

1 HB361
2 174951-1
3 By Representative Knight
4 RFD: Ways and Means General Fund
5 First Read: 01-MAR-16

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8 SYNOPSIS: Current law does not place a limit on the
9 administrative costs that may be paid to Medicaid
10 regional care organizations (RCOs). This bill would
11 limit the administrative costs that may be paid to
12 RCOs.

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14 A BILL
15 TO BE ENTITLED
16 AN ACT

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18 Relating to Medicaid Regional Care Organizations: to
19 amend Section 22-6-153, Code of Alabama 1975, to limit the
20 amount of administrative costs that may be paid by the Alabama
21 Medicaid Agency to RCOs.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. Section 22-6-153, Code of Alabama 1975,
24 is amended to read as follows:

25 "§22-6-153.

26 "(a) Subject to approval of the federal Centers for
27 Medicare and Medicaid Services, the Medicaid Agency shall

1 enter into a contract in each Medicaid region for at least one
2 fully certified regional care organization to provide,
3 pursuant to a risk contract under which the Medicaid Agency
4 makes a capitated payment, medical care to Medicaid
5 beneficiaries. However, the Medicaid Agency may enter into a
6 contract pursuant to this section only if, in the judgment of
7 the Medicaid Agency, care of Medicaid beneficiaries would be
8 better, more efficient, and less costly than under the then
9 existing care delivery system. Administrative costs paid to
10 regional care organizations may not exceed the average
11 administrative cost of the Alabama Medicaid agency over the
12 last five fiscal years. The Medicaid Agency may contract with
13 more than one regional care organization in a Medicaid region.
14 Pursuant to the contract, the Medicaid Agency shall set
15 capitation payments for the regional care organization.

16 "(b) The Medicaid Agency shall enroll beneficiaries
17 into regional care organizations. If more than one regional
18 care organization operates in a Medicaid region, a Medicaid
19 beneficiary may choose the organization to provide his or her
20 care. If a Medicaid beneficiary does not make a choice, the
21 Medicaid Agency shall assign the person to a care
22 organization. Medicaid may limit the circumstances under which
23 a Medicaid beneficiary may change care organizations.

24 "(c) A regional care organization shall provide
25 Medicaid services to Medicaid enrollees directly or by
26 contract with other providers. The regional care organization
27 shall establish an adequate medical service delivery network

1 as determined by the Medicaid Agency. An alternate care
2 provider contracting with Medicaid shall also establish such a
3 network. The Medicaid Agency shall by rule, pursuant to the
4 Alabama Administrative Procedure Act, establish the minimum
5 reimbursement rate for providers. The minimum reimbursement
6 rate shall be the prevailing Medicaid fee-for-service payment
7 schedule, unless otherwise jointly agreed to by a provider and
8 a regional care organization through a contract. The minimum
9 provider reimbursements shall be incorporated into the
10 actuarially sound rate development methodology for each
11 regional care organization. The methodology and resulting
12 rates shall be submitted to the Centers for Medicare and
13 Medicaid Services for approval.

14 "(d) The Medicaid Agency shall establish by rule
15 procedures for safeguarding against wrongful denial of claims
16 and addressing grievances of enrollees in a regional care
17 organization or an alternate care provider. The procedures
18 shall provide for a timely and meaningful right of appeal, by
19 Medicaid enrollees or their providers, of approvals or denials
20 of care, billing and payment issues, bundling matters, and the
21 provision of health care services. The rules shall include
22 procedures for a fair hearing on all claims or complaints
23 brought by Medicaid enrollees or other providers that shall
24 include the following:

25 "(1) An immediate appeal to the medical director of
26 the regional care organization, who shall be a primary care
27 physician. The rules of evidence shall not apply. The medical

1 director shall consider the materials submitted on the issue
2 and any oral arguments and render a decision. The medical
3 director's decision shall be binding on the regional care
4 organization.

5 "(2) If a patient or provider is dissatisfied with
6 the decision of the medical director, the patient or provider
7 may file a notice of appeal to be heard by a peer review
8 committee. The peer review committee shall be composed of at
9 least three physicians of the same specialty in the region in
10 which the services or matter is at issue. If three physicians
11 cannot be found, then the physicians may be selected outside
12 of the region. The Medicaid Agency shall develop rules
13 regarding the appeal to the peer review committee. The peer
14 review committee's decision shall be binding on the regional
15 care organization.

16 "(3) If a patient or the provider is dissatisfied
17 with the decision of the peer review committee, the patient or
18 provider may file a written notice of appeal to the Medicaid
19 Agency. The Medicaid Agency shall adopt rules governing the
20 appeal, which shall include a full evidentiary hearing and a
21 finding on the record. The Medicaid Agency's decision shall be
22 binding upon the regional care organization. However, a
23 patient or provider may file an appeal in circuit court in the
24 county in which the patient resides, or the county in which
25 the provider provides services.

26 "(e) The Medicaid Agency shall by rule establish
27 procedures for addressing grievances of regional care

1 organizations, except as otherwise provided in subsection (g).
2 The grievance procedure shall include an opportunity for a
3 fair hearing before an impartial hearing officer in accordance
4 with the Alabama Administrative Procedure Act, Chapter 22 of
5 Title 41. The state Medicaid Commissioner shall appoint one,
6 or more than one, hearing officer to conduct fair hearings.
7 After each hearing, the findings and recommendations of the
8 hearing officer shall be submitted to the commissioner, who
9 shall make a final decision for the agency. Judicial review of
10 the final decision of the Medicaid Agency may be sought
11 pursuant to the Alabama Administrative Procedure Act. All
12 costs related to development and implementation of the
13 grievance procedure, including the provision of administrative
14 hearings, shall be borne by the Medicaid Agency. The agency
15 may adopt rules for implementing this subsection in accordance
16 with the Alabama Administrative Procedure Act.

17 "(f) All provider contracts of an organization
18 granted probationary or final certification as a regional care
19 organization shall be subject to review and/or approval of the
20 Medicaid Agency.

21 "(g) (1) If a provider is dissatisfied with any term
22 or provision of the agreement or contract offered by a
23 regional care organization, the provider shall:

24 "a. Seek redress with the regional care
25 organization. In providing redress, the regional care
26 organization shall afford the provider a review by a panel
27 composed of a representative of the regional care

1 organization, the same type of provider, and a representative
2 of the citizen's advisory board appointed by the chairman of
3 the advisory board.

4 "b. After seeking redress with the regional care
5 organization, a provider or the regional care organization who
6 remains dissatisfied may request a review of such disputed
7 term or provision by the Medicaid Agency. The Medicaid Agency
8 shall have 10 days to issue, in writing, its decision
9 regarding the dispute.

10 "c. Within 30 days of receipt of the Medicaid
11 Agency's decision, the provider or the regional care
12 organization may request review of the Medicaid Agency's
13 decision by a contract dispute committee. The committee shall
14 be appointed by the Medicaid Agency and shall be composed of
15 two providers from other Medicaid regions, two representatives
16 of regional care organizations from other Medicaid regions,
17 and an administrative law judge selected by the Medicaid
18 Agency. The two providers shall be selected by the affected
19 provider's professional or business association, and the two
20 representatives of the regional care organizations shall be
21 appointed by the Medicaid Agency from a list of four
22 representatives selected by regional care organizations from
23 the unaffected Medicaid regions.

24 "d. If the provider or the regional care
25 organization is dissatisfied with the decision of the contract
26 dispute committee, the provider or regional care organization

1 shall file an appeal in the Montgomery County Circuit Court
2 within 30 days of the decision.

3 "(2) The Medicaid Agency shall develop rules
4 regarding review of agreements and contracts by the contract
5 dispute committee. The standard of review for the contract
6 dispute committee shall be one of fairness and reasonableness.
7 The contract dispute committee shall undertake a de novo
8 review and shall consider current and historic reimbursement
9 rates; prevailing terms and standards in contracts currently
10 in existence; and customs, policies, and procedures prevalent
11 in the other Medicaid regions and under the Alabama Medicaid
12 Program. The rules shall include the requirement that the
13 contract dispute committee issue a written ruling on such
14 disputed term or provision stating its findings of fact and
15 conclusions of law no more than 20 days after the dispute is
16 submitted to it. The contract dispute committee's decision
17 shall be binding on the regional care organization and the
18 provider.

19 "(h) In addition to the foregoing, the Medicaid
20 Agency shall do all of the following:

21 "(1) Establish by rule the criteria for probationary
22 and full certification of regional care organizations.

23 "(2) Establish the quality standards and minimum
24 service delivery network requirements for regional care
25 organizations or alternate care providers to provide care to
26 Medicaid beneficiaries.

1 "(3) Establish by rule and implement quality
2 assurance provisions for each regional care organization.

3 "(4) Adopt and implement, at its discretion,
4 requirements for a regional care organization concerning
5 health information technology, data analytics, quality of
6 care, and care-quality improvement.

7 "(5) Conduct or contract for financial audits of
8 each regional care organization. The audits shall be based on
9 requirements established by the Medicaid Agency by rule or
10 established by law. The audit of each regional care
11 organization shall be conducted at least every three years or
12 more frequently if requested by the Medicaid Agency.

13 "(6) Take such other action with respect to regional
14 care organizations or alternate care providers as may be
15 required by federal Medicaid regulations or under terms and
16 conditions imposed by the Centers for Medicare and Medicaid
17 Services in order to assure that payments to the regional care
18 organizations or alternate care providers qualify for federal
19 matching funds."

20 Section 2. This act shall become effective
21 immediately upon its passage and approval by the governor, or
22 it's otherwise becoming law.