

1 ENGROSSED HOUSE
2 BILL NO. 2531

By: Steele and Pittman of the
House

3 and

4 Adelson of the Senate
5
6

7 An Act relating to poor persons; amending Sections 2
8 and 3, Chapter 315, O.S.L. 2006 (56 O.S. Supp. 2007,
9 Sections 1011.2 and 1011.3), which relate to the
10 Oklahoma Medicaid Reform Act of 2006; defining terms;
11 extending date of pilot program implementation;
12 eliminating geographical restriction; authorizing
13 contract with certain provider; stating purpose of
14 program; authorizing the use of clinical judgment to
15 deviate from program guidelines; providing financial
16 reward for responsiveness; providing for Internet
17 application of program; specifying time for
18 analyzation of data to determine effectiveness;
19 modifying purpose; providing for feasibility study;
20 providing for an opt-out option in current Medicaid
21 program to purchase employer-sponsored insurance;
22 clarifying certain procedure; providing for voucher;
23 deleting collaboration requirement for determination
24 of standards for commercial insurers; deleting
redundant language; clarifying cost-sharing
requirements; and providing an effective date.

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

SECTION 1. AMENDATORY Section 2, Chapter 315, O.S.L.
2006 (56 O.S. Supp. 2007, Section 1011.2), is amended to read as
follows:

Section 1011.2 A. The Oklahoma Health Care Authority is
authorized to seek waivers and/or other federal authorizations to

1 create a statewide program to provide for a more efficient and
2 effective service delivery system that enhances quality of care and
3 client outcomes in the Oklahoma Medicaid Program.

4 B. The Oklahoma Health Care Authority shall develop and submit
5 for approval, applications for waivers of applicable federal laws
6 and regulations as necessary to implement the provisions of the
7 Oklahoma Medicaid Reform Act of 2006. Copies of all waivers
8 submitted to and approved by the United States Centers for Medicare
9 and Medicaid Services under this section shall be provided to the
10 Legislature within ten (10) days of their approval. The Oklahoma
11 Health Care Authority shall submit a plan containing a recommended
12 timeline for implementation of any waivers and budgetary projections
13 of the effect of the Oklahoma Medicaid Reform Act of 2006. This
14 implementation plan shall be submitted to the Governor, the Speaker
15 of the House of Representatives and the President Pro Tempore of the
16 Senate.

17 C. 1. For the purposes of this subsection:

18 a. "rural" means outside the corporate limits of any
19 municipal corporation and includes open country,
20 unincorporated communities, and any municipality
21 having a population of ten thousand (10,000) or less
22 according to the latest Decennial Census, and

23 b. "urban" means any area which is not rural.

24

1 2. By July 1, ~~2008~~ 2010, phase one of this act shall be
2 implemented within a ~~contiguous~~ an area of the state with rural and
3 urban characteristics. The Oklahoma Health Care Authority shall
4 contract for an independent evaluation and report findings of this
5 phase of the act to the Governor and the Legislature. After an
6 independent evaluation and report to the Governor and Legislature,
7 if it is determined that the evaluation establishes improved access
8 to health care, improved health care outcomes, and improved cost
9 efficiencies, it is the intent of the Legislature that components of
10 the act be phased in statewide ~~by the year 2013~~.

11 D. Upon this evaluation and determination of improvement by the
12 Governor and Legislature, the Oklahoma Health Care Authority shall
13 negotiate a plan for statewide expansion of the act from the Centers
14 for Medicare and Medicaid Services.

15 E. The Oklahoma Health Care Authority may contract with a pay-
16 for-performance program provider. The purpose of the program is to
17 test a program's value proposition that offers financial incentives
18 to both the health care provider and the patient for incorporating
19 evidence-based medicine guidelines and information therapy
20 prescriptions in the rendering and utilizing of health care. This
21 program may offer the health care provider the flexibility to use
22 the health care provider's clinical judgment to adhere to or deviate
23 from the program's guidelines and still receive a financial
24 incentive as long as the health care provider prescribes information

1 therapy to the patient. The program shall offer a financial reward
2 to the patient for responding to the information therapy
3 prescription by demonstrating the patient's understanding of the
4 patient's health condition, by demonstrating adherence to
5 recommended care, and by judging the quality of care given to the
6 patient against these guidelines. The program shall be offered and
7 administered through an Internet application. This demonstration
8 project shall collect and analyze data over a period of two (2)
9 years or other reasonable time frame in order to determine its
10 effectiveness.

11 F. The purpose of the Oklahoma Medicaid Reform Act of 2006 is
12 to:

13 ~~1. Provide Medicaid consumers who are younger than sixty-five~~
14 ~~(65) years of age and considered insurable more options in the~~
15 ~~selection of a health care plan that meets the needs of consumers~~
16 ~~and allows consumers to exercise greater control over the medical~~
17 ~~care that consumers receive. For purposes of this section~~
18 ~~"insurable" means that the cost of enrolling an individual in a~~
19 ~~private plan is equal to or less than the cost to the state of the~~
20 ~~individual remaining in the current Medicaid program;~~

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

24 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.~~ 2. 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; and

~~4.~~ 3. Introduce competition as a factor that lowers the cost of the act.

SECTION 2. AMENDATORY Section 3, Chapter 315, O.S.L. 2006 (56 O.S. Supp. 2007, Section 1011.3), is amended to read as follows:

Section 1011.3 A. The Oklahoma Health Care Authority shall have the following powers, duties, and responsibilities with respect to the development of the program established in Section ~~2~~ 1011.2 of this ~~act~~ title:

1. The consumer education component shall include the following:

- a. to develop a choice counseling system to ensure that the choice counseling process and related material are designed to provide consumers an understanding of both public and private health insurance options provided by this act including incentives through face-to-face

1 interaction, by telephone, and in writing, and through
2 other forms of relevant media,

3 b. to develop a system to ensure that there is record of
4 recipient acknowledgment that choice counseling has
5 been provided, and

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

10 2. The consumer choice component shall include a comprehensive
11 feasibility study to allow individuals more choices in their health
12 care coverage including, but not limited to, employer-sponsored
13 insurance options, and may include the following:

14 a. to develop a system to enable ~~insurable~~ Medicaid
15 consumers to opt out of their current Medicaid program
16 and purchase health care coverage through their
17 employer-sponsored health insurance plan or access
18 commercial health insurance policies for their
19 eligible family members,

20 b. to develop an actuarially sound average cost per
21 Medicaid consumer ~~within different age groups and~~
22 ~~other relevant categories including health status~~ to
23 provide medically necessary services ~~which may be~~
24 ~~separated to cover comprehensive care, enhanced~~

1 ~~services, and catastrophic care. This cost would be~~
2 ~~converted into a credit or instrument of value for the~~
3 ~~Medicaid consumer to purchase qualified health~~
4 ~~insurance policies. This value shall be used for a~~
5 ~~voucher system to subsidize Medicaid consumers'~~
6 ~~premium costs for their employer-sponsored or~~
7 ~~commercial health insurance option,~~

8 c. ~~in conjunction with the Oklahoma Insurance Department,~~
9 ~~to determine benefits and standards for commercial~~
10 ~~insurers accessed by Medicaid consumers,~~

11 d. ~~to allow consumers to purchase health care coverage~~
12 ~~through an employer sponsored health insurance plan~~
13 ~~instead of through a qualified health insurance plan.~~
14 ~~This provision shall be known as the employee choice~~
15 ~~option. A recipient who chooses the Medicaid employee~~
16 ~~choice option shall have an opportunity for a~~
17 ~~specified period of time, as authorized by the Centers~~
18 ~~for Medicare and Medicaid Services, to select and~~
19 ~~enroll in a qualified health insurance plan,~~

20 e. ~~to develop a process for Medicaid consumers to select~~
21 ~~commercial health insurance options, the Oklahoma~~
22 ~~Health Care Authority shall~~ may ~~develop a plan to~~
23 ~~implement a personal health account system as an~~
24 ~~enhanced benefit. Monies deposited into a personal~~

1 health account shall only be used by the recipient to
2 defray health-care-related costs including, but not
3 limited to, copayments, noncovered benefits, and
4 wellness initiatives. The Health Care Authority shall
5 promulgate rules guiding personal health account
6 transactions; ~~and~~

7 3. To provide a grievance-resolution process for Medicaid
8 consumers enrolled in a health plan. This process shall include a
9 mechanism for an expedited review of a grievance if the life of a
10 Medicaid recipient is in imminent and emergent jeopardy; and

11 4. To provide a grievance-resolution process for health care
12 providers employed by or contracted with a health plan to settle
13 disputes among the provider and the health plan or the provider and
14 the Oklahoma Health Care Authority.

15 ~~5. By July 1, 2008, the Oklahoma Health Care Authority shall~~
16 ~~institute cost sharing methods and/or benefit modifications within~~
17 ~~federal limitations to eligible persons whose family income is~~
18 ~~between one hundred thirty three percent (133%) and one hundred~~
19 ~~eighty five percent (185%) of the federal poverty level. The~~
20 ~~benefits shall be no less than the state sponsored health care~~
21 ~~coverage through the state premium assistance program authorized in~~
22 ~~subsection D of Section 1010.1 of Title 56 of the Oklahoma Statutes~~

23 B. Medicaid consumers electing to opt out of the current
24 program shall be subject to cost-sharing requirements, preexisting-

1 condition clauses and the possibility of different benefits of their
2 employer-sponsored insurance or selected commercial health care
3 provider. The consumer shall also be responsible to pay for any
4 cost differential between the state subsidy and their premium cost
5 should their premium cost be higher. If the cost is lower than the
6 state subsidy, then the difference may be placed into a personal
7 health account.

8 ~~6.~~ C. Notwithstanding any other provision of this section,
9 coverage, cost sharing, and any other component of employer-
10 sponsored health insurance shall be governed by applicable state and
11 federal laws.

12 ~~7.~~ D. The Oklahoma Health Care Authority shall develop a system
13 to ensure that the implementation of the provisions of this act do
14 not negatively affect the ability of American Indian or Alaska
15 Native beneficiaries to access services at Indian Health Service
16 facilities, tribally operated health facilities and Urban Indian
17 Health Programs.

18 ~~8.~~ E. The Oklahoma Health Care Authority shall develop a system
19 to ensure that the implementation of the provisions of this act do
20 not negatively affect the reimbursement structure between the
21 Oklahoma Health Care Authority and the Indian Health Service
22 facilities, tribally operated health facilities and urban health
23 programs.

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1 ~~9.~~ F. The Oklahoma Health Care Authority shall develop
2 mechanisms through intergovernmental transfers which will allow
3 tribally operated facilities that elect to provide services to
4 beneficiaries other than American Indian or Alaska Native
5 beneficiaries to receive reimbursement for such services.

6 SECTION 3. This act shall become effective November 1, 2008.

7 Passed the House of Representatives the 28th day of February,
8 2008.

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Presiding Officer of the House of
Representatives

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Passed the Senate the ____ day of _____, 2008.

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Presiding Officer of the Senate

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