

By: Kolkhorst

H.B. No. 1761

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the consideration of strategies by the Health and Human  
3 Services Commission to ensure the appropriate use of diagnostic  
4 ancillary services in the Medicaid program.

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

6 SECTION 1. Subchapter B, Chapter 531, Government Code, is  
7 amended by adding Section 531.024162 to read as follows:

8 Sec. 531.024162. STRATEGIES TO ENSURE APPROPRIATE USE OF  
9 DIAGNOSTIC ANCILLARY SERVICES. (a) The commission shall:

10 (1) adopt new cost-effective strategies to ensure the  
11 appropriate use of diagnostic ancillary services in the Medicaid  
12 program; and

13 (2) strengthen existing methods to reduce the use of  
14 unnecessary diagnostic ancillary services in the Medicaid program.

15 (b) When considering the adoption of new cost-effective  
16 strategies to ensure the appropriate use of diagnostic ancillary  
17 services in the Medicaid program, the commission shall examine  
18 implementing within the Medicaid fee-for-service model and the STAR  
19 and STAR + PLUS Medicaid managed care programs a prior notification  
20 program in which:

21 (1) outlier health care providers' use of diagnostic  
22 ancillary services are compared to evidence-based clinical  
23 guidelines; and

24 (2) health care providers are educated about the

1 appropriate use of diagnostic ancillary services.

2 (c) When considering strengthening existing methods to  
3 reduce the use of unnecessary diagnostic ancillary services in the  
4 Medicaid program, the commission shall examine:

5 (1) requiring every STAR and STAR + PLUS Medicaid  
6 managed care program to implement a prior authorization program;  
7 and

8 (2) modifying the existing prior authorization  
9 programs within the Medicaid fee-for-service model and the STAR and  
10 STAR + PLUS Medicaid managed care programs so that:

11 (A) the programs target health care providers who  
12 order significantly more diagnostic ancillary services than other  
13 providers who treat similar patients;

14 (B) outlier providers who order diagnostic  
15 ancillary services inappropriately are required to participate in  
16 the programs; and

17 (C) the programs are expanded to include  
18 additional types of diagnostic ancillary services that account for  
19 a significant share of spending, have evidence-based standards for  
20 appropriate use, and exhibit variations in use among providers and  
21 geographic areas.

22 (d) The commission shall examine options within the  
23 Medicaid fee-for-service model and the STAR and STAR + PLUS  
24 Medicaid managed care programs to improve payment accuracy for  
25 diagnostic ancillary services and to reduce the financial incentive  
26 for a health care provider to order unnecessary diagnostic  
27 ancillary services to be performed at a facility in which the

1 provider has a financial interest. Options the commission shall  
2 examine under this subsection and may consider implementing  
3 include:

4 (1) accounting for duplications in the work of a  
5 provider and the expenses relating to that work that occur when two  
6 or more diagnostic ancillary services are provided at the same time  
7 by:

8 (A) combining into a single payment rate or  
9 comprehensive code multiple discrete diagnostic ancillary services  
10 that are often provided at the same time by the same provider; or

11 (B) reducing the payment rate for subsequent  
12 diagnostic ancillary services that are provided to a patient at the  
13 same time by the same provider; and

14 (2) reducing the payment rates for certain diagnostic  
15 ancillary services that are ordered and provided by the same  
16 provider.

17 (e) The commission shall review strategies recommended by  
18 the federal Medicare Payment Advisory Commission during fiscal year  
19 2011 to reduce the use of unnecessary diagnostic ancillary services  
20 in the Medicare program and consider adopting those strategies for  
21 the Medicaid program.

22 (f) The commission shall identify cost-effective strategies  
23 used by STAR and STAR + PLUS Medicaid managed care programs to  
24 reduce the use of unnecessary diagnostic ancillary services and  
25 consider:

26 (1) implementing those strategies within the Medicaid  
27 fee-for-service model; and

1           (2) requiring the use of those strategies in other  
2 STAR and STAR + PLUS Medicaid managed care programs.

3           SECTION 2. If before implementing any provision of this Act  
4 a state agency determines that a waiver or authorization from a  
5 federal agency is necessary for implementation of that provision,  
6 the agency affected by the provision shall request the waiver or  
7 authorization and may delay implementing that provision until the  
8 waiver or authorization is granted.

9           SECTION 3. This Act takes effect immediately if it receives  
10 a vote of two-thirds of all the members elected to each house, as  
11 provided by Section 39, Article III, Texas Constitution. If this  
12 Act does not receive the vote necessary for immediate effect, this  
13 Act takes effect September 1, 2013.