

- SUBJECT:** Establishing a provider protection plan for Medicaid managed care
- COMMITTEE:** Human Services — favorable, without amendment
- VOTE:** 7 ayes — Raymond, N. Gonzalez, Fallon, Klick, Rose, Scott Turner, Zerwas
- 0 nays
- 2 absent — Naishtat, Sanford
- SENATE VOTE:** On final passage, May 9 — 30-0
- WITNESSES:** For — (*Registered, but did not testify:* Leticia Caballero, Texas Health Care Association; Melissa Davis, National Association of Social Workers - Texas Chapter; Jan Friese, Texas Counseling Association; Melissa Gardner, Texans Care for Children; David Gonzales, Texas Association of Health Plans; Rachel Hammon, Texas Association for Home Care and Hospice; John Hawkins, Texas Hospital Association; Israel Rocha, Doctor’s Hospital at Renaissance; Michelle Romero, TMA; and 14 individuals)
- Against — None
- On — (*Registered, but did not testify:* Rudy Villarreal, Health and Human Services Commission)
- BACKGROUND:** In 1991, during its first called session, the 72nd Legislature enacted HB 7 by Vowell, et al., directing the state to establish Medicaid managed care pilot programs. To incentivize the efficient delivery of health care services in a managed care program, a managed care organization (MCO) is paid a capped amount for each client enrolled, rather than for each service delivered.
- The Health and Human Services Commission (HHSC) has gradually expanded Medicaid managed care over the past two decades. In 2011, nearly 79 percent of the state’s Medicaid population was enrolled in some form of managed care. However, physicians have become increasingly

less likely to accept Medicaid patients in recent years. In a 2012 survey, for example, only 31 percent of physicians reported they were accepting all new Medicaid patients.

DIGEST: SB 1150 would establish a “provider protection plan” governing contracts between HHSC and MCOs for the delivery of health care services to Medicaid recipients.

The plan would provide for the prompt and proper payment of Medicaid providers by MCOs. It also would provide for the prompt and accurate settlement of claims by educating providers on the submission of clean claims and appeals, accepting uniform forms through an electronic portal, and establishing standards for claims payments.

The provider protection plan would establish an electronic process, including an Internet portal, for any MCO provider to submit electronic claims, prior authorization requests, claims appeals, clinical data, and other documentation that the MCO requested for prior authorization and claims processing. Providers would be able to obtain electronic remittance advice, explanation of benefits statements, and other standardized reports.

SB 1150 would include a prompt provider credentialing process in the plan. It also would create uniform efficiency standards and requirements for MCOs for the submission and tracking of preauthorization requests for Medicaid services.

The plan would create adequate and clearly defined provider network standards that would ensure choice among providers as much as possible, and that were specific to each provider type, including physicians, general acute-care facilities, and others defined in HHSC’s network adequacy standards in effect on January 1, 2013. The bill would provide for the measurement of MCOs’ retention rates of significant traditional providers.

The provider protection plan would create a work group to review and make recommendations to HHSC regarding any requirements in the bill that were not feasible to implement immediately, and would make recommendations regarding their fiscal impact and implementation timeline.

If HHSC determined other provisions would ensure efficiency or reduce administrative burdens on Medicaid MCO providers, it would include

those in the plan.

SB 1150 would take effect September 1, 2013. HHSC would implement the provider protection plan no later than September 1, 2014. If it were determined that a federal waiver or authorization was required, the affected agency would request it and could delay implementing the affected provision until it was granted.