

By: Geren

H.B. No. 3538

A BILL TO BE ENTITLED

AN ACT

relating to the Managed Care Consumer Choice Program.

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

SECTION 1. Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.0021 and 533.0022 to read as follows:

Sec. 533.0021. MANAGED CARE CONSUMER CHOICE PROGRAM. (a)

The commission may periodically issue a request for applications to enter into a contract with the commission to provide health care services to recipients.

(b) The commission shall not enter into a contract under this section with a managed care organization until the commission has:

(1) Certified the managed care organization under Section 533.0035 for any service delivery area for which the managed care organization will provide services to recipients under the contract;

(2) Determined in writing the managed care organization has provided satisfactory assurances regarding its financial solvency; and

(3) Determined in writing the managed care organization complies with the performance measures outlined in Section 533.0036.

(c) Any contract entered under this section shall contain the required contract provisions in Section 533.005 and all other

1 provisions required to be included in a contract between a managed
2 care organization and the commission under this chapter.

3 (d) The managed care organization shall not provide any
4 services to recipients, and the commission shall not make any
5 payments, under any contract entered into under this section until
6 the managed care organization completes readiness review as
7 required by federal law.

8 (e) The commission shall offer to contract with any managed
9 care organization that submits an application in response to a
10 request for applications under Section 533.011 and meets the
11 requirements of Subsection (a) of this section for the programs and
12 service delivery areas for which the managed care organization will
13 provide services under the contract.

14 (f) The programs to which this section applies include STAR,
15 CHIP, STAR Kids, and STAR + PLUS. This section does not apply to the
16 STAR Health program.

17 (g) The commission shall ensure that a recipient may select
18 any managed care plan offered by a managed care organization in good
19 standing that has entered into a contract with the commission under
20 this section to provide services in the recipient's service
21 delivery area for the program under which the recipient is eligible
22 for services.

23 (h) If a managed care organization that has contracted with
24 the commission under this section fails to comply with a material
25 requirement of this section or its contract with the commission, or
26 does not comply with the performance measures defined in Section
27 533.0036, the commission may pursue any or all of the following

1 remedies in addition to any remedies available to the commission
2 under the contract:

3 (1) require submission of and compliance with a
4 corrective action plan;

5 (2) seek recovery of actual damages or liquidated
6 damages specified in the contract;

7 (3) suspend automatic enrollment process of
8 recipients to the managed care organization in one or more service
9 delivery areas; or

10 (4) terminate the contract for cause.

11 Sec. 533.0022. MINIMUM SELECTION CRITERIA. (a) The
12 commission shall publish criteria by which managed care
13 organizations will be measured prior to participation in the
14 managed care program consistent with the performance measures in
15 Section 533.0036.

16 (b) An applicant managed care organization is responsible
17 for providing the necessary data for analysis to determine
18 performance on the minimum selection criteria published by the
19 commission under subsection (a). The commission shall allow the
20 applicant managed care organization an adequate opportunity to cure
21 any deficiency identified by the commission related to the minimum
22 selection criteria.

23 SECTION 2. Subchapter A, Chapter 533, Government Code, is
24 amended by adding Section 533.0036 fto read as follows:

25 Sec. 533.0036. PERFORMANCE MEASURES. (a) The commission
26 shall establish quality and performance measures to evaluate
27 managed care organizations participating in the Managed Care

1 Consumer Choice Program under Section 533.0021 based on experience
2 in the Texas Medicaid and CHIP market.

3 (b) In adopting the measures under Subsection (a), the
4 commission shall consider:

5 (1) cost efficiency, quality of care, experience of
6 care, member and provider satisfaction;

7 (2) the quality of a managed care organization's
8 provider network; and

9 (3) provider experience with the managed care
10 organization.

11 (c) The commission shall:

12 (1) annually evaluate a managed care organization's
13 performance and quality by service delivery area; and

14 (2) post on its Internet website the results of the
15 annual performance evaluations conducted under this section in a
16 format that is readily accessible to and understandable by a member
17 of the public.

18 SECTION 3. Section 62.155(a), Health and Safety Code, is
19 amended to read as follows:

20 Sec. 62.155 HEALTH PLAN PROVIDERS. (a) Beginning with
21 services provided on or after September 1, 2027, the commission
22 shall contract with [~~select the~~] health plan providers under the
23 program through the Managed Care Consumer Choice Program in Section
24 533.0021[~~a competitive procurement process~~]. A health plan
25 provider, other than a state administered primary care case
26 management network, must hold a certificate of authority or other
27 appropriate license issued by the Texas Department of Insurance

1 that authorizes the health plan provider to provide the type of
2 child health plan offered and must satisfy, except as provided by
3 this chapter, any applicable requirement of the Insurance Code or
4 another insurance law of this state.

5 SECTION 4. As soon as practicable after the effective date
6 of this act, but not later than September 1, 2026, the Health and
7 Human Services Commission shall begin requesting applications for
8 the Managed Care Consumer Choice Program, and begin entering into
9 contracts with managed care organizations under Section 533.0021,
10 Government Code.

11 SECTION 5. (a) The Health and Human Services Commission
12 shall extend contracts that were in effect as of January 1, 2025
13 with managed care organizations for the STAR, CHIP, STAR Kids, and
14 STAR + PLUS programs until new contracts are entered under
15 Subsections (b) or (c). The commission shall cancel all
16 procurements for the STAR, CHIP, or STAR Kids programs that were
17 pending as of January 1, 2025.

18 (b) The commission shall enter into contracts with managed
19 care organizations under the Managed Care Consumer Choice Program,
20 Section 533.0021, Government Code, for the STAR and CHIP programs
21 with services to recipients under such contracts no later than
22 September 1, 2027.

23 (c) The commission shall enter into contracts with managed
24 care organizations under the Managed Care Consumer Choice Program,
25 Section 533.0021, Government Code, for the STAR Kids and STAR + PLUS
26 program with services to recipients under such contracts on
27 September 1, 2030.

1 (d) The Managed Care Consumer Choice Program, Section
2 533.0021, Government Code, shall be the exclusive means by which
3 the commission may enter into new contracts with managed care
4 organizations for the STAR, CHIP, STAR Kids, and STAR + PLUS
5 programs after the effective date of this Act.

6 (e) A recipient enrolled in a managed care plan prior to the
7 date services are provided under a contract entered into under
8 Subsections (b) or (c) shall, until such time as the recipient
9 chooses to be enrolled in a different managed care plan or is no
10 longer eligible for services continue enrollment in the same
11 managed care plan if the managed care organization contracts to
12 provide services in the recipient's service delivery area under
13 Section 533.0021.

14 SECTION 6. If before implementing any provision of this Act
15 a state agency determines that a waiver or authorization from a
16 federal agency is necessary for implementation of that provision,
17 the agency affected by the provision shall request the waiver or
18 authorization and may delay implementing that provision until the
19 waiver or authorization is granted.

20 SECTION 7. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2025.