

BILL ANALYSIS

Senate Research Center
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S.B. 1394
By: Fraser
Health & Human Services
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As Filed

DIGEST AND PURPOSE

Recently, the Rural Community Health System (RCHS) developed, in coordination with private sector program partners, an approach to address the economic development needs of rural communities by securing a viable health care system. Using collaboration between major insurers, re-insurers, and rural communities to share in the decision making process, the RCHS program offers a strategic solution that will enable the state to achieve budget certainty for its Medicaid program while increasing rural community access to insured program alternatives for underinsured and uninsured citizens. As proposed, S.B. 1394 makes the technical revisions to Chapter 20C, Insurance Code, needed in order for RCHS to implement this model.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 4 (Article 20C.04, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. GOALS OF SYSTEM. Provides that the statewide rural health care system (system) established under Chapter 20C, Insurance Code, is designed to protect and enhance the rural health care delivery system by performing certain actions, rather than to incorporate certain consumer-oriented attributes. Provides that these actions include, among other things, preservation of significant traditional provider-patient relationship, rather than physician-patient relationship, and an emphasis on disease management, rather than an emphasis on quality improvement including obtaining accreditation.

SECTION 2. Amends Article 20C.02, Insurance Code, to redefine “enrollee” and “health care services.” Deletes existing text related to certain standards imposed by the commissioner of insurance (commissioner).

SECTION 3. Amends Article 20C.03, Insurance Code, to provide that the system is established to sponsor, arrange for, or provide health care services that comply with certain requirements.

SECTION 4. Article 20C.04, Insurance Code, to provide that the system is authorized to sponsor, provide, or arrange for the provision of health care services for enrollees as described in Article 20C.03. Deletes existing text related to an exception to a part of this article. Requires the system, if the system seeks to sponsor, arrange, or provide health care services to enrollees under a private or commercial program, to meet each requirement imposed by current insurance laws unless the commissioner grants, by rule, an exception to such requirements on the basis of distance, network adequacy, and scope of coverage. Deletes existing text related to the system obtaining a certificate of authority and certain conditions arising from the system seeking a certificate.

SECTION 5. Amends Article 20C.06, Insurance Code, to require that six directors be selected, rather than appointed by providers participating in the system as representatives of the providers, in the manner provided by Article 20C.10 of this code. Requires six directors to be selected, rather than appointed by the governor, from persons residing in the territorial jurisdictions of the participating

providers. Requires six directors to be appointed from among licensed physicians who reside and practice in the territorial jurisdictions of the participating providers, rather than be appointed by the governor.

SECTION 6. Amends Article 20C.08, Insurance Code, to authorize the board of directors of the system, on a majority vote, to contract for management or support services, contract with, rather than hire, consultants, attorneys and other professional, and retain, rather than hire, such other staff as necessary to implement the duties of the system.

SECTION 7. Amends Article 20C.14, Insurance Code, to authorize the commissioner of health and human services, notwithstanding any other law, to include the system in any voluntary pilot or demonstration program which seeks to evaluate the use of an insured model for beneficiaries of the Texas Medical Assistance Program in a rural area that is not currently included in an existing Medicaid managed care pilot program area and that incorporates the principles of prevention, disease management and studies the use of Promotora's as described in H.B. 1864, 76th Session.

Effective date: 90 days after adjournment.