

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

HOUSE BILL NO. 1942

By: Seikel

AS INTRODUCED

An Act relating to poor persons; amending Section 1, Chapter 336, O.S.L. 1993, Section 2, Chapter 336, O.S.L. 1993, as amended by Section 2, Chapter 204, O.S.L. 1995, Section 3, Chapter 336, O.S.L. 1993, as last amended by Section 1, Chapter 321, O.S.L. 1996, Section 4, Chapter 336, O.S.L. 1993, as last amended by Section 2, Chapter 326, O.S.L. 1996, Section 5, Chapter 336, O.S.L. 1993, as amended by Section 5, Chapter 204, O.S.L. 1995, Section 7, Chapter 336, O.S.L. 1993, and Section 2, Chapter 331, O.S.L. 1995 (56 O.S. Supp. 1996, Sections 1010.1, 1010.2, 1010.3, 1010.4, 1010.5, 1010.7, and 1010.8, which relate to the Oklahoma Medicaid Healthcare Options Act; clarifying and updating language; adding definition; renaming the Joint Legislative Oversight Committee for the Oklahoma Medicaid Healthcare Options System to the Joint Legislative Oversight Committee for the Oklahoma Health Care Authority; modifying qualifications of the Committee; extending termination date; amending Section 1, Chapter 291, O.S.L. 1992, as amended by Section 1, Chapter 213, O.S.L. 1996, and as renumbered by Section 2, Chapter 213, O.S.L. 1996 (63 O.S. Supp. 1996, Section 5009.2), which relates

to the Advisory Committee on Medical Care for Public Assistance Recipients; requiring incorporation of recommendations in the policies, administration, management and operation of the Oklahoma Health Care Authority; repealing Section 6, Chapter 336, O.S.L. 1993 (56 O.S. Supp. 1996, Section 1010.6), which relates to the Task Force for the statewide eligibility implementation plan; providing recodification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 1, Chapter 336, O.S.L. 1993 (56 O.S. Supp. 1996, Section 1010.1), is amended to read as follows:

Section 1010.1 A. ~~Sections 1 through 7 of this~~ This act shall be known and may be cited as the "Oklahoma Medicaid Healthcare Options Act".

B. In order to establish a coordinated approach to delivering and monitoring health care services and to ensure an efficient and appropriate level of quality health care services to eligible persons requiring such services, it is the purpose of the Oklahoma Medicaid Healthcare Options Act to establish a statewide managed care system of comprehensive health care delivery through the Oklahoma Medicaid Program including, but not limited to, prepaid capitated plans and primary case management plans, which shall be offered to all geographic areas of the state.

SECTION 2. AMENDATORY Section 2, Chapter 336, O.S.L. 1993, as amended by Section 2, Chapter 204, O.S.L. 1995 (56 O.S. Supp. 1996, Section 1010.2), is amended to read as follows:

Section 1010.2 A. As used in the Oklahoma Medicaid Healthcare Options Act:

1. "Authority" means the Oklahoma Health Care Authority;
2. "Board" means the Oklahoma Health Care Authority Board;
3. "Administrator" means the chief executive officer of the Oklahoma Health Care Authority;
4. "Eligible person" means any person who meets the minimum requirements established by rules promulgated by the Department of Human Services pursuant to the requirements of Title XIX of the federal Social Security Act, 42 U.S.C., Section 1396 et seq.;
5. "Member" means an eligible person who enrolls in the Oklahoma Medicaid Healthcare Options System;
6. "Nonparticipating provider" means a person who provides hospital or medical care pursuant to the Oklahoma Medicaid Program but does not have a managed care health services contract or subcontract within the Oklahoma Medicaid Healthcare Options System;
7. "Prepaid capitated" means a mode of payment by which a health care provider directly delivers health care services for the duration of a contract to a maximum specified number of members based on a fixed rate per member, regardless of the actual number of members who receive care from the provider or the amount of health care services provided to any member;
8. "Participating provider" means any person or organization who contracts with the Authority for the delivery of hospitalization, eye care, dental care, medical care and other medically related services to members or any subcontractor of such provider delivering services pursuant to the Oklahoma Medicaid Healthcare Options System; ~~and~~
9. "System" means the Oklahoma Medicaid Healthcare Options System established by the Oklahoma Medicaid Healthcare Options Act; and

10. "Committee" means the Joint Legislative Oversight Committee for the Oklahoma Health Care Authority.

SECTION 3. AMENDATORY Section 3, Chapter 336, O.S.L. 1993, as last amended by Section 1, Chapter 321, O.S.L. 1996 (56 O.S. Supp. 1996, Section 1010.3), is amended to read as follows:

Section 1010.3 A. 1. There is hereby established the Oklahoma Medicaid Healthcare Options System. ~~On and after July 1, 1993, the~~ The Oklahoma Health Care Authority shall be responsible for converting the present system of delivery of the Oklahoma Medicaid Program to a managed care system.

2. The System shall be administered by the Oklahoma Health Care Authority and shall consist of a statewide system of managed care contracts with participating providers for the provision of hospitalization, eye care, dental care and medical care coverage to members and the administration, supervision, monitoring and evaluation of such contracts. The contracts for the managed care health plans shall be awarded on a competitive bid basis.

3. The System shall use both full and partial capitation models to service the medical needs of eligible persons. The highest priority shall be given to the development of prepaid capitated health plans provided, that prepaid capitated health plans shall be the only managed care model offered in the high density population areas of Oklahoma City and Tulsa.

B. ~~On or before July 1, 1993, the~~ The Oklahoma Medicaid Healthcare Options System shall initiate a process to provide for the orderly transition of the operation of the Oklahoma Medicaid Program to a managed care program within the System.

C. The System shall develop managed care plans for all persons eligible for Title XIX of the federal Social Security Act, 42 U.S.C., Section 1396 et seq., as follows:

1. On or before January 1, 1996, managed care plans shall be developed for a minimum of fifty percent (50%) of the participants

in the ~~Aid to Families with Dependent Children (AFDC)~~ Temporary Assistance for Needy Families (TANF) program and participants categorized as noninstitutionalized medically needy. On or before July 1, 1997, all participants in the ~~Aid to Families with Dependent Children (AFDC)~~ Temporary Assistance for Needy Families (TANF) program and participants categorized as noninstitutionalized medically needy shall be enrolled in a managed care plan;

2. On or before July 1, 1997, managed care plans shall be developed for all participants categorized as aged, blind or disabled; and

3. On or before July 1, 1999, managed care plans shall be developed for all participants who are institutionalized or who are seriously and persistently mentally ill.

D. The Oklahoma Health Care Authority shall apply for any federal Medicaid waivers necessary to implement the System. The application made pursuant to this subsection shall be designed to qualify for federal funding primarily on a prepaid capitated basis. Such funds may only be used for eye care, dental care, medical care and related services for eligible persons.

E. Effective July 1, 1995, except as specifically required by federal law, the System shall only be responsible for providing care on or after the date that a person has been determined eligible for the System, and shall only be responsible for reimbursing the cost of care rendered on or after the date that the person was determined eligible for the System.

SECTION 4. AMENDATORY Section 4, Chapter 336, O.S.L. 1993, as last amended by Section 2, Chapter 326, O.S.L. 1996 (56 O.S. Supp. 1996, Section 1010.4), is amended to read as follows:

Section 1010.4 A. The Oklahoma Health Care Authority shall take all steps necessary to implement the Oklahoma Medicaid Healthcare Options System as required by the Oklahoma Medicaid Healthcare Options Act.

B. The implementation of the System shall include but not be limited to the following:

1. Development of operations plans for the System which include reasonable access to hospitalization, eye care, dental care, medical care and other medically related services for members, including but not limited to access to twenty-four-hour emergency care;

2. Contract administration and oversight of participating providers;

3. Technical assistance services to participating providers and potential participating providers;

4. Development of a complete plan of accounts and controls for the System including, but not limited to, provisions designed to ensure that covered health and medical services provided through the System are not used unnecessarily or unreasonably;

5. Establishment of peer review and utilization study functions for all participating providers;

6. Technical assistance for the formation of medical care consortiums to provide covered health and medical services under the System. Development of service plans and consortiums may be on the basis of medical referral patterns;

7. Development and management of a provider payment system;

8. Establishment and management of a comprehensive plan for ensuring the quality of care delivered by the System;

9. Establishment and management of a comprehensive plan to prevent fraud by members, eligible persons and participating providers of the System;

10. Coordination of benefits provided under the Oklahoma Medicaid Healthcare Options Act to any member;

11. Development of a health education and information program;

12. Development and management of a participant enrollment system;

13. Establishment and maintenance of a claims resolution procedure to ensure that a submitted claim is resolved within forty-five (45) days of the date the claim is correctly submitted;

14. Establishment of standards for the coordination of medical care and patient transfers;

15. Provision for the transition of patients between participating providers and nonparticipating providers;

16. Provision for the transfer of members and persons who have been determined eligible from hospitals which do not have contracts to care for such persons;

17. Specification of enrollment procedures including, but not limited to, notice to providers of enrollment. Such procedures may provide for varying time limits for enrollment in different situations;

18. Establishment of uniform forms and procedures to be used by all participating providers;

19. Methods of identification of members to be used for determining and reporting eligibility of members; and

20. Establishment of a comprehensive eye care and dental care system which:

- a. includes practitioners as participating providers,
- b. provides for quality care and reasonable and equal access to such practitioners, and
- c. provides for the development of service plans, referral plans and consortiums which result in referral practices that reflect timely, convenient and cost-effective access to such care for members in both rural and urban areas.

C. Except for reinsurance obtained by providers, the Authority shall coordinate benefits provided under the Oklahoma Medicaid Healthcare Options Act to any eligible person who is covered by workers' compensation, disability insurance, a hospital and medical

service corporation, a health care services organization or other health or medical or disability insurance plan, or who receives payments for accident-related injuries, so that any costs for hospitalization and medical care paid by the System are recovered first from any other available third party payors. The System shall be the payor of last resort for eligible persons.

D. Prior to the development of the plan of accounts and controls required by this section and periodically thereafter, the Authority shall compare the scope, utilization rates, utilization control methods and unit prices of major health and medical services provided in this state with health care services in other states to identify any unnecessary or unreasonable utilization within the System. The Authority shall periodically assess the cost effectiveness and health implications of alternate approaches to the provision of covered health and medical services through the System in order to reduce unnecessary or unreasonable utilization.

E. The Authority may contract distinct administrative functions to one or more persons or organizations who may be participating providers within the System.

F. Contracts for managed health care plans, authorized pursuant to paragraph 2 of subsection A of Section ~~1010.3 of Title 56 of the Oklahoma Statutes~~ 3 of this act and necessary to implement the System, and other contracts entered into prior to July 1, 1996, shall not be subject to the provisions of the Oklahoma Central Purchasing Act.

G. The Oklahoma Health Care Authority Board shall promulgate rules:

1. Establishing appropriate competitive bidding criteria and procedures for contracts awarded pursuant to the Oklahoma Medicaid Healthcare Options Act;

2. Which provide for the withholding or forfeiture of payments to be made to a participating provider by the Oklahoma Medicaid

Healthcare Options System for the failure of the participating provider to comply with a provision of the participating provider's contract with the System or with the provisions of promulgated rules or law; and

3. Necessary to carry out the provisions of the Oklahoma Medicaid Healthcare Options Act. Such rules shall consider the differences between rural and urban conditions on the delivery of hospitalization, eye care, dental care and medical care.

SECTION 5. AMENDATORY Section 5, Chapter 336, O.S.L. 1993, as amended by Section 5, Chapter 204, O.S.L. 1995 (56 O.S. Supp. 1996, Section 1010.5), is amended to read as follows:

Section 1010.5 As a condition of the contract with any proposed or potential participating provider pursuant to the Oklahoma Medicaid Healthcare Options Act, the Oklahoma Health Care Authority shall require such contract terms as are necessary, in its judgment, to ensure adequate performance by a participating provider of the provisions of each contract executed pursuant to the Oklahoma Medicaid Healthcare Options Act. Required contract provisions shall include, but are not limited to:

1. The maintenance of deposits, performance bonds, financial reserves or other financial providers which have posted other security, equal to or greater than that required by the System, with a state agency for the performance of managed care contracts if funds would be available from such security for the System upon default by the participating provider;

2. Requirements that all records relating to contract compliance shall be available for inspection by the Authority or are submitted in accordance with rules promulgated by the Oklahoma Health Care Authority Board and that such records be maintained by the participating provider for five (5) years. Such records shall also be made available by a participating provider on request of the

secretary of the United States Department of Health and Human Services, or its successor agency;

3. Authorization for the Authority to directly assume the operations of a participating provider under circumstances specified in the contract. Operations of the participating provider shall be assumed only as long as it is necessary to ensure delivery of uninterrupted care to members enrolled with the participating provider and accomplish the orderly transition of those members to other providers participating in the System, or until the participating provider reorganizes or otherwise corrects the contract performance failure. The operations of a participating provider shall not be assumed unless, prior to that action, notice is delivered to the provider and an opportunity for a hearing is provided; and

4. Requirement that, if the Authority finds that the public health, safety or welfare requires emergency action, it may assume the operations of the participating provider on notice to the participating provider and pending an administrative hearing which ~~is~~ the Authority shall promptly institute. Notice, hearings and actions pursuant to this subsection shall be in accordance with Article II of the Administrative Procedures Act.

SECTION 6. AMENDATORY Section 7, Chapter 336, O.S.L. 1993 (56 O.S. Supp. 1996, Section 1010.7), is amended to read as follows:

Section 1010.7 A. There is hereby established to continue until September 30, 1999, the Joint Legislative Oversight Committee for the Oklahoma ~~Medicaid Healthcare Options System~~ Health Care Authority.

B. The Committee shall be composed of ~~three~~ six (6) members. Three members shall be members of the Oklahoma State Senate, to be appointed by the President Pro Tempore of the Senate, ~~and three~~. One of such appointed members shall be the Chair of the Senate Human

Resources Committee or successor committee. Three members shall be  
members of the Oklahoma House of Representatives, to be appointed by  
the Speaker of the House of Representatives. One of such appointed  
members shall be the Chair of the House Human Services Committee or  
successor committee. Members shall serve terms of two (2) years and  
shall be removable for cause by the appointing authority. Vacancies  
on the Committee shall be filled by the appointing authority.

C. The Committee may use the expertise and services of the  
staffs of the Senate and the House of Representatives and may, as  
necessary, employ and contract for the advice and services of  
experts in the fields as well as other necessary professional and  
clerical staff.

D. The Committee shall be convened no less than four times a  
year.

E. The Committee, in conjunction with the ~~state entity~~  
~~designated by law or the Department of Human Services, as specified~~  
~~in paragraph 1 of subsection A of Section 3 of this act~~ Oklahoma  
Health Care Authority, shall review negotiations with the federal  
government relating to any and all agreements between the federal  
government and the State of Oklahoma concerning Title XIX programs  
in this state under Title XIX of the Social Security Act, 42 U.S.C.,  
Section 1396 et seq.

F. The Committee shall review and make recommendations  
concerning all proposals for additions or modifications to  
populations covered or services provided by the ~~state entity~~  
~~designated by law or the Department, as specified in paragraph 1 of~~  
~~subsection A of Section 3 of this act~~ Oklahoma Health Care  
Authority. The Committee shall also monitor the implementation of  
these additions or modifications, including review of the  
preadmission screening instrument, the eligibility and enrollment  
system and the services delivery system.

G. The Committee, in conjunction with the ~~state entity designated by law or the Department, as specified in paragraph 1 of subsection A of Section 3 of this act~~ Oklahoma Health Care Authority, shall conduct a study of client advocacy and community outreach. The Committee shall submit a report to the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives no later than ~~January~~ March 1, 1997 2000.

SECTION 7. AMENDATORY Section 2, Chapter 331, O.S.L. 1995 (56 O.S. Supp. 1996, Section 1010.8), is amended to read as follows:

Section 1010.8 There is hereby created in the State Treasury a revolving fund for the Oklahoma Health Care Authority to be designated the "Medicaid Contingency Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all taxes levied, pursuant to subsection A of Section 624 of Title 36 of the Oklahoma Statutes, on premiums paid by entities subject to such premium tax on behalf of Medicaid recipients and such other monies provided by law for such purposes. All monies accruing to the credit of the fund are hereby appropriated and shall be budgeted and expended by the Oklahoma Health Care Authority to maintain current eligibility levels under Title XIX of the federal Social Security Act, 42 U.S.C., Section 1396 et seq.

SECTION 8. AMENDATORY Section 1, Chapter 291, O.S.L. 1992, as amended by Section 1 Chapter 213, O.S.L. 1996, and renumbered by Section 2, Chapter 213, O.S.L. 1996 (63 O.S. Supp. 1996, Section 5009.2), is amended to read as follows:

Section 5009.2 A. The Advisory Committee on Medical Care for Public Assistance Recipients, created by the Oklahoma Health Care Authority, pursuant to 42 Code of Federal Regulations, Section 431.12, for the purpose of advising the Authority about health and

medical care services, shall include among its membership the following:

1. Board-certified physicians and other representatives of the health professions who are familiar with the medical needs of low-income population groups and with the resources available and required for their care. The Advisory Committee shall, at all times, include at least one physician from each of the six classes of physicians listed in Section 725.2 of Title 59 of the Oklahoma Statutes; provided, however, such physicians shall be participating providers in the State Medicaid Plan;

2. Members of consumers' groups, including, but not limited to:

a. Medicaid recipients, and

b. representatives from each of the following consumer organizations which represent the interests of:

(1) people who are economically disadvantaged,

(2) children,

(3) the elderly,

(4) people with mental illness,

(5) people who are developmentally disabled, and

(6) people with alcohol or substance abuse problems;

and

3. The Director of the Department of Human Services.

B. The Advisory Committee shall meet bimonthly to review and make recommendations related to:

1. Policy development and program administration;

2. Policy changes proposed by the Authority prior to consideration of such changes by the Authority;

3. Financial concerns related to the Authority and the administration of the programs under the Authority; and

4. Other pertinent information related to the management and operation of the Authority and the delivery of health and medical care services.

C. 1. The Administrator of the Authority shall provide such staff support and independent technical assistance as needed by the Advisory Committee to enable the Advisory Committee to make effective recommendations.

2. The Advisory Committee shall elect from among its members a chair and a vice-chair. A majority of the members of the Advisory Committee shall constitute a quorum to transact business, but no vacancy shall impair the right of the remaining members to exercise all of the powers of the Advisory Committee.

3. Members shall not receive any compensation for their services, but shall be reimbursed pursuant to the provisions of the State Travel Reimbursement Act, Section 500.1 et seq. of Title 74 of the Oklahoma Statutes.

D. The Authority shall ~~give due consideration to the comments and~~ incorporate recommendations of the Advisory Committee in the ~~Authority's deliberations on~~ policies, administration, management and operation of the Authority.

SECTION 9. REPEALER Section 6, Chapter 336, O.S.L. 1993, as amended by Section 30, Chapter 268, O.S.L. 1994 (56 O.S. Supp. 1996, Section 1010.6), is hereby repealed.

SECTION 10. RECODIFICATION Section 1, Chapter 336, O.S.L. 1993, as amended by Section 1 of this act, Section 2, Chapter 336, O.S.L. 1993, as last amended by Section 2 of this act, Section 3, Chapter 336, O.S.L. 1993, as last amended by Section 3 of this act, Section 4, Chapter 336, O.S.L. 1993, as last amended by Section 4 of this act, Section 5, Chapter 336, O.S.L. 1993, as last amended by Section 5 of this act, Section 7, Chapter 336, O.S.L. 1993, as amended by Section 6 of this act, shall be recodified as Sections 3-201 through 3-206 respectively of Title 63 of the Oklahoma Statutes, unless there is created a duplication in numbering. Section 2, Chapter 331, O.S.L. 1995, as amended by Section 7 of this act, shall

be recodified as Section 3-111 of Title 63 of the Oklahoma Statutes,  
unless there is created a duplication in numbering.

SECTION 11. This act shall become effective November 1, 1997.

46-1-6399

KSM