

25           (9) any other appropriate component the executive  
26 commissioner determines will improve a recipient's health outcome  
27 and is cost-effective.

1       (c) The commission shall implement the pilot project in at  
2 least eight areas of this state, including both urban and rural  
3 areas. At least one-half of the pilot project sites must be in  
4 areas of this state in which a primary care case management model of  
5 Medicaid managed care was being used to provide medical assistance  
6 to recipients on January 1, 2005.

7       Sec. 533.062. TECHNOLOGICAL SUPPORT AND CARE COORDINATION.

8       (a) In implementing the integrated care management model of  
9 Medicaid managed care under this subchapter, the commission shall  
10 contract for technological support and care coordination as  
11 necessary to assure appropriate use of services by and  
12 cost-effective health outcomes for recipients.

13       (b) In awarding a contract under this section, the  
14 commission shall:

15               (1) consider the effect of the contract on integrated  
16 care management providers; and

17               (2) make a reasonable effort to reduce any  
18 administrative barrier for those providers.

19       (c) The services provided under the contract should be  
20 designed to enhance the ability of integrated care management  
21 providers to be effective and responsive in making treatment  
22 decisions.

23       Sec. 533.063. STATEWIDE ADVISORY COMMITTEE OF PROVIDERS.

24       (a) The executive commissioner shall appoint an advisory committee  
25 of health care providers or representatives of those providers to  
26 assist the executive commissioner in developing the integrated care  
27 management model. The executive commissioner shall consult the

1 advisory committee throughout the development of the model,  
2 including in relation to the development of proposed rules under  
3 Section 533.061.

4 (b) The committee consists of the following members:

5 (1) six primary care physicians who practice in  
6 different geographic areas of this state, including at least two  
7 physicians with experience practicing under a primary care case  
8 management model of Medicaid managed care;

9 (2) three physician specialists;

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

12 (4) one representative of a rural health clinic; and

13 (5) one representative of hospitals.

14 (c) The advisory committee shall meet as necessary to  
15 perform the duties required by this section.

16 (d) A member of the committee may not receive compensation  
17 for serving on the committee but is entitled to reimbursement for  
18 reasonable and necessary travel expenses incurred by the member  
19 while conducting the business of the committee, as provided by the  
20 General Appropriations Act.

21 (e) The committee is not subject to Chapter 551, Government  
22 Code.

23 Sec. 533.064. REGIONAL ADVISORY COMMITTEES. (a) In each  
24 area of this state in which the commission plans to implement the  
25 pilot project under Section 533.061, the executive commissioner  
26 shall appoint an advisory committee for that area to assist with  
27 the development and implementation of the integrated care



1 management model.

2 (b) A committee consists of individuals from the area with  
3 respect to which the committee will provide advice and must include  
4 the same number of members from each category of providers and  
5 representatives of providers specified in Section 533.063(b).

6 (c) A committee is not subject to Chapter 551, Government  
7 Code.

8 Sec. 533.065. REPORT. Not later than January 5, 2007, the  
9 commission shall submit to the Legislative Budget Board, the  
10 lieutenant governor, and the speaker of the house of  
11 representatives a report describing the results of the pilot  
12 project implemented under Section 533.061. The report must  
13 include:

14 (1) information regarding:

15 (A) recipient and provider satisfaction;

16 (B) recipient access to primary and specialty  
17 care services;

18 (C) recipient outcomes, including health status  
19 improvement; and

20 (D) the fiscal impact to political subdivisions  
21 of this state in the areas in which the pilot project is  
22 implemented, including any cost savings realized by those entities  
23 from the implementation; and

24 (2) recommendations on whether to implement the pilot  
25 project statewide.

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

1 SECTION 5. Section 32.0212, Human Resources Code, is  
2 amended to read as follows:

3 Sec. 32.0212. DELIVERY OF MEDICAL ASSISTANCE.  
4 Notwithstanding any other law and subject to Section 533.0025,  
5 Government Code, the department shall provide medical assistance  
6 [~~for acute care~~] through the Medicaid managed care system  
7 implemented under Chapter 533, Government Code.

8 SECTION 6. The executive commissioner of the Health and  
9 Human Services Commission shall adopt rules to implement the pilot  
10 project established under Section 533.061, Government Code, as  
11 added by this Act, not later than December 1, 2005.

12 SECTION 7. To provide technological support and care  
13 coordination services as required by Section 533.062, Government  
14 Code, as added by this Act, the Health and Human Services Commission  
15 may:

16 (1) if possible, modify an existing contract between  
17 the commission and a contractor; or

18 (2) enter into an additional contract with a  
19 contractor with which the commission has an existing contract.

20 SECTION 8. If before implementing any provision of this Act  
21 a state agency determines that a waiver or other authorization from  
22 a federal agency is necessary for implementation of that provision,  
23 the agency affected by the provision shall request the waiver or  
24 authorization and may delay implementing that provision until the  
25 waiver or authorization is granted.

26 SECTION 9. This Act takes effect immediately if it receives  
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this  
2 Act does not receive the vote necessary for immediate effect, this  
3 Act takes effect September 1, 2005.