

By: Duncan

S.B. No. 10

Substitute the following for S.B. No. 10:

By: Davis of Harris

C.S.S.B. No. 10

A BILL TO BE ENTITLED

AN ACT

relating to adoption of alternative payment method pilot programs for the provision of health care services to certain state employees.

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

ARTICLE 1. EMPLOYEES RETIREMENT SYSTEM OF TEXAS

SECTION 1.01. Chapter 1551, Insurance Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. ALTERNATIVE PAYMENT METHOD PILOT PROGRAM FOR PROVISION OF HEALTH CARE SERVICES

Sec. 1551.501. DEFINITIONS. In this subchapter:

(1) "Alternative payment system" includes:

(A) a global payment system;

(B) an episode-based bundled payment system;

(C) a pay-for-performance payment system;

(D) a blended payment system; and

(E) another system other than fee-for-service.

(2) "Blended payment system" means a system for compensating a physician or health care provider that includes one or more features of a global payment system, a pay-for-performance payment system, and an episode-based bundled payment system.

(3) "Clinical integration" means a network of health care providers implementing an active and ongoing program to evaluate and modify practice patterns by the network's participants

1 and create a high degree of independence and cooperation to control  
2 costs and ensure quality.

3 (4) "Episode-based bundled payment system" means a  
4 system for compensating a physician or health care provider for  
5 arranging for or providing health care services to participating  
6 enrollees that is based on a flat payment for all services provided  
7 in connection with a single episode of medical care.

8 (5) "Global payment system" means a system for  
9 compensating a physician or health care provider for arranging for  
10 or providing a defined set of covered health care services to  
11 participating enrollees for a specified period that is based on a  
12 predetermined payment per enrollee for the specified period,  
13 without regard to the quantity of services actually provided.

14 (6) "Participant" means an eligible individual who  
15 participates in the group benefits program.

16 (7) "Participating enrollee" means an eligible  
17 participant who uses a physician or health care provider  
18 participating in a pilot program operated under this subchapter.

19 (8) "Pay-for-performance payment system" means a  
20 system for compensating a physician or health care provider for  
21 arranging for or providing health care services to participating  
22 enrollees that is based on the physician or health care provider  
23 meeting or exceeding certain defined performance measures. A  
24 pay-for-performance payment system may include the provision of  
25 bonuses to or the sharing of realized savings with physicians and  
26 other health care providers.

27 (9) "Pilot program" or "program" means any alternative

1 payment method pilot program established or extended under this  
2 subchapter, as appropriate.

3 (10) "Plan year" means the period beginning on  
4 September 1 and ending the following August 31.

5 Sec. 1551.502. ADMINISTRATION BY BOARD OF TRUSTEES;  
6 DEVELOPMENT AND IMPLEMENTATION OF PILOT PROGRAMS. (a) The  
7 administration and implementation of all programs and plans adopted  
8 under this subchapter are vested solely in the board of trustees.  
9 To provide for the efficient and cost-effective administration and  
10 management of the programs established under this subchapter, all  
11 contracting, purchasing, procurement, and program and project  
12 related responsibilities related to the administration or  
13 management of the programs are vested solely in the board of  
14 trustees.

15 (b) The board of trustees may work with the administering  
16 firm of a self-funded health benefit plan established in accordance  
17 with Section 1551.208 to establish one or more pilot programs under  
18 which physicians and health care providers who provide health care  
19 services to eligible participants are compensated under an  
20 alternative payment system. A pilot program shall test  
21 alternatives to traditional fee-for-service payments made under  
22 the group benefits program.

23 (c) The board of trustees shall administer a pilot program  
24 established under this subchapter and may adopt rules, plans, and  
25 procedures and enter into contracts and other agreements as it  
26 considers appropriate and necessary to administer this subchapter  
27 under the authority described by Subsection (a).

1       (d) To ensure effective operation of a pilot program, the  
2 board of trustees shall establish reasonable limits for  
3 participation and may limit participation in a pilot program to:

4           (1) one or more regions of the state; or

5           (2) one or more organized networks of physicians,  
6 hospitals, and other health care providers.

7       (e) Notwithstanding any bidding or procurement requirement  
8 or other requirement set forth in law or rule, the board of  
9 trustees, with respect to a pilot program, has sole discretion to  
10 amend an agreement as necessary to comply with this subchapter.

11       (f) A pilot program implemented under this subchapter must  
12 be operated for at least one plan year, and may be extended as the  
13 board of trustees finds appropriate on consideration of the quality  
14 of the services provided and the related cost-effectiveness of the  
15 program.

16       (g) The board of trustees may elect to continue as a  
17 permanent program a pilot program extended under Subsection (f).  
18 The permanent program is subject to the requirements of this  
19 subchapter in the same manner as a pilot program.

20       Sec. 1551.503. STANDARDS; CLINICAL INTEGRATION. To the  
21 extent practicable, a pilot program operated under this subchapter  
22 must be based on nationally recognized quality of care standards  
23 and evidence-based best practices, and must include policies  
24 designed to promote clinical integration of health care providers  
25 and other policies and practices as necessary to ensure  
26 high-quality and effective health care services.

27       Sec. 1551.504. ALTERNATIVE PAYMENT SYSTEM. (a) Each pilot

1 program operated under this subchapter must ensure that:

2 (1) a physician or health care provider is available  
3 for each participating enrollee; and

4 (2) a payment made for health care services provided  
5 by the pilot program under an alternative payment system is made in  
6 a manner that appropriately compensates each physician or health  
7 care provider for the services provided.

8 (b) The board of trustees may:

9 (1) contract with appropriate entities, including  
10 qualified actuaries, to assist the board in determining appropriate  
11 payment rates for a pilot program; and

12 (2) modify a payment rate adopted under this section  
13 as necessary to adjust the rate for inflation.

14 Sec. 1551.505. EVALUATION OF PILOT PROGRAM; PARTICIPATING  
15 ENROLLEE INPUT. In accordance with the continuing study required  
16 under Section 1551.062, the board of trustees shall develop a  
17 process to evaluate a pilot program operated under this subchapter.  
18 The evaluation process must solicit the opinions of participating  
19 enrollees on:

20 (1) the availability and quality of the health care  
21 received through a pilot program; and

22 (2) the costs incurred for health care provided  
23 through a pilot program, including copayments, fees for service,  
24 and other analogous costs.

25 SECTION 1.02. Section 1551.202, Insurance Code, is amended  
26 by adding Subsection (d) to read as follows:

27 (d) The board of trustees shall ensure that a coverage plan

1 provided to a participant in a pilot program implemented under  
2 Subchapter K is at least equivalent to the basic coverage plan.

3 SECTION 1.03. The board of trustees of the Employees  
4 Retirement System of Texas shall develop one or more alternative  
5 payment method pilot programs to be implemented under Subchapter K,  
6 Chapter 1551, Insurance Code, as added by this Act, as soon as  
7 practicable, but not later than September 1, 2010.

8 SECTION 1.04. Not later than the 30th day before the date on  
9 which eligible participants may participate in a pilot program  
10 established under Subchapter K, Chapter 1551, Insurance Code, as  
11 added by this Act, the board of trustees of the Employees Retirement  
12 System of Texas shall provide written information to those  
13 participants that provides a general description of the  
14 requirements for the program as adopted under Subchapter K, Chapter  
15 1551, Insurance Code, as added by this Act.

16 SECTION 1.05. The board of trustees of the Employees  
17 Retirement System of Texas shall include as part of the annual  
18 report required by Section 1551.061, Insurance Code, results of a  
19 pilot program established under Subchapter K, Chapter 1551,  
20 Insurance Code, as added by this Act.

21 ARTICLE 2. EFFECTIVE DATE

22 SECTION 2.01. Except as otherwise provided by this Act,  
23 this Act takes effect September 1, 2009.