

BILL ANALYSIS

Senate Research Center
83R6742 JSL-D

S.B. 1150
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Health & Human Services
4/5/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Medicaid managed care system in Texas has brought some cost certainty to the state. However, as Medicaid managed care has transformed from a regional program into a statewide model the need from some modernization has become clear. This legislation makes reforms to the program that will allow for increased efficiency and enhanced provider engagement and protection.

S.B. 1150 adds protections to Medicaid health care providers. These protections include prompt pay, prompt credentialing, and "red tape" elimination. Specifically, S.B. 1150:

- Requires managed care organizations (MCOs) to pay providers in accordance with the terms of their contract. MCOs currently routinely fail to pay claims at the rates that are enumerated in the contract.
- Enhances penalties for failure to pay claim within 30 days or routine underpayment of claims that is not fixed timely. MCOs routinely claim that there are computer system issues that prevent claims from being paid correctly but there is nothing to ensure that those issues are fixed in a timely manner.
- Provides for penalties to be assessed to MCOs underpaying claims by a few pennies or dollars each time and gives a mechanism to providers to utilize the Administrative Procedures Act for redress.
- Requires MCOs to use a standardized credentialing process for providers so that credentialing can be completed within 30 days.
- Requires MCOs to accept resubmitted claims electronically as well as originally filed claims. Currently, a rejected claim has to be dropped to paper to be resubmitted.
- Requires all plans to use single online portal currently housed by the Health and Human Services Commission. The current portal is only for acute care claims and health plans also require providers to use the plan's own portal. It is an administrative burden for providers to use multiple portals.
- Standardizes preauthorization processes and forms across MCOs.

As proposed, S.B. 1150 amends current law relating to a provider protection plan that ensures efficiency and reduces administrative burdens on providers participating in a Medicaid managed care model or arrangement.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 533, Government Code, by adding Section 533.0055, as follows:

Sec. 533.0055. PROVIDER PROTECTION PLAN. (a) Requires the Health and Human Services Commission (HHSC) or an agency operating part of the state Medicaid managed care program, as appropriate, to develop and implement a provider protection plan that is designed to reduce administrative burdens placed on providers participating in a Medicaid managed care model or arrangement implemented under this chapter and ensure efficiency in provider enrollment and reimbursement. Requires HHSC or an agency operating part of the state Medicaid managed care program, as appropriate, to incorporate the measures identified in the plan, to the greatest extent possible, into each contract between a managed care organization and the commission for the provision of health care services to recipients.

(b) Requires that the provider protection plan required under this section provide for:

(1) prompt payment and proper reimbursement of providers by managed care organizations;

(2) the assessment of penalties against managed care organizations for failing to properly pay provider claims, including instances of nonpayment and consistent shortage of payment;

(3) adequate and clearly defined provider network standards;

(4) a prompt credentialing process for providers;

(5) the use of an Internet portal system for prior authorization requests and electronic claim submission;

(6) a requirement that a managed care organization maintain an office within the area served by the organization; and

(7) any other provision that HHSC or an agency operating part of the state Medicaid managed care program, as appropriate, determines will ensure efficiency or reduce administrative burdens on providers participating in a Medicaid managed care model or arrangement.

SECTION 2. Requires HHSC, as soon as possible, but not later than September 1, 2014, to implement the provider protection plan required under Section 533.0055, Government Code, as added by this Act.

SECTION 3. Requires a state agency, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes a delay of implementation until such a waiver or authorization is granted.

SECTION 4. Effective date: September 1, 2013.