

1 AN ACT

2 relating to the Medicaid managed care delivery system.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Chapter 533, Government Code, is amended by  
5 adding Subchapter D to read as follows:

6 SUBCHAPTER D. INTEGRATED CARE MANAGEMENT MODEL

7 Sec. 533.061. INTEGRATED CARE MANAGEMENT MODEL. (a) The  
8 executive commissioner, by rule, shall develop an integrated care  
9 management model of Medicaid managed care. The "integrated care  
10 management model" is a noncapitated primary care case management  
11 model of Medicaid managed care with enhanced components to:

12 (1) improve patient health and social outcomes;

13 (2) improve access to care;

14 (3) constrain health care costs; and

15 (4) integrate the spectrum of acute care and long-term  
16 care services and supports.

17 (b) In developing the integrated care management model, the  
18 executive commissioner shall ensure that the integrated care  
19 management model utilizes managed care principles and strategies to  
20 assure proper utilization of acute care and long-term care services  
21 and supports. The components of the model must include:

22 (1) the assignment of recipients to a medical home;

23 (2) utilization management to assure appropriate  
24 access and utilization of services, including prescription drugs;

1           (3) health risk or functional needs assessment;

2           (4) a method for reporting to medical homes and other  
3 appropriate health care providers on the utilization by recipients  
4 of health care services and the associated cost of utilization of  
5 those services;

6           (5) mechanisms to reduce inappropriate emergency  
7 department utilization by recipients, including the provision of  
8 after-hours primary care;

9           (6) mechanisms that ensure a robust system of care  
10 coordination for assessing, planning, coordinating, and monitoring  
11 recipients with complex, chronic, or high-cost health care or  
12 social support needs, including attendant care and other services  
13 needed to remain in the community;

14           (7) implementation of a comprehensive,  
15 community-based initiative to educate recipients about effective  
16 use of the health care delivery system;

17           (8) strategies to prevent or delay  
18 institutionalization of recipients through the effective  
19 utilization of home and community-based support services; and

20           (9) any other components the executive commissioner  
21 determines will improve a recipient's health outcome and are  
22 cost-effective.

23           (c) For purposes of this chapter, the integrated care  
24 management model is a managed care plan.

25           Sec. 533.062. CONTRACTING FOR INTEGRATED CARE MANAGEMENT.

26           (a) The commission may contract with one or more administrative  
27 services organizations to perform the coordination of care and

1 other services and functions of the integrated care management  
2 model developed under Section 533.061.

3 (b) The commission may require that each administrative  
4 services organization contracting with the commission under this  
5 section assume responsibility for exceeding administrative costs  
6 and not meeting performance standards in connection with the  
7 provision of acute care and long-term care services and supports  
8 under the terms of the contract.

9 (c) The commission may include in a contract awarded under  
10 this section a written guarantee of state savings on Medicaid  
11 expenditures for recipients receiving services provided under the  
12 integrated care management model developed under Section 533.061.

13 (d) The commission may require that each administrative  
14 services organization contracting with the commission under this  
15 section establish pay-for-performance incentives for providers to  
16 improve patient outcomes.

17 (e) In this section, "administrative services organization"  
18 means an entity that performs administrative and management  
19 functions, such as the development of a physician and provider  
20 network, care coordination, service coordination, utilization  
21 review and management, quality management, and patient and provider  
22 education, for a noncapitated system of health care services,  
23 medical services, or long-term care services and supports.

24 Sec. 533.063. STATEWIDE INTEGRATED CARE MANAGEMENT  
25 ADVISORY COMMITTEE. (a) The executive commissioner may appoint an  
26 advisory committee to assist the executive commissioner in the  
27 development and implementation of the integrated care management

1 model.

2 (b) The advisory committee is subject to Chapter 551.

3 SECTION 2. (a) The Health and Human Services Commission  
4 shall require each administrative services organization  
5 contracting with the commission to perform services under Section  
6 533.062, Government Code, as added by this Act, to coordinate with,  
7 use, and otherwise interface with the fee-for-service claims  
8 payment contractor operating in this state on August 31, 2005,  
9 until the date the claims payment contract expires, subject to  
10 renewal of the contract.

11 (b) The commission may require each administrative services  
12 organization contracting with the commission to perform services  
13 under Section 533.062, Government Code, as added by this Act, to  
14 incorporate disease management into the integrated care management  
15 model established under Section 533.061, Government Code, as added  
16 by this Act, utilizing the Medicaid disease management contractor  
17 operating in this state on November 1, 2004, until the date the  
18 disease management contract expires, subject to renewal of the  
19 contract.

20 SECTION 3. If before implementing any provision of this Act  
21 a state agency determines that a waiver or other authorization from  
22 a federal agency is necessary for implementation of that provision,  
23 the agency affected by the provision shall request the waiver or  
24 authorization and may delay implementing that provision until the  
25 waiver or authorization is granted.

26 SECTION 4. If any provision of this Act conflicts with a  
27 statute enacted by the 79th Legislature, Regular Session, 2005, the

1 provision of this Act controls.

2 SECTION 5. This Act takes effect immediately if it receives  
3 a vote of two-thirds of all the members elected to each house, as  
4 provided by Section 39, Article III, Texas Constitution. If this  
5 Act does not receive the vote necessary for immediate effect, this  
6 Act takes effect September 1, 2005.

David Newkum

President of the Senate

Jim Coakley

Speaker of the House

I certify that H.B. No. 1771 was passed by the House on April 27, 2005, by the following vote: Yeas 148, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1771 on May 27, 2005, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

Robert Honey  
Chief Clerk of the House

I certify that H.B. No. 1771 was passed by the Senate, with amendments, on May 25, 2005, by the following vote: Yeas 31, Nays 0.

Letsy Graw  
Secretary of the Senate

APPROVED: 18 JUNE '05

Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
10:20 AM 10/20/05

JUN 18 2005  
Roger Williams  
Secretary of State