

**EHB 2531**

**THE STATE SENATE**  
**Monday, April 7, 2008**

**ENGROSSED**

**House Bill No. 2531**

**As Amended**

ENGROSSED HOUSE BILL NO. 2531 - By: Steele and Pittman of the House  
and Adelson of the Senate.

**[ poor persons - Oklahoma Medicaid Reform Act of 2006 -  
defining terms - 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  
create a statewide 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. 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

1 Legislature within ten (10) days of their approval. The Oklahoma  
2 Health Care Authority shall submit a plan containing a recommended  
3 timeline for implementation of any waivers and budgetary projections  
4 of the effect of the Oklahoma Medicaid Reform Act of 2006. This  
5 implementation plan shall be submitted to the Governor, the Speaker  
6 of the House of Representatives and the President Pro Tempore of the  
7 Senate.

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

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

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

15 2. By July 1, ~~2008~~ 2010, phase one of this act shall be  
16 implemented within ~~a contiguous~~ an area of the state with rural and  
17 urban characteristics. The Oklahoma Health Care Authority shall  
18 contract for an independent evaluation and report findings of this  
19 phase of the act to the Governor and the Legislature. After an  
20 independent evaluation and report to the Governor and Legislature,  
21 if it is determined that the evaluation establishes improved access  
22 to health care, improved health care outcomes, and improved cost

1 efficiencies, it is the intent of the Legislature that components of  
2 the act be phased in statewide ~~by the year 2013~~.

3 D. Upon this evaluation and determination of improvement by the  
4 Governor and Legislature, the Oklahoma Health Care Authority shall  
5 negotiate a plan for statewide expansion of the act from the Centers  
6 for Medicare and Medicaid Services.

7 E. The Oklahoma Health Care Authority may contract with a pay-  
8 for-performance program provider. The purpose of the program is to  
9 test a program's value proposition that offers financial incentives  
10 to both the health care provider and the patient for incorporating  
11 evidence-based medicine guidelines and information therapy  
12 prescriptions in the rendering and utilizing of health care. This  
13 program may offer the health care provider the flexibility to use  
14 the health care provider's clinical judgment to adhere to or deviate  
15 from the program's guidelines and still receive a financial  
16 incentive as long as the health care provider prescribes information  
17 therapy to the patient. The program shall offer a financial reward  
18 to the patient for responding to the information therapy  
19 prescription by demonstrating the patient's understanding of the  
20 patient's health condition, by demonstrating adherence to  
21 recommended care, and by judging the quality of care given to the  
22 patient against these guidelines. The program shall be offered and  
23 administered through an Internet application. This demonstration

1 project shall collect and analyze data over a period of two (2)  
2 years or other reasonable time frame in order to determine its  
3 effectiveness.

4 F. The purpose of the Oklahoma Medicaid Reform Act of 2006 is  
5 to:

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

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

- 17 a. consumer education and choice,  
18 b. access to medically necessary services,  
19 c. coordination of preventative, acute, and long-term  
20 care services, and  
21 d. reductions in unnecessary service utilization;



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

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

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

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

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

1                   ~~converted into a credit or instrument of value for the~~  
2                   ~~Medicaid consumer to purchase qualified health~~  
3                   ~~insurance policies.~~ This value shall be used for a  
4                   voucher system to subsidize Medicaid consumers'  
5                   premium costs for their employer-sponsored or  
6                   commercial health insurance option,  
7                   c. ~~in conjunction with the Oklahoma Insurance Department,~~  
8                   ~~to determine benefits and standards for commercial~~  
9                   ~~insurers accessed by Medicaid consumers,~~  
10                  d. ~~to allow consumers to purchase health care coverage~~  
11                  ~~through an employer sponsored health insurance plan~~  
12                  ~~instead of through a qualified health insurance plan.~~  
13                  ~~This provision shall be known as the employee choice~~  
14                  ~~option. A recipient who chooses the Medicaid employee~~  
15                  ~~choice option shall have an opportunity for a~~  
16                  ~~specified period of time, as authorized by the Centers~~  
17                  ~~for Medicare and Medicaid Services, to select and~~  
18                  ~~enroll in a qualified health insurance plan,~~  
19                  e. ~~to develop a process for Medicaid consumers to select~~  
20                  ~~commercial health insurance options, the Oklahoma~~  
21                  ~~Health Care Authority shall~~ may ~~develop a plan to~~  
22                  ~~implement a personal health account system as an~~  
23                  ~~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~~

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

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

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

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

1 facilities, tribally operated health facilities and urban health  
2 programs.

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

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

9 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 4-2-08 - DO  
10 PASS, As Amended.