

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1164  
By: Zaffirini  
Health & Human Services  
4-17-97  
Committee Report (Substituted)

### **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 review each managed care organization that has contracted with TDH to determine whether the organization is prepared to meet certain contractual obligations.

### **PURPOSE**

As proposed, C.S.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**

The bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **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.** (a) 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.

(b) Requires TDH to require each managed care organization that has contracted with TDH to submit an implementation plan no later than the 90th day before the date on which TDH plans to begin to provide medical assistance through a managed care plan in a service area. Requires the implementation plan to include specific staffing patterns by function for all operations; and specific time frames for demonstrating preparedness for implementation before the date on which TDH plans to begin to provide medical assistance through a managed care plan in a service area. Requires TDH to respond within five working days if the implementation plan does not adequately meet preparedness guidelines. Requires TDH to require each managed care organization that has contracted with TDH to submit status reports on the implementation plan no later than the 60th day and the 30th day before the date on which TDH plans to begin to provide medical assistance through a managed care plan in a service area and every 30th day after TDH begins to provide medical assistance through a managed care plan in a service area until the 180th day of operations.

(c) Requires TDH to conduct a compliance and readiness review of each managed care organization that contracts with the state no later than the 15th day before the date on

which TDH plans to begin the enrollment process in a service area and again no later than the 15th day before the date on which TDH plans to begin to provide medical assistance through a managed care plan in a service area. Requires the review to include an on-site inspection and tests of service authorization and claims payment systems, compliant processing systems, and any other process or system required by contract.

(d) Requires 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.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Emergency clause.  
Effective date: upon passage.

### **SUMMARY OF COMMITTEE CHANGES**

SECTION 1.

Amends Section 32.043, Human Resources Code, by revising proposed Subsections (b) and (c). Omits proposed Subsection (e), which authorized TDH, by rule, to limit certain administrative costs.

SECTION 2.

Omits the effective date of September 1, 1997. Revises session making this Act prospective.

SECTION 3.

Adds an effective date of upon passage of the Act.