

BILL ANALYSIS

Senate Research Center

S.B. 1164
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Health & Human Services
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As Filed

DIGEST

Currently, Texas began to implement managed care pilot programs in the state Medicaid program in 1993 under 1915(b) waivers from the federal government to control costs while ensuring quality care. One of the problems encountered during the implementation of Medicaid managed care was the inability of some managed care organizations to handle the number of Medicaid patients as well as the unique nature of Medicaid claims. This resulted in providers not receiving reimbursement for services rendered, slow claims processing and difficulties in obtaining preauthorization. This bill would require the Texas Department of Health to perform, at least 60 days before the date of implementation in a service area, a readiness review of each managed care organization that contracts with the state to provide Medicaid services.

PURPOSE

As proposed, S.B. 1164 requires the Texas Department of Health (TDH) to review each managed care organization that has contracted with TDH to determine whether the organization is prepared to meet certain contractual obligations.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Health and Human Services Commission in SECTION 1 (Section 32.043(d), Human Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 32B, Human Resources Code, by adding Section 32.043, as follows:

Sec. 32.043. **MANAGED CARE CONTRACT COMPLIANCE.** Requires the Texas Department of Health (TDH) to review each managed care organization that has contracted with TDH to provide medical assistance to medical assistance recipients through a managed care plan issued by the organization to determine whether the organization is prepared to meet its contractual obligations. Requires TDH to conduct the review by the 60th day before the date on which medical assistance recipients may begin enrolling in the organization's managed care plan. Requires the review to include an on-site inspection and tests of service authorization and claims payment systems, complaint processing systems, and any other process or system required by the contract. Authorizes TDH to delay enrollment of medical assistance recipients in a managed care plan if the review reveals that the managed care organization is not prepared to meet its contractual obligations. Requires TDH to identify and review the administrative costs of each managed care organization that contracts with TDH. Authorizes TDH, by rule, to limit these administrative costs.

SECTION 2. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 3. Emergency clause.