STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

FLOOR SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 2842

By: Steele, Balkman, Cox, Denney, DeWitt, Terrill and Worthen of the House

and

Adelson and Johnson (Constance) of the Senate

FLOOR SUBSTITUTE

[public health and safety – Oklahoma Medicaid Reform Act of 2006 – effective date – emergency]

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.1 of Title 56, unless there is created a duplication in numbering, reads as follows:

Sections 1 through 12 of this act shall be known and may be cited as the "Oklahoma Medicaid Reform Act of 2006".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.2 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Health Care Authority is authorized to seek waivers to create a pilot program to provide for a more efficient and effective service delivery system that enhances quality of care and client outcomes in the Oklahoma Medicaid Program.

B. Phase one of the program shall be implemented within a contiguous area of the state with rural and urban characteristics. The Oklahoma Health Care Authority shall evaluate the pilot program within two (2) years after the rural and urban program becomes operational.

C. Upon completion of an evaluation by the Oklahoma Health Care Authority, the Oklahoma Health Care Authority may request a waiver for statewide expansion of the program from the Centers for Medicare and Medicaid Services.

D. The purpose of the Oklahoma Medicaid Reform Act of 2006 is to:

1. Provide Medicaid recipients more options in the selection of a health care plan that meets the needs of recipients and allows recipients to exercise greater control over the medical care that recipients receive;

2. Stabilize Medicaid expenditures in the program areas compared to Medicaid expenditures in the test areas for the three (3) years preceding implementation of the program, while ensuring:

a. consumer education and choice,

b. access to medically necessary services,

c. coordination of preventative, acute and long-term care services, and

d. reductions in unnecessary service utilization;

3. Provide an opportunity to evaluate the progress of statewide implementation of the Oklahoma Medicaid Reform Act of 2006 as a replacement for the current Medicaid system;

4. Introduce competition as a factor that drives the cost of the program; and

5. Provide adequate reimbursement to the healthcare providers servicing the Medicaid population to ensure access to care consistent with the general population.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.3 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Health Care Authority shall have the following powers, duties, and responsibilities with respect to the development of the pilot program established in Section 2 of this act:

1. To develop a system to encourage and allow commercial insurers to offer varying benefit packages to include federally mandated services;

2. To develop an average cost, or actuarially sound cost, per beneficiary within different age groups and other relevant categories including health status to provide medically necessary services which may be separated to cover comprehensive care, enhanced services, and catastrophic care. This cost would be converted into a credit or instrument of value;

3. In conjunction with the Oklahoma Insurance Department, to determine program standards and credentialing requirements for commercial insurers to participate in the program;

4. To develop a system to ensure that there is record of recipient acknowledgment that choice counseling has been provided;

5. To develop a choice counseling system to ensure that the choice counseling process and related material are designed to provide counseling through face-to-face interaction, by telephone, and in writing and through other forms of relevant media. Materials shall be written at the sixth-grade reading level and available in a language other than English when five percent (5%) of the county speaks a language other than English. Choice counseling shall also use language lines and other services for impaired recipients, such as TTD/TTY;

6. To develop a system that prohibits health plan providers, representatives of health plan providers, and providers employed by or contracted with the health plan providers from recruiting persons eligible for or enrolled in Medicaid, from providing inducements to Medicaid recipients to select a particular health plan, and from prejudicing Medicaid recipients against other health plans. The system shall require the entity performing choice counseling to determine if the recipient has made a choice of a plan or has opted out because of duress, threats, payment to the recipient, or

incentives promised to the recipient by a third party. If the choice counseling entity determines that the decision to choose a plan was unlawfully influenced, the choice counseling entity shall immediately report the violation to the Oklahoma Health Care Authority. Verification of choice counseling by the recipient shall include a stipulation that the recipient acknowledges the provisions of this paragraph;

7. To develop a choice counseling system that promotes health literacy and includes an educational component that is intended to promote proper utilization of the health care system;

8. To develop a system to monitor the provision of health care services in the program, including utilization and quality of health care services for the purpose of ensuring access to medically necessary services. This system shall include an encounter data information system that collects and reports utilization information. The system shall include a method for verifying data integrity within the database and within the medical records of the provider;

9. To develop a grievance-resolution process for Medicaid recipients enrolled in a health plan credentialed pursuant to this section. This process shall include a mechanism for an expedited review of a grievance if the life of a Medicaid recipient is in imminent and emergent jeopardy;

10. To develop a grievance-resolution process for health care providers employed by or contracted with a health plan credentialed pursuant to this section to settle disputes among the provider and the health plan or the provider and the Oklahoma Health Care Authority;

11. To develop agreements with other state or local governmental programs or institutions for the coordination of health care to eligible individuals receiving services from such programs or institutions;

12. To require credentialed health plan providers to make a good-faith effort to execute agreements with school districts regarding the provision of services and execute agreements with county health departments regarding the provision of services to a Medicaid-eligible child. To ensure continuity of care for Medicaid patients, the Oklahoma Health Care Authority, the State Department of Health, and the State Department of Education shall develop procedures for ensuring that a health care provider of a student receives information relating to services provided;

13. To develop a mechanism in which Medicaid recipients in the program areas shall have a reasonable amount of time in which to select a health plan provider;

14. To exempt individuals classified as aged, blind or disabled from the pilot project. Individuals in their eligibility categories shall have the option to opt in to the pilot program;

15. To establish a "Safety Net Provider Pool" that ensures at least cost reimbursement for safety net providers and services such as trauma services, neonatal services, pediatric services and all providers of medically necessary services to Medicaid beneficiaries;

16. To establish claims payment procedures, binding on insurers, which include without limitation prompt payment requirements no less strict than exist in federal and state law;

17. To ensure that no participant in the pilot program is subject to the cost-sharing obligations in excess of five percent (5%) of family income;

18. To develop a system to ensure that the implementation of the provisions of this act do not negatively affect the ability of American Indian or Alaska Native beneficiaries to access services at Indian Health Service facilities, Tribally operated health facilities and Urban Indian Health Programs;

19. To ensure that the implementation of the provisions of this act do not negatively affect the reimbursement structure between the

Oklahoma Health Care Authority and Indian Health Service facilities, Tribally operated health facilities and Urban Indian Health programs; and

20. To develop mechanisms through intergovernmental transfers which will allow Tribally operated facilities that elect to provide services to beneficiaries other than American Indian or Alaska Native beneficiaries to receive reimbursement for such services.

B. The Oklahoma Health Care Authority shall apply for federal waivers from the Centers for Medicare and Medicaid Services to allow recipients to purchase health care coverage through an employer-sponsored health insurance plan instead of through a Medicaid-certified plan. This provision shall be known as the opt-out option. Notwithstanding the foregoing, any waiver(s) submitted by the Oklahoma Health Care Authority for the Oklahoma Medicaid Reform Act of 2006 shall provide no fewer benefits or services than those provided in the waiver approved by the Centers for Medicare and Medicaid Services effective October 1, 2005 or subsequently provided by participating commercial insurers within the waiver on or before January 1, 2006.

1. A recipient who chooses the Medicaid opt-out option shall have an opportunity for a specified period of time, as authorized under a waiver granted by the Centers for Medicare and Medicaid Services, to select and enroll in a Medicaid-certified plan. If the recipient remains in the employer-sponsored plan after the specified period, the recipient shall remain in the opt-out program for at least one (1) year or until the recipient no longer has access to employer-sponsored coverage, until the open enrollment period of the employer for a person who opts out in order to participate in employer-sponsored coverage, or until the person is no longer eligible for Medicaid, whichever time period is shorter.

2. Notwithstanding any other provision of this section, coverage, cost sharing, and any other component of employer-

sponsored health insurance shall be governed by applicable state and federal laws.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.4 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Health Care Authority shall develop and submit for approval applications for waivers of applicable federal laws and regulations as necessary to implement the provisions of the Oklahoma Medicaid Reform Act of 2006. Copies of all waivers submitted to and approved by the United States Centers for Medicare and Medicaid Services under this section shall be provided to the Legislature within ten (10) days of their approval. The Oklahoma Health Care Authority shall submit a plan containing a recommended timeline for implementation of any waivers and budgetary projections of the effect of the Oklahoma Medicaid Reform Act of 2006 on the total Medicaid budget for the 2007-2008 through 2009-2010 state fiscal years. This implementation plan shall be submitted to the Speaker of the House of Representatives and the President Pro Tempore of the Senate at the same time copies of waivers are submitted to the Legislature.

B. Upon review and approval of the applications for waivers of applicable federal laws and regulations to implement the provisions of the Oklahoma Medicaid Reform Act of 2006 by the Legislature, the Oklahoma Health Care Authority Board shall promulgate rules necessary to implement and administer the provisions of the Oklahoma Medicaid Reform Act of 2006.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.5 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Health Care Authority shall apply for any necessary waiver to extend health care benefits to persons up to the age of twenty-three (23) years if the person is enrolled as a full-

time student in an accredited university or college in the state of Oklahoma.

B. By April 1, 2007, the Oklahoma Health Care Authority shall contract with an entity to design a database of clinical utilization information or electronic medical records for Medicaid providers. This system shall be web-based and allow providers to review on a real-time basis the utilization of Medicaid services including, but not limited to, physician office visits, inpatient and outpatient hospitalizations, laboratory and pathology services, radiological and other imaging services, dental care, and patterns of dispensing prescription drugs in order to coordinate care and identify potential fraud and abuse.

C. The Oklahoma Health Care Authority shall design and implement a system of electronic prescribing, including contracting with specialized vendors as necessary for the successful completion of the system. The system may include, but is not limited to, providing hardware, software, and connectivity for a limited number of prescribers. The prescribers who participate may be given vouchers for hardware, software, and connectivity, or the Oklahoma Health Care Authority may use direct vendor contracts. The system shall:

1. Alert prescribers to patients who fail to refill prescriptions in a timely fashion, are prescribed multiple drugs that may be redundant or contraindicated, or may have other potential medication problems; and

2. Track spending trends for prescription drugs and deviation from best-practice guidelines.

D. The Oklahoma Health Care Authority shall apply for any federal waivers needed to administer this section.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.6 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Health Care Authority in cooperation with the State Department of Health, a statewide organization of the elderly, representatives of the Health and Human Services Interagency Task Force on long-term care, and representatives of both statewide associations of nursing facility operators shall develop a graduated reimbursement rate plan for nursing facilities that is based on, but not limited to, the following:

1. Quality of life indicators of the resident;

2. Quality of care indicators;

3. Family satisfaction survey results;

4. State Department of Health survey results;

5. Certified Nurse Aide (CNA) absenteeism and turnover rates;

6. CNA training and education requirements;

7. Patient acuity level;

8. Direct care expenditures pursuant to subparagraph e of paragraph 2 of subsection I of Section 1925.2 of Title 63 of the Oklahoma Statutes; and

9. Other costs which include, without limitation, performance of quality assurance reviews, criminal background checks, in-service education of direct care staff, and procurement of reasonable amounts of liability insurance.

B. The Oklahoma Health Care Authority is directed to apply for waivers from the Centers for Medicaid and Medicare Services that will accomplish the purpose outlined in subsection A of this section. The Oklahoma Health Care Authority is further directed to negotiate with the Centers for Medicaid and Medicare Services to include in the waivers the authority to base provider reimbursement rates for nursing facilities on the criteria specified in subsection A of this section.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.7 of Title 56, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Health Care Authority shall develop a plan to implement a personal health account system for program recipients. Monies deposited into a personal health account shall only be used by the recipient to defray health-care-related costs including, but not limited to, copayments, noncovered benefits, and wellness initiatives. The Oklahoma Health Care Authority shall promulgate rules guiding personal health account transactions.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.8 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Health Care Authority shall develop a formal program for disease management to improve the quality of care and reduce the cost of care for Medicaid fee-for-service and primary care physician program recipients. The program shall include diabetes and/or congestive heart failure.

B. The Authority shall issue a request for proposal for vendors to manage individuals with diabetes and/or congestive heart failure. Such request for proposals shall include:

1. A written guarantee by the vendor of savings in the first year;

2. A written guarantee by the vendor of clinical improvements in the first year;

3. A stipulation that diabetic supplies including, but not limited to, insulin, syringes, glucose test strips, and glucose meters be covered for patients under any such diabetes management program;

4. A stipulation that the vendor shall have at least three (3) years of experience and demonstrated outcomes working with Medicaid fee-for-service populations in disease management contracts; and

5. A stipulation that the vendor shall possess full patient and practitioner oriented accreditation in the provision of those

disease management programs or services by one or more nationally recognized health care accrediting organizations.

C. The disease management programs offered by the vendor shall include:

1. Claims data analysis;

2. Population selection and stratification;

3. Intervention through educational tools for patients and providers, including patient self-management education, provider education, evidence-based models, minimum standards of care, and treatment guidelines for physicians;

4. Measurements of program quality, participant/provider satisfaction, clinical performance measures, and clinical outcome targets; and

5. Reporting of program, satisfaction and clinical outcomes.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.9 of Title 56, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Health Care Authority shall develop and administer a plan for the implementation of alternatives for long-term care. The plan shall include, but not be limited to:

1. The development and funding of community-based options throughout the State of Oklahoma;

2. The establishment of a cash and counseling program that focuses on increasing personal responsibility, efficiency in utilization, and consumer satisfaction;

3. The establishment of a program providing for state incentives to Oklahoma citizens for long-term care planning; and

4. Stronger private/public partnerships at the community level in order to address unmet patient needs.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.10 of Title 56, unless there is created a duplication in numbering, reads as follows:

The Advantage Waiver Program and the State Plan Personal Care Program in the Department of Human Services shall be transferred on July 1, 2006 to the Oklahoma Health Care Authority. The Department of Human Services shall transfer to the Oklahoma Health Care Authority on July 1, 2006 such Full Time Employees (FTEs) as are now required for the administration of the Advantage Waiver Program and State Plan Personal Care Program. All state share funds allocated for the Advantage Waiver Program and the State Plan Personal Care Program shall be transferred to the Oklahoma Health Care Authority. On July 1, 2007, Medicaid eligibility for the Advantage Waiver Program, the Nursing Facility Program and State Plan Personal Care Program shall be transferred to the Oklahoma Health Care Authority. All state share funds for the eligibility unit of the Advantage Waiver Program, the Nursing Facility Program and the State Plan Personal Care Program shall be transferred to the Oklahoma Health Care Authority.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.11 of Title 56, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Health Care Authority shall develop and administer a program that will encourage the timely and appropriate use of primary care services in lieu of emergency room utilization. The program shall include, but not be limited to, the implementation of:

1. Educational strategies;

2. Technology-based monitoring; and

3. Copayment structures.

B. The Oklahoma Health Care Authority (OHCA) shall develop and implement a telephone information health line pilot program under which physicians are available by telephone twenty-four (24) hours a day to answer medical questions and provide health information for the Medicaid population. If the OHCA determines that the pilot

program reduces unnecessary emergency room visits and the pilot program demonstrates a net cost-savings, OHCA shall expand the program into a statewide initiative.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1011.12 of Title 56, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Health Care Authority shall establish a method to deter abuse and reduce errors in Medicaid billing, payment and eligibility through the use of technology and accountability measures for the Authority, providers and recipients. The Authority shall achieve a payment error rate measurement of no greater than five percent (5%) by fiscal year 2009. Savings achieved from the lower error rate shall be utilized to achieve the purposes of this act.

SECTION 13. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

There shall hereby be appropriated to the Oklahoma Health Care Authority the sum of Ninety-three Million Dollars ($93,000,000.00), or so much thereof as may be necessary to perform the duties imposed on the Oklahoma Health Care Authority by law, from any monies not otherwise appropriated from the General Revenue Fund of the State Treasury for the fiscal year ending June 30, 2007.

This sum shall be used as the state share to achieve funding for hospital reimbursement at the federal Upper Payment Limit (UPL), for physician reimbursement at one hundred percent (100%) of the Medicare allowable and for nursing home funding. Hospitals providing Medicaid services shall be reimbursed at a rate no lower than the federal UPL. Physicians providing Medicaid services shall be reimbursed at a rate no lower than one hundred percent (100%) of the Medicare allowable for the services provided. Nursing homes providing Medicaid services shall be reimbursed at a rate no lower

than the latest audited cost reported to the Oklahoma Health Care Authority.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1-723.2 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Each hospital in this state shall establish a discount program for hospital charges for qualified self-pay patients who have household incomes of up to three hundred percent (300%) of the federal poverty guidelines. This discount program shall not be required for patients who are eligible for or enrolled in private or public insurance plans providing hospital coverage, including indemnity plans.

B. While a hospital may set uniform prices for its services, products and fees, qualified self-pay patients shall be eligible for minimum discounts from the hospital so that the hospital charge after the discount shall not exceed one hundred percent (100%) of the approved Medicare price.

SECTION 15. AMENDATORY 63 O.S. 2001, Section 1-707, is amended to read as follows:

Section 1-707. A. The State Board of Health, upon the recommendation of the State Commissioner of Health and with the advice of the Oklahoma Hospital Advisory Council, shall promulgate rules and standards as it deems to be in the public interest for hospitals~~,~~ on the following:

1. Construction plans and location, including fees not to exceed Two Thousand Dollars ($2,000.00) for submission or resubmission of architectural and building plans, and procedures to ensure the timely review of such plans by the State Department of Health. Said assessed fee shall be used solely for the purposes of processing approval of construction plans and location by the State Department of Health;

2. Physical plant and facilities;

3. Fire protection and safety;

4. Food service;

5. Reports and records;

6. Staffing and personal service;

7. Surgical facilities and equipment;

8. Maternity facilities and equipment;

9. Control of communicable disease;

10. Sanitation;

11. Laboratory services;

12. Nursing facilities and equipment; and

13. Other items as may be deemed necessary to carry out the purposes of this article.

B. 1. The State Board of Health, upon the recommendation of the State Commissioner of Health and with the advice of the Oklahoma Hospital Advisory Council and the State Board of Pharmacy, shall promulgate rules and standards as it deems to be in the public interest with respect to the storage and dispensing of drugs and medications for hospital patients.

2. The State Board of Pharmacy shall be empowered to inspect drug facilities in licensed hospitals and shall report violations of applicable statutes and rules to the State Department of Health for action and reply.

C. 1. The Commissioner shall appoint an Oklahoma Hospital Advisory Council to advise the Board, the Commissioner and the Department regarding hospital operations and to recommend actions to improve patient care.

2. The Advisory Council shall have the duty and authority to:

a. review and approve in its advisory capacity rules and standards for hospital licensure,

b. evaluate, review and make recommendations regarding Department licensure activities~~,~~; provided, however, the Advisory Council shall not make recommendations

regarding scope of practice for any health care providers or practitioners regulated pursuant to Title 59 of the Oklahoma Statutes, and

c. recommend and approve:

(1) quality indicators and data submission requirements for hospitals, to include:

(a) Agency for Healthcare Research and Quality (AHRQ) patient safety indicators available as part of the standard inpatient discharge data set, and

(b) for acute care, intensive care unit patients, ventilator-associated pneumonia and device-related bloodstream infections, and

(2) the indicators and data to be used by the Department to monitor compliance with licensure requirements, and

d. to publish an annual report of hospital performance to include the facility specific quality indicators required by this section.

D. 1. The Advisory Council shall be composed of nine (9) members appointed by the Commissioner with the advice and consent of the Board. The membership of the Advisory Council shall be as follows:

a. two members shall be hospital administrators of licensed hospitals,

b. two members shall be licensed physicians or practitioners who have current privileges to provide services in hospitals,

c. two members shall be hospital employees, and

d. three members shall be citizens representing the public who:

(1) are not hospital employees,

(2) do not hold hospital staff appointments, and

(3) are not members of hospital governing boards.

2. a. Advisory Council members shall be appointed for three-year terms except the initial terms after November 1, 1999, of one hospital administrator, one licensed physician or practitioner, one hospital employee, and one public member shall be one (1) year. The initial terms after the effective date of this act of one hospital administrator, one licensed physician or practitioner, one hospital employee, and one public member shall be two (2) years. The initial terms of all other members shall be three (3) years. After initial appointments to the Council, members shall be appointed to three-year terms.

b. Members of the Advisory Council may be removed by the Commissioner for cause.

E. The Advisory Council shall meet on a quarterly basis and shall annually elect from among its members a chairperson. Members of the Council shall serve without compensation but shall be reimbursed by the Department for travel expenses related to their service as authorized by the State Travel Reimbursement Act.

SECTION 16. AMENDATORY 56 O.S. 2001, Section 1010.1, as last amended by Section 1, Chapter 136, O.S.L. 2004 (56 O.S. Supp. 2005, Section 1010.1), is amended to read as follows:

Section 1010.1 A. Sections 1010.1 through 1010.7 of this title shall be known and may be cited as the "Oklahoma Medicaid Program Reform Act of 2003".

B. Recognizing that many Oklahomans do not have health care benefits or health care coverage, that many small businesses cannot afford to provide health care benefits to their employees, and that, under federal law, barriers exist to providing Medicaid benefits to

the uninsured, the Oklahoma Legislature hereby establishes provisions to lower the number of uninsured, assist businesses in their ability to afford health care benefits and coverage for their employees, and eliminate barriers to providing health coverage to eligible enrollees under federal law.

C. The Oklahoma Health Care Authority shall provide coverage under the state Medicaid program to children under the age of eighteen (18) years whose family incomes do not exceed ~~one hundred eighty-five percent (185%)~~ two hundred percent (200%) of the federal poverty level.

D. The Oklahoma Health Care Authority shall institute cost sharing methods and/or benefit modifications within federal limitations to eligible persons whose family income is between one hundred fifty percent (150%) and two hundred percent (200%) of the federal poverty level.

E. 1. The Authority is hereby directed to apply for a waiver or waivers to the Centers for Medicaid and Medicare Services (CMS) that will accomplish the purposes outlined in subsection B of this section. The Authority is further directed to negotiate with CMS to include in such waiver authority provisions to:

a. increase access to health care for Oklahomans,

b. reform the Oklahoma Medicaid Program to promote personal responsibility for health care services and appropriate utilization of health care benefits through the use of public-private cost sharing,

c. enable small employers, and/or employed, uninsured adults with or without children and/or financially qualified parents of children enrolled in the state Medicaid program to purchase employer-sponsored, state-approved private, or state-sponsored health care coverage through a state premium assistance payment plan, and

d. develop flexible health care benefit packages based upon patient need and cost.

2. The Authority may phase in any waiver or waivers it receives based upon available funding.

3. The Authority is hereby authorized to develop and implement a pilot premium assistance plan to assist small businesses and/or their eligible employees to purchase employer-sponsored insurance or "buy-in" to a state-sponsored benefit plan.

~~E.~~ F. 1. There is hereby created in the State Treasury a revolving fund to be designated the "Health Employee and Economy Improvement Act (HEEIA) Revolving Fund".

2. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of:

a. all monies received by the Authority pursuant to this section and otherwise specified or authorized by law,

b. monies received by the Authority due to federal financial participation pursuant to Title XIX of the Social Security Act, and

c. interest attributable to investment of money in the fund.

3. All monies accruing to the credit of the fund are hereby appropriated and shall be budgeted and expended by the Authority to implement a premium assistance plan.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1-821.1 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created, to continue until February 1, 2007, the "Task Force on Nursing Home Insurance Access".

B. The Task Force shall consist of sixteen (16) members:

1. Five members shall be appointed by the Speaker of the Oklahoma House of Representatives as follows:

a. one member who represents the insurance industry,

b. one member who represents a nursing home facility,

c. one member who is a practicing attorney in insurance and medical malpractice law,

d. one member who has experience in health economics, and

e. one member of the Oklahoma House of Representatives appointed by the Speaker of the House of Representatives;

2. Five members shall be appointed by the President Pro Tempore of the State Senate as follows:

a. one member who is a practicing attorney in the area of elder or health care law,

b. one member who represents a statewide elder justice organization,

c. one member who represents the insurance industry,

d. one member who represents a nursing home facility, and

e. one member of the State Senate appointed by the President Pro Tempore of the State Senate;

3. The Director of the Department of Human Services, or a designee;

4. The Director of the State Department of Health, or a designee;

5. The President of the Oklahoma Association of Health Care Providers, or a designee;

6. The Commissioner of the Oklahoma Insurance Department, or a designee;

7. The President of the Oklahoma Association of Home Care, or a designee; and

8. The Director of the Oklahoma Health Care Authority, or a designee.

C. The appointed member from the Oklahoma House of Representatives and the appointed member from the State Senate shall serve as cochairs of the Task Force. The cochairs shall convene the

first meeting of the Task Force. The members of the Task Force shall elect any other officers during the first meeting and upon a vacancy in any office. The Task Force shall meet as often as necessary.

D. Appointments to the Task Force shall be made by July 1, 2006.

E. A majority of the members of the Task Force shall constitute a quorum. A majority of the members present at a meeting may act for the Task Force.

F. Nonlegislative members of the Task Force shall be reimbursed by their respective agencies for necessary travel expenses incurred in the performance of duties pursuant to the provisions of the State Travel Reimbursement Act. Legislative members of the Task Force shall be reimbursed for necessary travel expenses incurred in the performance of duties in accordance with the provisions of Section 456 of Title 74 of the Oklahoma Statutes.

G. Administrative support for the Task Force including, but not limited to, personnel necessary to ensure the proper performance of the duties and responsibilities of the Task Force, shall be provided by the Oklahoma Health Care Authority to be supplemented, if necessary, by the state agencies involved in the Task Force and the staff of the House of Representatives and the State Senate. All participating state agencies shall provide for any administrative support requested by the Task Force.

H. The Task Force shall develop recommendations for providing greater access to liability insurance coverage for nursing home facilities including, but not limited to, improved enforcement of nursing home quality standards, affordable premiums, risk management, alternative forms of insurance, and strengthened regulation of the insurance industry.

I. The Task Force shall publish a report of findings and recommendations by February 1, 2007, including recommendations for any resulting legislation.

SECTION 18. AMENDATORY 63 O.S. 2001, 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; and

4. An ombudsman approved and appointed by the Oklahoma Academy of Pediatrics who shall:

a. monitor provider relations with the Oklahoma Health Care Association, and

b. create a forum to address grievances.

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 recommendations of the Advisory Committee in the Authority's deliberations on policies, administration, management and operation of the Authority.

SECTION 19. AMENDATORY 56 O.S. 2001, Section 1010.1, as last amended by Section 1, Chapter 136, O.S.L. 2004 (56 O.S. Supp. 2005, Section 1010.1), is amended to read as follows:

Section 1010.1 A. Sections 1010.1 through ~~1010.7~~ 1010.5 of this title shall be known and may be cited as the "Oklahoma Medicaid Program Reform Act of 2003".

B. Recognizing that many Oklahomans do not have health care benefits or health care coverage, that many small businesses cannot afford to provide health care benefits to their employees, and that, under federal law, barriers exist to providing Medicaid benefits to the uninsured, the Oklahoma Legislature hereby establishes provisions to lower the number of uninsured, assist businesses in their ability to afford health care benefits and coverage for their employees, and eliminate barriers to providing health coverage to eligible enrollees under federal law.

C. The Oklahoma Health Care Authority shall provide coverage under the state Medicaid program to children under the age of eighteen (18) years whose family incomes do not exceed one hundred eighty-five percent (185%) of the federal poverty level.

D. 1. The Authority is hereby directed to apply for a waiver or waivers to the Centers for Medicaid and Medicare Services (CMS) that will accomplish the purposes outlined in subsection B of this section. The Authority is further directed to negotiate with CMS to include in such waiver authority provisions to:

a. increase access to health care for Oklahomans,

b. reform the Oklahoma Medicaid Program to promote personal responsibility for health care services and appropriate utilization of health care benefits through the use of public-private cost sharing,

c. enable small employers, and/or employed, uninsured adults with or without children to purchase employer-sponsored, state-approved private, or state-sponsored

health care coverage through a state premium assistance payment plan, and

d. develop flexible health care benefit packages based upon patient need and cost.

2. The Authority may phase in any waiver or waivers it receives based upon available funding.

3. The Authority is hereby authorized to develop and implement a ~~pilot~~ premium assistance plan to assist small businesses with up to fifty employees as permitted by available funding and/or their eligible employees to purchase employer-sponsored insurance or "buy-in" to a state-sponsored benefit plan.

E. 1. There is hereby created in the State Treasury a revolving fund to be designated the "Health Employee and Economy Improvement Act (HEEIA) Revolving Fund".

2. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of:

a. all monies received by the Authority pursuant to this section and otherwise specified or authorized by law,

b. monies received by the Authority due to federal financial participation pursuant to Title XIX of the Social Security Act, and

c. interest attributable to investment of money in the fund.

3. All monies accruing to the credit of the fund are hereby appropriated and shall be budgeted and expended by the Authority to implement a premium assistance plan.

SECTION 20. REPEALER 63 O.S. 2001, Section 1-702b, as last amended by Section 1, Chapter 376, O.S.L. 2005 (63 O.S. Supp. 2005, Section 1-702b), is hereby repealed.

SECTION 21. REPEALER Section 2, Chapter 431, O.S.L. 2004, as amended by Section 2, Chapter 376, O.S.L. 2005 (63 O.S. Supp. 2005, Section 1-702d), is hereby repealed.

SECTION 22. Sections 1 through 9 and 11 through 21 of this act shall become effective November 1, 2006.

SECTION 23. Section 10 of this act shall become effective July 1, 2006.

SECTION 24. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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