1-1 By: Delisi, et al. (Senate Sponsor - Nelson) H.B. No. 1771
1-2 (In the Senate - Received from the House April 28, 2005;
1-3 April 29, 2005, read first time and referred to Committee on
1-4 Finance; May 23, 2005, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 10, Nays 0;
1-6 May 23, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1771 By: Nelson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the Medicaid managed care delivery system.
1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-12 SECTION 1. Chapter 533, Government Code, is amended by
1-13 adding Subchapter D to read as follows:
1-14 SUBCHAPTER D. INTEGRATED CARE MANAGEMENT MODEL
1-15 Sec. 533.061. INTEGRATED CARE MANAGEMENT MODEL. (a) The
1-16 executive commissioner, by rule, shall develop an integrated care
1-17 management model of Medicaid managed care. The "integrated care
1-18 management model" is a noncapitated primary care case management
1-19 model of Medicaid managed care with enhanced components to:
1-20 (1) improve patient health and social outcomes;
1-21 (2) improve access to care;
1-22 (3) constrain health care costs; and
1-23 (4) integrate the spectrum of acute care and long-term
1-24 care services and supports.
1-25 (b) In developing the integrated care management model, the
1-26 executive commissioner shall ensure that the integrated care
1-27 management model utilizes managed care principles and strategies to
1-28 assure proper utilization of acute care and long-term care services
1-29 and supports. The components of the model must include:
1-30 (1) the assignment of recipients to a medical home;
1-31 (2) utilization management to assure appropriate
1-32 access and utilization of services, including prescription drugs;
1-33 (3) health risk or functional needs assessment;
1-34 (4) a method for reporting to medical homes and other
1-35 appropriate health care providers on the utilization by recipients
1-36 of health care services and the associated cost of utilization of
1-37 those services;
1-38 (5) mechanisms to reduce inappropriate emergency
1-39 department utilization by recipients, including the provision of
1-40 after-hours primary care;
1-41 (6) mechanisms that ensure a robust system of care
1-42 coordination for assessing, planning, coordinating, and monitoring
1-43 recipients with complex, chronic, or high-cost health care or
1-44 social support needs, including attendant care and other services
1-45 needed to remain in the community;
1-46 (7) implementation of a comprehensive,
1-47 community-based initiative to educate recipients about effective
1-48 use of the health care delivery system;
1-49 (8) strategies to prevent or delay
1-50 institutionalization of recipients through the effective
1-51 utilization of home and community-based support services; and
1-52 (9) any other components the executive commissioner
1-53 determines will improve a recipient's health outcome and are
1-54 cost-effective.
1-55 (c) For purposes of this chapter, the integrated care
1-56 management model is a managed care plan.
1-57 Sec. 533.062. CONTRACTING FOR INTEGRATED CARE MANAGEMENT.
1-58 (a) The commission may contract with one or more administrative
1-59 services organizations to perform the coordination of care and
1-60 other services and functions of the integrated care management
1-61 model developed under Section 533.061.
1-62 (b) The commission may require that each administrative
1-63 services organization contracting with the commission under this

2-1 section assume responsibility for exceeding administrative costs
2-2 and not meeting performance standards in connection with the
2-3 provision of acute care and long-term care services and supports
2-4 under the terms of the contract.
2-5 (c) The commission may include in a contract awarded under
2-6 this section a written guarantee of state savings on Medicaid
2-7 expenditures for recipients receiving services provided under the
2-8 integrated care management model developed under Section 533.061.
2-9 (d) The commission may require that each administrative
2-10 services organization contracting with the commission under this
2-11 section establish pay-for-performance incentives for providers to
2-12 improve patient outcomes.
2-13 (e) In this section, "administrative services organization"
2-14 means an entity that performs administrative and management
2-15 functions, such as the development of a physician and provider
2-16 network, care coordination, service coordination, utilization
2-17 review and management, quality management, and patient and provider
2-18 education, for a noncapitated system of health care services,
2-19 medical services, or long-term care services and supports.
2-20 Sec. 533.063. STATEWIDE INTEGRATED CARE MANAGEMENT
2-21 ADVISORY COMMITTEE. (a) The executive commissioner may appoint an
2-22 advisory committee to assist the executive commissioner in the
2-23 development and implementation of the integrated care management
2-24 model.
2-25 (b) The advisory committee is subject to Chapter 551.
2-26 SECTION 2. (a) The Health and Human Services Commission
2-27 shall require each administrative services organization
2-28 contracting with the commission to perform services under Section
2-29 533.062, Government Code, as added by this Act, to coordinate with,
2-30 use, and otherwise interface with the fee-for-service claims
2-31 payment contractor operating in this state on August 31, 2005,
2-32 until the date the claims payment contract expires, subject to
2-33 renewal of the contract.
2-34 (b) The commission may require each administrative services
2-35 organization contracting with the commission to perform services
2-36 under Section 533.062, Government Code, as added by this Act, to
2-37 incorporate disease management into the integrated care management
2-38 model established under Section 533.061, Government Code, as added
2-39 by this Act, utilizing the Medicaid disease management contractor
2-40 operating in this state on November 1, 2004, until the date the
2-41 disease management contract expires, subject to renewal of the
2-42 contract.
2-43 SECTION 3. If before implementing any provision of this Act
2-44 a state agency determines that a waiver or other authorization from
2-45 a federal agency is necessary for implementation of that provision,
2-46 the agency affected by the provision shall request the waiver or
2-47 authorization and may delay implementing that provision until the
2-48 waiver or authorization is granted.
2-49 SECTION 4. If any provision of this Act conflicts with a
2-50 statute enacted by the 79th Legislature, Regular Session, 2005, the
2-51 provision of this Act controls.
2-52 SECTION 5. This Act takes effect immediately if it receives
2-53 a vote of two-thirds of all the members elected to each house, as
2-54 provided by Section 39, Article III, Texas Constitution. If this
2-55 Act does not receive the vote necessary for immediate effect, this
2-56 Act takes effect September 1, 2005.

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