

1 SB340
2 151489-5
3 By Senator Reed
4 RFD: Health
5 First Read: 14-MAR-13

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

10
11 Relating to the Medicaid Agency; to provide for the
12 delivery of medical services to Medicaid beneficiaries on a
13 managed care basis through regional care organizations or
14 alternate care providers.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. For the purposes of this act, the
17 following words shall have the following meanings:

18 (1) ALTERNATE CARE PROVIDER. A contractor, other
19 than a regional care organization, that agrees to provide a
20 comprehensive package of Medicaid benefits to Medicaid
21 beneficiaries in a defined region of the state pursuant to a
22 risk contract.

23 (2) CAPITATION PAYMENT. A payment the state Medicaid
24 Agency makes periodically to a contractor on behalf of each
25 recipient enrolled under a contract for the provision of
26 medical services.

1 (3) CARE DELIVERY SYSTEM. The manner in which the
2 benefits and services set forth in the state Medicaid plan are
3 provided to Medicaid beneficiaries.

4 (4) COLLABORATOR. A private health carrier, third
5 party purchaser, provider, health care center, health care
6 facility, state and local governmental entity, or other public
7 payers, corporations, individuals, and consumers who are
8 expecting to collectively cooperate, negotiate, or contract
9 with another collaborator or regional care organizations in
10 the health care system.

11 (5) LONG-TERM CARE. Medicaid-funded nursing facility
12 services or services in intermediate care facilities for the
13 developmentally disabled, or home- and community-based support
14 services provided to individuals who might otherwise require
15 such services, or such other long-term care services as the
16 Medicaid Agency may determine by rule.

17 (6) MEDICAID AGENCY. The Alabama Medicaid Agency or
18 any successor agency of the state designated as the "single
19 state agency" to administer the medical assistance program
20 described in Title XIX of the Social Security Act.

21 (7) MEDICAID BENEFICIARY. Anyone determined by the
22 Medicaid Agency to be eligible for Medicaid.

23 (8) QUALITY-ASSURANCE PROVISIONS. Specifications for
24 assessing and improving the quality of care provided by a
25 regional care organization or an alternative care plan.

26 (9) REGIONAL CARE ORGANIZATION. An organization of
27 health care providers that contracts with the Medicaid Agency

1 to provide a comprehensive package of Medicaid benefits to
2 Medicaid beneficiaries in a defined region of the state and
3 that meets the requirements set forth in this act.

4 (10) RISK CONTRACT. A contract under which the
5 contractor assumes risk for the cost of the services covered
6 under the contract and incurs loss if the cost of furnishing
7 the services exceeds the payments under the contract.

8 Section 2. (a) A regional care organization shall
9 serve only Medicaid beneficiaries in providing medical care
10 and services.

11 (b) Notwithstanding any other provision of law, a
12 regional care organization shall not be deemed an insurance
13 company under state law.

14 (c) (1) A regional care organization and an
15 organization with probationary regional care organization
16 certification shall have a governing board of directors
17 composed of the following members:

18 a. Twelve members shall be persons representing
19 risk-bearing participants in the regional care organization or
20 organization with probationary certification. A participant
21 bears risk by contributing cash, capital, or other assets to
22 the regional care organization. A participant also bears risk
23 by contracting with the regional care organization to treat
24 Medicaid beneficiaries at a capitated rate per beneficiary or
25 to treat Medicaid beneficiaries even if the regional care
26 organization does not reimburse the participant.

1 b. Eight members shall be persons who do not
2 represent a risk-bearing participant in the regional care
3 organization. Of these eight members, five members shall be
4 medical professionals who provide care to Medicaid
5 beneficiaries in the region. Three of these members shall be
6 primary care physicians, one an optometrist, and one a
7 pharmacist. One primary care physician shall be from a
8 Federally Qualified Health Center appointed jointly by the
9 Alabama Primary Health Care Association and the Alabama
10 Chapter of the National Medical Association and the other two
11 primary care physicians shall be appointed by a caucus of
12 county boards of health in the region. The optometrist shall
13 be appointed by the Alabama Optometric Association, or its
14 successor organization. The pharmacist shall be appointed by
15 the Alabama Pharmacy Association, or its successor
16 organization. All five medical professionals shall work in the
17 region served by the regional care organization. None of these
18 members shall be a risk-bearing participant in the regional
19 care organization or be an employee of a risk-bearing
20 participant, but these members may contract with the regional
21 care organization on a fee-for-service basis.

22 c. Three members shall be community representatives
23 as follows: 1. The chair of the citizens' advisory committee
24 established pursuant to subsection (d). 2. Another citizens'
25 advisory committee member, elected by the committee, who is a
26 representative of an organization that is part of the
27 Disabilities Leadership Coalition of Alabama or Alabama Arise,

1 or their successor organizations. 3. A business executive,
2 nominated by a chamber of commerce in the region, who works in
3 the region. These members may not be risk-bearing participants
4 in the regional care organization or employees of a
5 risk-bearing participant.

6 (2) A majority of the members of the board may not
7 represent a single type of provider, such as hospitals or
8 doctors engaged in medical practice.

9 (3) The Medicaid Agency shall have the power to
10 approve the members of the governing board and the board's
11 structure, powers, bylaws, or other rules of procedure. No
12 organization shall be granted probationary regional care
13 organization certification or full regional care organization
14 certification without approval.

15 (4) The regional care organization, the caucus of
16 county boards of health in the region, the citizens' advisory
17 committee, and the optometric, and pharmacy associations shall
18 promptly fill any vacancy on the board of directors.

19 Notwithstanding other provisions of this subsection, the
20 Medicaid Commissioner shall fill a board seat left vacant for
21 at least three months.

22 (5) The governing board may not take any action
23 unless at least one physician appointed by a caucus of county
24 boards of health in the region, who does not represent a
25 risk-bearing participant and who does not hold one of the
26 three seats held by community representatives, votes on the
27 prevailing side.

1 (6) The membership of the governing board of
2 directors shall be inclusive and reflect the racial, gender,
3 geographic, urban/rural and economic diversity of the region.

4 (d) A citizen's advisory committee shall advise the
5 organization on ways the organization may be more efficient in
6 providing quality care to Medicaid beneficiaries. In addition,
7 an advisory committee shall carry out other functions and
8 duties assigned to it by a regional care organization and
9 approved by the Medicaid Agency. Each regional care
10 organization shall have a citizens' advisory committee, as
11 shall an organization seeking to become a regional care
12 organization, which membership shall be inclusive and reflect
13 the racial, gender, geographic, urban/rural, and economic
14 diversity of the state. The committee shall meet all of the
15 following criteria:

16 (1) Be selected in a method established by the
17 organization seeking to become a regional care organization,
18 or established by the regional care organization, and approved
19 by the Medicaid Agency.

20 (2) At least 20 percent of its members shall be
21 Medicaid beneficiaries or, if the organization has been
22 certified as a regional care organization, at least 20 percent
23 of its members shall be Medicaid beneficiaries enrolled in the
24 regional care organization.

25 (3) Include members who are representatives of
26 organizations that are part of the Disabilities Leadership

1 Coalition of Alabama or Alabama Arise, or their successor
2 organizations.

3 (4) Include only persons who live in the Medicaid
4 region the organization plans to serve; or if the organization
5 has become a regional care organization, include only persons
6 who live in the Medicaid region served by the regional care
7 organization. The membership of the committee shall be
8 inclusive and reflect the racial, gender, geographic,
9 urban/rural and economic diversity of the region.

10 (5) Elect a chair.

11 (6) Meet at least every three months.

12 (e)(1) Each regional care organization shall meet
13 minimum solvency and financial requirements as provided in
14 this subsection. The Medicaid Agency shall require a regional
15 care organization, as a condition of certification or
16 continued certification, to maintain minimum financial
17 reserves at the following levels:

18 a. Restricted reserves of two hundred fifty thousand
19 dollars (\$250,000) or an amount equal to 25 percent of the
20 regional care organization's total actual or projected average
21 monthly expenditures, whichever is greater.

22 b. Capital or surplus, or any combination thereof,
23 of two million five hundred thousand dollars (\$2,500,000).

24 (2) Instead of maintaining the financial reserves
25 required in subdivision (1), a regional care organization that
26 has entered into a risk contract with the Medicaid Agency may
27 submit to the agency a written guaranty in the form of a bond

1 issued by an insurer, in an amount equal to the financial
2 reserves that would otherwise be required of the regional care
3 organization under subdivision (1), to guarantee the
4 performance of the provisions of the risk contract. The bond
5 shall be issued by an insurer authorized in this state and
6 approved by the Medicaid Commissioner. No assets of the
7 regional care organization shall be pledged or encumbered for
8 the payment of the performance bond.

9 (f) A regional care organization shall provide such
10 financial reports and information as required by the Medicaid
11 Agency.

12 (g) A regional care organization shall report all
13 data as required by the Medicaid Agency, consistent with the
14 federal Health Insurance Portability and Accountability Act
15 (HIPAA).

16 Section 3. The Medicaid Agency shall establish by
17 rule geographic Medicaid regions in which a regional care
18 organization or alternate care provider may operate, which
19 together shall cover the entire state. Each Medicaid region,
20 according to an actuary working for Medicaid, shall be capable
21 of supporting at least two regional care organizations or
22 alternate care providers.

23 Section 4. (a) Subject to approval of the federal
24 Centers for Medicare and Medicaid Services, the Medicaid
25 Agency shall enter into a contract in each Medicaid region for
26 at least one fully certified regional care organization to
27 provide, pursuant to a risk contract under which the Medicaid

1 Agency makes a capitated payment, medical care to Medicaid
2 beneficiaries. However, the Medicaid Agency may enter into a
3 contract pursuant to this section only if, in the judgment of
4 the Medicaid Agency, care of Medicaid beneficiaries would be
5 better, more efficient, and less costly than under the then
6 existing care delivery system. The Medicaid Agency may
7 contract with more than one regional care organization in a
8 Medicaid region. Pursuant to the contract, the Medicaid Agency
9 shall set capitation payments for the regional care
10 organization.

11 (b) The Medicaid Agency shall enroll beneficiaries
12 into regional care organizations. If more than one regional
13 care organization operates in a Medicaid region, a Medicaid
14 beneficiary may choose the organization to provide his or her
15 care. If a Medicaid beneficiary does not make a choice, the
16 Medicaid Agency shall assign the person to a care
17 organization. Medicaid may limit the circumstances under which
18 a Medicaid beneficiary may change care organizations.

19 (c) A regional care organization shall provide
20 Medicaid services to Medicaid enrollees directly or by
21 contract with other providers. The regional care organization
22 shall establish an adequate medical service delivery network
23 as determined by the Medicaid Agency. An alternate care
24 provider contracting with Medicaid shall also establish such a
25 network.

26 (d) The Medicaid Agency shall establish by rule
27 procedures for safeguarding against wrongful denial of claims

1 and addressing grievances of enrollees in a regional care
2 organization or an alternate care provider. The procedures
3 shall provide for a timely and meaningful right of appeal, by
4 Medicaid enrollees or their providers, of approvals or denials
5 of care, billing and payment issues, bundling matters, and the
6 provision of health care services. The rules shall include
7 procedures for a fair hearing on all claims or complaints
8 brought by Medicaid enrollees or other providers that shall
9 include the following:

10 (1) An immediate appeal to the medical director of
11 the regional care organization, who shall be a primary care
12 physician. The rules of evidence shall not apply. The medical
13 director shall consider the materials submitted on the issue
14 and any oral arguments and render a decision. The medical
15 director's decision shall be binding on the regional care
16 organization.

17 (2) If a patient or provider is dissatisfied with
18 the decision of the medical director, the patient or physician
19 may file a notice of appeal to be heard by a peer review
20 committee. The peer review committee shall be composed of at
21 least three physicians of the same specialty in the region in
22 which the services or matter is at issue. If three physicians
23 cannot be found, then the physicians may be selected outside
24 of the region. The Medicaid Agency shall develop rules
25 regarding the appeal to the peer review committee. The peer
26 review committee's decision shall be binding on the regional
27 care organization.

1 (3) If a patient or the provider is dissatisfied
2 with the decision of the peer review committee, the patient or
3 provider may file a written notice of appeal to the Medicaid
4 Agency. The Medicaid Agency shall adopt rules governing the
5 appeal, which shall include a full evidentiary hearing and a
6 finding on the record. The Medicaid Agency's decision shall be
7 binding upon the regional care organization. However, a
8 patient or provider may file an appeal in circuit court in the
9 county in which the patient resides, or the county in which
10 the provider provides services.

11 (e) The Medicaid Agency shall by rule establish
12 procedures for addressing grievances of regional care
13 organizations. The grievance procedure shall include an
14 opportunity for a fair hearing before an impartial hearing
15 officer in accordance with the Alabama Administrative
16 Procedure Act, Chapter 22, Title 41, Code of Alabama 1975. The
17 state Medicaid commissioner shall appoint one, or more than
18 one, hearing officer to conduct fair hearings. After each
19 hearing, the findings and recommendations of the hearing
20 officer shall be submitted to the commissioner, who shall make
21 a final decision for the agency. Judicial review of the final
22 decision of the Medicaid Agency may be sought pursuant to the
23 Alabama Administrative Procedure Act. All costs related to
24 development and implementation of the grievance procedure,
25 including the provision of administrative hearings, shall be
26 borne by the Medicaid Agency. The agency may adopt rules for

1 implementing this subsection in accordance with the Alabama
2 Administrative Procedure Act.

3 (f) In addition to the foregoing, the Medicaid
4 Agency shall do all of the following:

5 (1) Establish by rule the criteria for probationary
6 and full certification of regional care organizations.

7 (2) Establish the quality standards and minimum
8 service delivery network requirements for regional care
9 organizations or alternate care providers to provide care to
10 Medicaid beneficiaries.

11 (3) Establish by rule and implement quality
12 assurance provisions for each regional care organization.

13 (4) Adopt and implement, at its discretion,
14 requirements for a regional care organization concerning
15 health information technology, data analytics, quality of
16 care, and care-quality improvement.

17 (5) Conduct or contract for financial audits of each
18 regional care organization. The audits shall be based on
19 requirements established by the Medicaid Agency by rule or
20 established by law. The audit of each regional care
21 organization shall be conducted at least every three years or
22 more frequently if requested by the Medicaid Agency.

23 (6) Take such other action with respect to regional
24 care organizations or alternate care providers as may be
25 required by federal Medicaid regulations or under terms and
26 conditions imposed by the Centers for Medicare and Medicaid
27 Services in order to assure that payments to the regional care

1 organizations or alternate care providers qualify for federal
2 matching funds.

3 Section 5. (a) The Medicaid Agency shall create a
4 quality assurance committee appointed by the Medicaid
5 Commissioner. The members of the committee shall serve
6 two-year terms. At least 60 percent of the members shall be
7 physicians who provide care to Medicaid beneficiaries served
8 by a regional care organization. In making appointments to the
9 committee, the Medicaid Commissioner shall seek input from the
10 appropriate professional associations.

11 (b) The committee shall identify objective outcome
12 and quality measures, including measures of outcome and
13 quality for ambulatory care, inpatient care, chemical
14 dependency and mental health treatment, oral health care, and
15 all other health services provided by coordinated care
16 organizations. Quality measures adopted by the committee shall
17 be consistent with existing state and national quality
18 measures. The Medicaid Commissioner shall incorporate these
19 measures into regional care organization contracts to hold the
20 organizations accountable for performance and customer
21 satisfaction requirements.

22 (c) The committee shall adopt outcome and quality
23 measures annually and adjust the measures to reflect the
24 following:

25 (1) The amount of the global budget for a regional
26 care organization.

27 (2) Changes in membership of the organization.

1 (3) The organization's costs for implementing
2 outcome and quality measures.

3 (4) The community health assessment and the costs of
4 the community health assessment conducted by the organization.

5 (d) The Medicaid Agency shall continuously evaluate
6 the outcome and quality measures adopted by the committee
7 pursuant to this section.

8 (e) The Medicaid Agency shall utilize available data
9 systems for reporting outcome and quality measures adopted by
10 the committee and take actions to eliminate any redundant
11 reporting or reporting of limited value.

12 (f) The Medicaid Agency shall publish the
13 information collected under this section at aggregate levels
14 that do not disclose information otherwise protected by law.
15 The information published shall report, by regional care
16 organizations, all of the following:

17 (1) Quality measures.

18 (2) Costs.

19 (3) Outcomes.

20 (4) Other information, as specified by the contract
21 between the regional care organization and the Medicaid
22 Agency, that is necessary for the Medicaid Agency to evaluate
23 the value of health services delivered by a regional care
24 organization.

25 Section 6. An initial contract between the Medicaid
26 Agency and a regional care organization shall be for three
27 years, with the option for Medicaid to renew the contract for

1 not more than two additional one-year periods. The Medicaid
2 Agency shall obtain an independent evaluation of the cost
3 savings, patient outcomes, and quality of care provided by
4 each regional care organization, and obtain the results of
5 each regional care organization's evaluation in time to use
6 the findings to decide whether to enter into another
7 multi-year contract with the regional care organization or
8 change the Medicaid region's care-delivery system.

9 Section 7. The Medicaid Agency may contract with an
10 alternate care provider in a Medicaid region only under the
11 terms of this section:

12 (a) If a regional care organization failed to
13 provide adequate service pursuant to its contract, or had its
14 certification terminated, or if the Medicaid Agency could not
15 award a contract to a regional care organization under the
16 terms of Section 4, or if no organization had been awarded a
17 regional care organization certificate by October 1, 2016,
18 then the Medicaid Agency shall first offer a contract, to
19 resume interrupted service or to assume service in the region,
20 under the conditions of Section 4 to any other regional care
21 organization that Medicaid judged would meet its quality
22 criteria.

23 (b) If by October 1, 2014, no organization had a
24 probationary regional care organization certification in a
25 region. However, the Medicaid Agency could extend the deadline
26 until January 1, 2015, if it judged an organization was making
27 reasonable progress toward getting probationary certification.

1 If Medicaid judged that no organization in the region likely
2 would achieve probationary certification by January 1, 2015,
3 then the Medicaid Agency shall let any organization with
4 probationary or full regional care organization certification
5 apply to develop a regional care organization in the region.
6 If at least one organization made such an application, the
7 agency no sooner than October 1, 2015, would decide whether
8 any organization could reasonably be expected to become a
9 fully certified regional care organization in the region and
10 its initial region.

11 (c) If an organization lost its probationary
12 certification before October 1, 2016, Medicaid shall offer any
13 other organization with probationary or full regional care
14 organization certification, which it judged could successfully
15 provide service in the region and its initial region, the
16 opportunity to serve Medicaid beneficiaries in both regions.

17 (d) Medicaid may contract with an alternate care
18 provider only if no regional care organization accepted a
19 contract under the terms of (a), or no organization was
20 granted the opportunity to develop a regional care
21 organization in the affected region under the terms of (b), or
22 no organization was granted the opportunity to serve Medicaid
23 beneficiaries under the terms of (c).

24 (e) The Medicaid Agency may contract with an
25 alternate care provider under the terms of subsection (d) only
26 if, in the judgment of the Medicaid Agency, care of Medicaid
27 enrollees would be better, more efficient, and less costly

1 than under the then existing care delivery system. Medicaid
2 may contract with more than one alternate care provider in a
3 Medicaid region.

4 Section 8. (a) The Medicaid Agency shall establish
5 by rule the procedure for the termination of a regional care
6 organization certification or probationary regional care
7 organization certification for non-performance of contractual
8 duty or for failure to meet or maintain benchmarks, standards,
9 or requirements provided by this act or established by the
10 Medicaid Agency as required by this act.

11 (b) Termination of a regional care organization
12 certification or probationary certification shall follow the
13 standard administrative process, with the right to a hearing
14 before a hearing officer appointed by the Medicaid Agency.

15 Section 9. A regional care organization shall
16 contract with any willing hospital, doctor, or other provider
17 to provide services in a Medicaid region if the provider is
18 willing to accept the payments and terms offered comparable
19 providers. Any provider shall meet licensing requirements set
20 by law, shall have a Medicaid provider number, and shall not
21 otherwise be disqualified from participating in Medicare or
22 Medicaid.

23 Section 10. (a) The following is the timeline for
24 implementation of this act:

25 (1) Not later than October 1, 2013, the Medicaid
26 Agency shall establish Medicaid regions.

1 (2) Not later than October 1, 2014, an organization
2 seeking to become a regional care organization shall have
3 established a governing board and structure as approved by the
4 Medicaid Agency. An organization may receive probationary
5 certification as a regional care organization upon submission
6 of an application for, and demonstration of, a governing board
7 acceptable to the Medicaid Agency. Probationary certification
8 shall expire no later than October 1, 2016.

9 (3) Not later than April 1, 2015, an organization
10 with probationary regional care organization certification
11 shall have demonstrated to Medicaid's approval the ability to
12 establish an adequate medical service delivery network.

13 (4) Not later than October 1, 2015, an organization
14 with probationary regional care organization certification
15 shall have demonstrated to Medicaid's approval that it has met
16 the solvency and financial requirements for a regional care
17 organization as outlined in this act.

18 (5) Not later than October 1, 2016, an organization
19 with probationary regional care organization certification
20 shall demonstrate to Medicaid's approval that it is capable of
21 providing services pursuant to a risk contract.

22 (b) The timeline and benchmarks in subsection (a)
23 shall not preclude an organization from meeting the timelines
24 and benchmarks at an earlier date.

25 (c) Failure to meet and maintain any one of the
26 benchmarks in subdivisions (2) to (5), inclusive, shall
27 constitute grounds for termination of a probationary regional

1 care organization certification or full regional care
2 organization certification. The Medicaid Agency shall award
3 full regional care organization certification to an
4 organization with probationary regional care organization
5 certification if the organization timely meets each of those
6 benchmarks. Failure by an organization to timely meet one or
7 more of those benchmarks shall not prevent the Medicaid
8 Agency, at its sole discretion, from granting full regional
9 care organization certification to the organization as long as
10 it has met all of those benchmarks by October 1, 2016.

11 Section 11. (a) The Medicaid Agency, with input from
12 long-term care providers, shall conduct an evaluation of the
13 existing long-term care system for Medicaid beneficiaries and,
14 on October 1, 2015, shall report the findings of the
15 evaluation to the Legislature and Governor.

16 (b) The Medicaid Agency shall decide which groups of
17 Medicaid beneficiaries to include for coverage by a regional
18 care organization or alternate care provider. The Medicaid
19 Agency, without the approval of the Governor, shall not make a
20 coverage decision that would affect Medicaid beneficiaries who
21 are directly served by another state agency.

22 (c) Notwithstanding the above, the current Medicaid
23 long-term care programs shall continue as currently
24 administered by the Medicaid Agency until the end of the
25 fiscal year when the evaluation required in subsection (a) is
26 reported to the Legislature and the Governor.

1 Section 12. (a) The Medicaid Agency, with input from
2 dental care providers, shall conduct an evaluation of the
3 existing dental care program for Medicaid beneficiaries and,
4 on October 1, 2015, shall report the findings of the
5 evaluation to the Legislature and Governor.

6 (b) Notwithstanding the above, the current Medicaid
7 dental care programs shall continue as currently administered
8 by the Medicaid Agency until the end of the fiscal year when
9 the evaluation required in subsection (a) is reported to the
10 Legislature and the Governor.

11 Section 13. The Medicaid Agency may contract for
12 case-management services with an organization that has been
13 granted by the Medicaid Agency a probationary regional care
14 organization certification. If the agency has contracted with
15 such an organization, and that organization on or before
16 October 1, 2016, has failed to gain full regional care
17 organization certification or has had its probationary
18 certification terminated, then that organization shall refund
19 half the payments, made by the Medicaid Agency to the
20 organization for case-management services, paid over the
21 previous 12 months.

22 Section 14. (a) The Legislature declares that
23 collaboration among public payers, private health carriers,
24 third party purchasers, and providers to identify appropriate
25 service delivery systems and reimbursement methods in order to
26 align incentives in support of integrated and coordinated
27 health care delivery is in the best interest of the

1 public. Collaboration pursuant to this act is to provide
2 quality health care at the lowest possible cost to Alabama
3 citizens who are Medicaid eligible. The Legislature,
4 therefore, declares that this health care delivery system
5 affirmatively contemplates the foreseeable displacement of
6 competition, such that any anti-competitive effect may be
7 attributed to the state's policy to displace competition in
8 the delivery of a coordinated system of health care for the
9 public benefit. In furtherance of this goal, the Legislature
10 declares its intent to exempt from state anti-trust laws, and
11 provide immunity from federal anti-trust laws through the
12 state action doctrine to, collaborators, regional care
13 organizations, and contractors that are carrying out the
14 state's policy and regulatory program of health care delivery.

15 (b) The Medicaid Agency shall adopt rules to carry
16 out the provisions of this section.

17 (c) Collaborators shall apply with the Medicaid
18 Agency for a certificate in order to collaborate with other
19 entities, individuals, or regional care organizations. The
20 applicant shall describe what entities and persons with whom
21 the applicant intends on collaborating or negotiating, the
22 expected effects of the negotiated contract, and any other
23 information the Medicaid Agency deems fit. The applicant shall
24 certify that the bargaining is in good faith and necessary to
25 meet the legislative intent stated herein. Before commencing
26 cooperation or negotiations described in this section, an
27 entity or individual shall possess a valid certificate.

1 (1) Upon a sufficient showing that the collaboration
2 is in order to facilitate the development and establishment of
3 the regional care organization or health care payment reforms,
4 the Medicaid Agency shall issue a certificate allowing the
5 collaboration.

6 (2) A certificate shall allow collective
7 negotiations, bargaining, and cooperation among collaborators
8 and regional care organizations.

9 (d) All agreements and contracts shall be approved
10 by the Medicaid Commissioner.

11 (e) Should collaborators or a regional care
12 organization be unable to reach an agreement, they may request
13 that the Medicaid Agency intervene and facilitate
14 negotiations.

15 (f) Notwithstanding any other law, the Medicaid
16 Commissioner or the commissioner's designee may engage in any
17 other appropriate state supervision necessary to promote state
18 action immunity under state and federal anti-trust laws, and
19 may inspect or request additional documentation to verify that
20 the Medicaid laws are implemented in accordance with the
21 legislative intent.

22 (g) The Medicaid Commissioner may convene
23 collaborators and regional care organizations to facilitate
24 the development and establishment of the regional care
25 organizations and health care payment reforms. Any
26 participation by such entities and individuals shall be on a
27 voluntary basis.

1 (h) The Medicaid Agency may do any or all of the
2 following:

3 (1) Conduct a survey of the entities and individuals
4 concerning payment and delivery reforms.

5 (2) Collect information from other persons to assist
6 in evaluating the impact of any proposed agreement on the
7 health care marketplace.

8 (3) Convene meetings at a time and place that is
9 convenient for the entities and individuals.

10 (i) To the extent the collaborators and regional
11 care organizations are participating in good faith
12 negotiations, cooperation, bargaining, or contracting in ways
13 that support the intent of establishment of the regional care
14 organization or other health care payment reforms, those
15 state-authorized collaborators and regional care organizations
16 shall be exempt from the anti-trust laws under the state
17 action immunity doctrine.

18 (j) All reports, notes, documents, statements,
19 recommendations, conclusions, or other information submitted
20 pursuant to this section, or created pursuant to this section,
21 shall be privileged and confidential, and shall only be used
22 in the exercise of the proper functions of the Medicaid
23 Agency. These confidential records shall not be public records
24 and shall not be subject to disclosure except under HIPAA. Any
25 information subject to civil discovery or production shall be
26 protected by a confidentiality agreement or order. Nothing
27 contained herein shall apply to records made in the ordinary

1 course of business of an individual, corporation, or entity.
2 Documents otherwise available from original sources are not to
3 be construed as immune from discovery or used in any civil
4 proceedings merely because they were submitted pursuant to
5 this section. Nothing in this subsection or act shall apply to
6 prohibit the disclosure of any information that is required to
7 be released to the United States government or any subdivision
8 thereof. The Medicaid Agency, in its sole discretion, but with
9 input from potential collaborators, may promulgate rules to
10 make limited exceptions to this immunity and confidentiality
11 for the disclosure of information. The exceptions created by
12 the Medicaid Agency shall be narrowly construed.

13 (k) The Medicaid Agency shall actively monitor
14 agreements approved under this act to ensure that a
15 collaborator's or regional care organization's performance
16 under the agreement remains in compliance with the conditions
17 of approval. Upon request and not less than annually, a
18 collaborator or regional care organization shall provide
19 information regarding agreement compliance. The Medicaid
20 Agency may revoke the agreement upon a finding that
21 performance pursuant to the agreement is not in substantial
22 compliance with the terms of the contract. Any entity or
23 individual aggrieved by any final decision regarding contracts
24 under this section that are approved by the Medicaid Agency,
25 or presented to the Medicaid Agency, may take direct judicial
26 appeal as provided for judicial review of final decisions in
27 the Administrative Procedure Act.

1 Section 15. The Medicaid Agency may adopt rules
2 necessary to implement this act.

3 Section 16. All laws or parts of laws which conflict
4 with this act are repealed.

5 Section 17. This act shall become effective
6 immediately following its passage and approval by the
7 Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate
committee on Health..... 14-MAR-13

Read for the second time and placed on the calen-
dar with 1 substitute and 3 amendments 18-APR-13

Read for the third time and passed as amended 25-APR-13

Yeas 27
Nays 3

Patrick Harris
Secretary