

SECOND REGULAR SESSION

SENATE BILL NO. 1111

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR BROWN.

Read 1st time February 29, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

6694S.011

AN ACT

To amend chapter 208, RSMo, by adding thereto three new sections relating to MO HealthNet managed care.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 208, RSMo, is amended by adding thereto three new
2 sections, to be known as sections 208.1100, 208.1105, and 208.1110, to read as
3 follows:

**208.1100. Any contract between the state of Missouri and a
2 vendor of prepaid capitated health services as described in section
3 208.166, which is issued, reauthorized, or renewed after August 28, 2016,
4 shall incorporate the following standards:**

5 **(1) Each vendor of services shall use the same set of utilization
6 review protocols and standards in determining medical necessity for
7 services and for authorizing payment for such services delivered and
8 administered pursuant to the contract. The utilization review protocols
9 and standards shall be established by the department of social
10 services. Utilization review standards for hospital emergency
11 department coverage shall include the standards established for health
12 maintenance organizations as defined in chapter 354 regarding
13 emergency medical services and emergency medical conditions. The
14 department shall ensure the active engagement of network health care
15 providers in developing the department's set of uniform utilization
16 review protocols and standards, including but not limited to, providers
17 of behavioral health services. In developing such standards and
18 protocols, the department shall give preference to the use of protocols
19 and standards with prevalent use among Medicare and health carriers,
20 as defined in section 376.1350;**

21 **(2) Decisions regarding appeals of utilization review or payment**
22 **authorization decisions shall be timely. Data on the number, timing,**
23 **nature, and disposition of such appeals shall be reported to the**
24 **department as provided by the contract, but no less frequently than**
25 **quarterly. A contract described in this section shall include deadlines**
26 **and other criteria for making and resolving disputes of utilization**
27 **review decisions, and shall include financial penalties for consistent**
28 **failure of a contracting vendor to issue timely decisions pursuant to**
29 **terms of the contract and state and federal law and regulation;**

30 **(3) Network adequacy standards shall be established and**
31 **enforced to ensure that vendors of prepaid capitated health services**
32 **provide comparable access to adult and pediatric primary care and**
33 **specialty medical care and behavioral health services as is provided to**
34 **enrollees of private insurance plans;**

35 **(4) Administrative requirements imposed on providers and**
36 **patients by a vendor of prepaid capitated health services shall be**
37 **standardized and uniformly applied to each such vendor. For purposes**
38 **of this section, administrative requirements shall include, but not be**
39 **limited to, the collection from providers of financial, care delivery, and**
40 **quality of care data;**

41 **(5) To the extent that federal statutory or regulatory**
42 **requirements directly or indirectly prevent the payment of Medicaid**
43 **upper payment limit payments pursuant to 42 CFR 447 for which some**
44 **or all hospitals are eligible to receive, alternative or supplemental**
45 **payments shall be made in lieu thereof, as authorized by appropriation**
46 **by the general assembly and by federal law and regulation;**

47 **(6) Capitation payments made to managed care plans through**
48 **prepaid capitated coverage arrangements shall not exceed an**
49 **actuarially sound capitation rate established pursuant to paragraph (c)**
50 **of 42 CFR 438.6. The portion of such capitation payments for which the**
51 **state share is funded by the proceeds of a provider assessment shall be**
52 **used exclusively to pay for the compensable services of some or all of**
53 **the providers subject to the applicable tax under state law. This**
54 **requirement shall not apply to the amounts of each type of provider**
55 **assessment appropriated and expended to fund MO HealthNet managed**
56 **care payments during state fiscal year 2016. Contracts described in**
57 **this section shall ensure the collection and distribution of payment and**

58 encounter data necessary to verify continuous compliance with this
59 subdivision. For purposes of this section, the term "provider
60 assessment" shall mean assessments whose payment is mandated by:

61 (a) Sections 190.800 to 190.839;

62 (b) Sections 198.401 to 198.439;

63 (c) Sections 208.453 to 208.480;

64 (d) Sections 338.500 to 338.550; and

65 (e) Section 633.401;

66 (7) Such contract shall provide for a financial penalty to a
67 vendor of prepaid capitated health services if the vendor fails to meet
68 targets defined by the contract for rates at which participants whose
69 care is being managed by such plans seek to use hospital emergency
70 department services for nonemergency medical conditions. The MO
71 HealthNet Division shall convene representatives of vendors of prepaid
72 capitated arrangements, physicians, hospitals, pharmacists, and other
73 applicable health care providers to promote the development and
74 implementation of best practices to reduce the incidence of non-
75 emergency use of hospital emergency departments by MO HealthNet
76 participants;

77 (8) Such contract shall require that the vendor of prepaid
78 capitated health services maintain a medical loss ratio of at least
79 ninety percent or greater;

80 (9) Such contract shall require that the vendor of prepaid
81 capitated health services be required to provide on a monthly basis, or
82 more frequently as specifically required by the contract, all data
83 necessary to allow the department to monitor and implement payments,
84 including but not limited to, any data necessary to determine
85 compliance with any contractual agreements between the vendor and
86 providers of health care services. Such data shall be a public record
87 pursuant to chapter 610;

88 (10) Such contract shall permit shared savings and risk-and gain-
89 sharing arrangements between vendors of prepaid capitated health
90 services and health care providers;

91 (11) In accordance with section 1.330, no such contract shall
92 compel or coerce, directly or indirectly, health care providers to
93 participate in a health care system, including but not limited to a MO
94 HealthNet managed care program; and

95 (12) All such contracts shall include standards for timely
96 payment of providers by contracted vendors which are at least as
97 stringent as provided by section 376.383. This subdivision shall not be
98 construed to impede the inclusion of standards regarding timely
99 payment which are more stringent than state statutory standards as
100 permitted or required by federal law or regulation or the terms of a
101 contract under this section.

208.1105. The department of social services shall accept regional
2 plan proposals from provider-sponsored care management
3 organizations as an option for coverage of beneficiaries. Such
4 provider-sponsored care management organizations shall comply with
5 standards established by the department to ensure comparable levels
6 of benefits, quality and protection to enrollees. For purposes of this
7 section, regional proposals may be submitted by a "coordinated care
8 organization" or "CCO", which shall be an organization of health care
9 providers, including a health care home, which agrees to be
10 accountable for the quality, cost, coordination, and overall care of a
11 defined group of MO HealthNet participants. The regional CCOs shall
12 use a shared savings model where over time there is also shared
13 risk. The regional or statewide CCOs shall be reimbursed through a
14 global payment methodology developed by the department. The global
15 payment methodology may utilize a population-based payment
16 mechanism calculated on a per-member, per-month calculation, and
17 may include risk adjustments, risk sharing, and aligned payment
18 incentives to achieve performance improvement. The department may
19 develop performance incentive payments designed to reward increased
20 quality and decreased cost of care. CCOs under this section may be
21 eligible to receive performance incentive payments as determined by
22 the department beginning in their second full year of operation.

208.1110. The state auditor shall conduct an annual evaluation
2 of the savings and costs attributable to state government, political
3 subdivisions, health care providers, and MO HealthNet participants
4 pursuant to the expanded implementation of prepaid capitated health
5 services occurring on or after May 1, 2017. In preparing such
6 evaluations, the state auditor may consult with the departments of
7 social services, mental health, and insurance, financial institutions and
8 professional registration. The annual evaluations shall include an

9 **assessment of the financial implications attributable to the use of**
10 **subcontractors by prepaid capitated health service plans to administer**
11 **the delivery of health services, including behavioral health services, to**
12 **MO HealthNet participants.**

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