

BILL ANALYSIS

C.S.H.B. 3158
By: Zerwas
Human Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A health maintenance organization can currently contract with the Health and Human Services Commission (HHSC) to become a managed care organization. The state administers Medicaid and CHIP managed care through managed care organizations, which contract with hospitals and physicians to offer health care services to Medicaid and CHIP enrollees.

Recent legislation established a health care collaboratives model in which a provider-owned network works with traditional insurers, such as health maintenance organizations, to enhance access to high-quality health care and improve the provision of medical services. However, current law does not provide HHSC the legislative authority to establish a health care collaboratives model within the existing Medicaid and CHIP managed care structure. C.S.H.B. 3158 seeks to provide for a pilot project to encourage managed care contracting with provider-owned health care collaboratives in large service delivery areas to demonstrate the quality, access, and cost improvements that may be produced in a provider-owned model.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3158 amends the Government Code, in a temporary provision set to expire September 1, 2019, to require the Health and Human Services Commission (HHSC), if cost-effective and feasible, to develop and implement pilot programs under which HHSC contracts with provider-directed managed care organizations for purposes of promoting the efficient utilization of Medicaid services by recipients and determining the ability of organizations to improve patient outcomes and contain costs associated with providing medical assistance to recipients within each organization's service delivery area. The bill authorizes HHSC to develop and implement such pilot programs to test one or more service delivery models designed to provide medical assistance for acute care through a health maintenance organization that executes a delegation agreement with a health care collaborative, provided that the delegation agreement between the health care collaborative and the health maintenance organization is subject to the requirements of Insurance Code provisions relating to the delegation of certain functions by a health maintenance organization and other applicable state and federal law and provided that at least one of the pilot programs is conducted with a provider-managed health maintenance organization that is owned by a not-for-profit pediatric facility.

C.S.H.B. 3158 requires HHSC, if the pilot programs under the bill's provisions are implemented, to implement those programs not later than September 1, 2015, and to operate each program for at least 36 months and be permitted to extend the period if HHSC determines an extension is appropriate. The bill requires HHSC to establish each program only in a service delivery area that has more than 400,000 individuals who, in the aggregate, are eligible for benefits under the STAR + PLUS Medicaid managed care program or the children's health plan program (CHIP),

that is served by three or fewer managed care organizations, and that is served by a managed care organization that provides services to more than 40 percent of STAR + PLUS Medicaid recipients or enrollees in the CHIP service delivery area. The bill requires HHSC, on the conclusion of a pilot program, to evaluate the strengths and weaknesses of the program and to determine, based on that evaluation, the feasibility of expanding the program or implementing elements of the program statewide and, if HHSC determines it is feasible and likely to result in the effective provision of medical assistance to recipients statewide, to submit a report to the governor and the legislature not later than December 31, 2018, that makes recommendations regarding improved policies and procedures with statewide applicability.

C.S.H.B. 3158 amends the Health and Safety Code to include a facility that is owned or operated by a public or not-for-profit hospital and that includes an academic health center among the entities authorized to form and sponsor a nonprofit health care collaborative that is certified under Insurance Code provisions relating to health care collaboratives and specifies that such entities may form and sponsor a nonprofit health care collaborative that is otherwise exempt from obtaining a certificate of authority or determination of approval under such provisions.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3158 may differ from the original in minor or nonsubstantive ways and by conforming to bill drafting conventions, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1.01. Subchapter B, Chapter 32, Human Resources Code is amended by adding Sec. 32.0491, and 32.492, to read as follows:

Sec. 32.491. PILOT PROJECTS TO ENCOURAGE MANAGED CARE CONTRACTING WITH HEALTH CARE COLLABORATIVES.

(a) In this section, "health care collaboratives" has the meaning assigned by Section 848.001, Insurance Code.

(b) In this section, a "delegation agreement" means a contract that complies with Chapter 1272, Insurance Code.

(c) The department shall develop and implement a managed care contracting pilot

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.0045 to read as follows:

Sec. 533.0045. PILOT PROGRAMS FOR CONTRACTS WITH PROVIDER-DIRECTED MANAGED CARE ORGANIZATIONS. (a) In this section:

(2) "Health care collaborative" has the meaning assigned by Section 848.001, Insurance Code, and includes an entity described by Section 316.001, Health and Safety Code.

(1) "Delegation agreement" has the meaning assigned by Section 1272.001, Insurance Code.

(3) "Medical assistance" has the meaning assigned by Section 32.003, Human Resources Code.

(b) If cost-effective and feasible, the commission shall develop and implement

program that is consistent with federal law to:

(1) promote efficient utilization of Medicaid services by recipients; and

(2) demonstrate the ability of provider-owned managed care organizations to improve patient outcomes and contain costs for providing medical assistance to recipients within their service delivery area.

(d) The department may develop and implement pilot programs in accordance with this subchapter to test one or more service delivery models that provide medical assistance for acute care through a health maintenance organization that executes a delegation agreement with a health care collaborative under Chapter 848, Insurance Code. The Commissioner may contract with such a health maintenance organization to implement the pilot Medicaid managed care program under this chapter, provided, however, that:

(1) the delegation agreement between the health care collaborative and the health maintenance organization complies with state and federal law; and

(2) at least one of the pilot programs established under this subchapter is conducted with a provider-managed health maintenance organization that is owned by a not-for-profit pediatric facility.

Sec. 32.492. IMPLEMENTATION, LOCATION AND DURATION. (a) The department shall implement the pilot programs established under this subchapter not later than September 1, 2015.

(Substantially the same as Subsection (c) below)

(b) A pilot program established under this subchapter shall be conducted in a service delivery area that has over 400,000 combined STAR and CHIP eligibles;

pilot programs under which the commission contracts with provider-directed managed care organizations for purposes of:

(1) promoting the efficient utilization of medical assistance services by recipients; and

(2) determining the ability of the organizations to improve patient outcomes and contain costs associated with providing medical assistance to recipients within each organization's service delivery area.

(c) The commission may develop and implement pilot programs under this section to test one or more service delivery models designed to provide medical assistance for acute care through a health maintenance organization that executes a delegation agreement with a health care collaborative, provided that:

(1) the delegation agreement between the health care collaborative and the health maintenance organization is subject to the requirements of Chapter 1272, Insurance Code, and other applicable state and federal law; and

(2) at least one of the pilot programs established as provided by this subsection is conducted with a provider-managed health maintenance organization that is owned by a not-for-profit pediatric facility.

(d) If the commission implements pilot programs under this section, the commission shall:

(1) implement those programs not later than September 1, 2015;

(2) operate each program for at least 36 months and be permitted to extend the period if the commission determines an extension is appropriate; and

(3) establish each program only in a service delivery area that:

(A) has more than 400,000 individuals who, in the aggregate, are eligible for

maintains three or less managed care organizations in that service delivery area; and has at least one existing managed care organization with over 40 percent market share in either STAR or CHIP programs.

(c) A pilot program established under this subchapter must operate for not less than 36 months and may be extended as the commissioner deems appropriate.

(d) If at the conclusion of the period specified by subsection (c) the department evaluates the strengths and weaknesses of each implemented pilot program and determines the feasibility of expanding the pilot program statewide,

the department may adopt improved policies and procedures with statewide applicability, as determined from the information obtained in operating the pilot program, to ensure effective provision of medical assistance to recipients statewide.

benefits under the STAR + PLUS Medicaid managed care program or the child health plan program;

(B) is served by three or fewer managed care organizations; and

(C) is served by a managed care organization that provides services to more than 40 percent of recipients in the service delivery area under the STAR + PLUS Medicaid managed program or enrollees in the service delivery area under the child health plan program.

(Substantially the same as Subdivision (d)(2) above)

(e) On the conclusion of a pilot program, the commission:

(1) shall evaluate the strengths and weaknesses of the program and determine, based on the commission's evaluation, the feasibility of expanding the program or implementing elements of the program statewide; and

(2) if the commission determines it feasible and likely to result in the effective provision of medical assistance to recipients statewide, shall, not later than December 31, 2018, submit a report to the governor and the legislature that makes recommendations regarding improved policies and procedures with statewide applicability.

(f) This section expires September 1, 2019.

SECTION 2. Section 316.001, Health and Safety Code, is amended to read as follows:
316.001. AUTHORITY TO ESTABLISH HEALTH CARE COLLABORATIVE. A public hospital created under Subtitle C or D, a facility that is owned or operated by a public or not-for-profit hospital and that includes academic health center, or a hospital district created under general or special law may form and sponsor a

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nonprofit health care collaborative that is certified under Chapter 848, Insurance Code, or otherwise exempt from certification under Section 848.002, Insurance Code.

No equivalent provision.

SECTION 3. This Act takes effect September 1, 2013.

form and sponsor a nonprofit health care collaborative that is certified under Chapter 848, Insurance Code, or is otherwise exempt from obtaining a certificate of authority or determination of approval under Section 848.002, Insurance Code.

SECTION 3. If before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

SECTION 4. Same as introduced version.