SB340

149895-4

By Senator Reed

RFD: Health

First Read: 14-MAR-13

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SYNOPSIS: This bill would provide for the delivery of health care services under the Medicaid program on a managed care basis through the Medicaid Agency or through regional care organizations or alternate care providers that would operate in not more than eight geographic Medicaid regions.

A BILL

TO BE ENTITLED

AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

(1) ALTERNATE CARE PROVIDER. A contractor, other than a regional care organization, that agrees to provide a

comprehensive package of Medicaid benefits to Medicaid beneficiaries in a defined region of the state pursuant to a risk contract.

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

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

(4) LONG-TERM CARE. Medicaid-funded nursing facility services or services in intermediate care facilities for the developmentally disabled, or home- and community-based supports services provided to individuals who might otherwise require such services.

(5) MEDICAID AGENCY. The Alabama Medicaid Agency or any successor agency of the state designated as the "single state agency" to administer the medical assistance program described in Title XIX of the Social Security act.

(6) MEDICAID BENEFICIARY. Anyone determined by the Medicaid Agency to be eligible for Medicaid.

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

(8) REGIONAL CARE ORGANIZATION. An organization of health care providers that contracts with the Medicaid Agency to provide a comprehensive package of Medicaid benefits to

Medicaid beneficiaries in a defined region of the state and that meets the requirements set forth in this act.

(9) RISK CONTRACT. A contract under which the contractor a. assumes risk for the cost of the services covered under the contract; and b. incurs loss if the cost of furnishing the services exceeds the payments under the contract.

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

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

(c)(1) Each regional care organization shall establish a governing board with at least 60 percent of the seats on the board held by a participant in the organization as a provider that either contributes capital to the regional care organization or has agreed to provide services to Medicaid enrollees of the regional care organization. No single type of provider, such as hospitals or doctors engaged in medical practices, shall hold a majority of seats on the board. The governing board shall include at least two physicians, two hospital representatives, one dentist, one optometrist, one pharmacist, and such other providers as shall be deemed appropriate by the regional care organization and approved by the Medicaid Agency. The chair of the Citizen's Advisory Committee established by the regional care

organization pursuant to subsection (d) shall be a voting member of the board.

(2) The Medicaid Agency shall approve at its discretion the governing board and structure of a regional care organization. No regional care organization shall be granted probationary or fully certified status unless approved.

(d) Each regional care organization shall establish a citizen's advisory committee to the board. The committee shall meet all of the following criteria:

(1) Be selected in a method established by the regional care organization and approved by the Medicaid Agency.

(2) Have at least 20 percent of the board positions held by enrollees of the regional care organization.

(3) Elect a chair who shall sit on the governing body of the regional care organization.

(4) Carry out those functions and duties assigned to it by the regional care organization.

(5) Meet at least every three months.

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

(1) Restricted reserves of two hundred fifty thousand dollars ($250,000) or an amount equal to 50 percent of the regional care organization's total actual or projected average monthly liabilities, whichever is greater.

(2) Capital or surplus, or any combination thereof, equal to the greater of two million five hundred thousand dollars ($2,500,000) or the amount required from the application of the risk-based capital standards referenced by Title 27, Chapter 2B of the Code of Alabama 1975.

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

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

Section 3. The Medicaid Agency shall establish by rule not more than eight geographic Medicaid regions which shall together cover the entire state, in which a regional care organization or alternate care provider may operate. Each Medicaid region, according to an actuary working for Medicaid, shall be capable of supporting at least two regional care organizations or alternate care providers.

Section 4. (a) Subject to approval of the federal Centers for Medicare and Medicaid Services, the Medicaid Agency shall enter into a contract in each Medicaid region for at least one fully certified regional care organization to

provide, pursuant to a risk contract, under which the Medicaid Agency makes a capitated payment, medical care to Medicaid beneficiaries. The Medicaid Agency may enter into a contract pursuant to this section only if, in the judgment of the Medicaid Agency, care of Medicaid beneficiaries would be better, more efficient, and less costly than under the then existing care delivery system. The Medicaid Agency may contract with more than one regional care organization in a Medicaid region. Pursuant to the contract, the Medicaid Agency may set capitation payments for the regional care organization.

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

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

(d) The Medicaid Agency shall establish by rule procedures for addressing grievances of enrollees in a regional care organization or an alternate care provider. The procedures shall provide for hearing procedures and other procedures for responding to claims of denial of service or inadequate service and other complaints brought by Medicaid enrollees.

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

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

(2) Establish the quality standards and minimum medical service delivery network requirements for regional care organizations or an alternate care provider to provide care to Medicaid beneficiaries.

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

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

(5) Conduct or contract for financial audits of each regional care organization. The audits shall be based on requirements established by the Medicaid Agency by rule or established by law. The audit of each regional care

organization shall be conducted at least every three years or more frequently if requested by the Medicaid Agency.

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

Section 5. An initial contract between the Medicaid Agency and a regional care organization shall be for three years, with the option for Medicaid to renew the contract for not more than two additional one-year periods. The Medicaid Agency shall obtain an independent evaluation of the cost savings, patient outcomes and quality of care provided by each regional care organization, and obtain the results of each regional care organization's evaluation in time to use the findings to decide whether to contract again with the regional care organization or change the Medicaid region's care-delivery system.

Section 6. The Medicaid Agency may contract with an alternate care provider in a Medicaid region if a regional care organization has failed to provide adequate service pursuant to its contract, or if the certification of a regional care organization is terminated or never granted. The Medicaid Agency may contract with an alternate care provider only if, in the judgment of the Medicaid Agency, care of

Medicaid enrollees would be better, more efficient, and less costly than under the then existing care delivery system. Medicaid may contract with more than one alternate care provider in a Medicaid region.

Section 7. (a) The Medicaid Agency shall establish by rule the procedure for the termination of the certification or probationary certification of a regional care organization for non-performance of contractual duty or for failure to meet or maintain benchmarks provided by this act.

(b) Termination of a regional care organization certification or probationary certification shall follow the standard administrative process, with the right to a hearing before a hearing officer appointed by the Medicaid Agency. Appeal shall lie with the Alabama Court of Civil Appeals and shall be based on the record.

(c) Upon termination of a regional care organization certification or probationary certification in a Medicaid region, the Medicaid Agency may contract with an alternative provider, or more than one such provider, to serve the region.

Section 8. A regional care organization shall contract with any willing hospital, doctor, or other provider to provide services in a Medicaid region if the provider is willing to accept the payments and terms offered comparable providers. Any provider shall meet licensing requirements set by law.

Section 9. The following is the timeline for implementation of this act:

(1) Not later than October 1, 2013, the Medicaid Agency shall establish not more than eight Medicaid regions.

(2) Not later than October 1, 2014, an organization seeking to become a regional care organization shall have established a governing board and structure as approved by the Medicaid Agency. An organization may receive probationary certification as a regional care organization upon submission of an application for, and demonstration of, a governing board acceptable to the Medicaid Agency. Probationary certification shall last no more than 36 months.

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

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

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

(6) The above timeline and benchmarks shall not preclude a regional care organization from meeting the timelines and benchmarks at an earlier date.

(7) Failure to meet and maintain any one of the above benchmarks shall constitute grounds for termination of a

regional care organization probationary certification or full regional care organization certification. The Medicaid Agency shall award full regional care organization certification to an organization with probationary regional care organization certification if the organization timely meets each of the above benchmarks. Failure by an organization to meet one or more of the benchmarks by the above deadlines shall not prevent the Medicaid Agency, at its sole discretion, from granting full regional care organization certification to the organization as long as it has met all the benchmarks by October 1, 2016.

Section 10. (a) The Medicaid Agency shall conduct an evaluation of the existing long-term care system for Medicaid beneficiaries and, by October 1, 2014, shall report the findings of the evaluation to the Legislature and Governor.

(b) The Medicaid Agency, by October 1, 2017, shall integrate long-term care for Medicaid beneficiaries into the care-delivery system of each region.

(c) The Medicaid Agency shall decide which groups of Medicaid beneficiaries to include for coverage in a regional care organization or alternate care provider.

Section 11. This act shall authorize the Attorney General to actively supervise regional care organizations to provide immunity from federal anti-trust laws.

Section 12. All laws or parts of laws which conflict with this act are repealed.

Section 13. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.