



AN ACT CREATING A PILOT PROJECT TO REIMBURSE CERTAIN MEDICAID PROVIDERS BASED ON PERFORMANCE; CREATING A PAY-FOR-PERFORMANCE TASK FORCE; ESTABLISHING THE DUTIES OF THE TASK FORCE; PROVIDING FOR PUBLIC PARTICIPATION IN DEVELOPMENT OF A PAY-FOR-PERFORMANCE MODEL; REQUIRING DATA COLLECTION; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE.

WHEREAS, state government budgets have come under pressure in recent years because of prevailing national economic conditions; and

WHEREAS, the costs of providing social services makes up a large portion of state government budgets; and

WHEREAS, new approaches to funding social services may result in lower costs and better outcomes over the course of time; and

WHEREAS, research in other states indicates that linking provider payments to desired outcomes and quality improvements results in improved access to care, better care integration and coordination, family-focused planning, earlier and less restrictive interventions, and a reduced number of treatment days.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1. Pay-for-performance pilot project for children's mental health services -- legislative purpose.** (1) The department of public health and human services shall establish a pilot project for paying providers of children's mental health services according to performance-based principles that allow a cost-and-benefit-based incentive payment in an amount approved by the 2015 legislature to providers who demonstrate that the children they serve attain benchmark outcomes identified by the pay-for-performance task force. The department shall develop the pilot project in accordance with the provisions of [sections 1 through 5].

(2) The department of public health and human services shall collect and analyze existing performance data from existing providers and data related to the pilot project in order to determine its effectiveness and to

evaluate whether the use of performance-based payment for services should be extended to other services, geographic regions, or populations.

(3) The purpose of the pilot project is to:

(a) improve the partnership and collaborative efforts between the department of public health and human services and providers of children's mental health services; and

(b) link the cost-and-benefit-based incentive payment for providers with improvements in:

(i) cost control;

(ii) achieving quality benchmarks;

(iii) integration and coordination of care;

(iv) the development and use of individualized treatment plans; and

(v) efforts to ensure recovery and permanent placement for children who are receiving medicaid mental health services or who are in foster care under the supervision of the state.

(4) The legislature shall review the results of the pilot project to determine whether:

(a) the project should be continued or expanded; and

(b) modifications are needed before the pay-for-performance model is expanded to include additional children, providers, or services.

**Section 2. Scope of pilot project.** (1) The pay-for-performance pilot project provided for in [sections 1 through 5] may be designed to include services to children who are:

(a) enrolled in medicaid or the healthy Montana kids plan; or

(b) in foster care under the supervision of the state.

(2) Providers are eligible to participate in the pilot project if they:

(a) offer services to youth with serious emotional disturbance as defined by the department of public health and human services by rule;

(b) are licensed as:

(i) a mental health center as defined in 50-5-101;

(ii) a psychiatric residential treatment facility as defined by the department by rule; or

(iii) a child-placing agency under Title 52, chapter 8, part 1; and

(c) provide the task force with a plan that identifies:

(i) the types of data that may be relevant to the development of the pay-for-performance model;  
 (ii) the types of data that must be collected to evaluate the effectiveness of the pay-for-performance model; and

(iii) benchmarks by which the pilot project may measure patient outcomes to determine project effectiveness.

(3) (a) The pilot project may be limited in scope to a specific:

(i) number of children; and

(ii) geographic region.

(b) The geographic region must include both rural and urban populations.

**Section 3. Task force -- membership -- meetings -- reimbursement.** (1) There is a pay-for-performance task force that shall work with the department of public health and human services to design a performance-based system for services provided to children who are eligible under [sections 1 through 5].

(2) The task force consists of 14 members appointed no later than August 1, 2013, as follows:

(a) eight members appointed by the governor;

(b) three legislative members appointed by the senate committee on committees, with no more than two members representing the same political party; and

(c) three legislative members appointed by the speaker of the house, with no more than two members representing the same political party.

(3) The governor shall appoint as members:

(a) three providers of children's mental health services representing three of the five children's mental health service regions established by the department of public health and human services;

(b) two family members of children who have received medicaid mental health services;

(c) one representative of the Montana university system who has experience in measuring outcomes for children; and

(d) two representatives of the department of public health and human services.

(4) Task force members shall elect a presiding officer at the first meeting.

(5) (a) Except as provided in subsection (5)(b), the task force shall meet at least six times per year.

Meetings must be held in Helena and may be held by teleconference.

(b) If a majority of the task force determines that the task force is able to accomplish its work through quarterly meetings, the task force may meet four times per year.

(6) (a) Legislative members of the task force are entitled to receive compensation as provided in 5-2-302 for each task force meeting.

(b) Except as provided in subsection (6)(c), task force members are entitled to reimbursement for expenses as provided in 2-18-501 through 2-18-503.

(c) Task force members who are full-time salaried employees of the state are entitled to reimbursement for expenses as provided in 2-18-501 through 2-18-503 only if a task force meeting under [section 4] is held outside of Helena.

(7) Task force activities must be must be completed within the budget approved for the department of public health and human services.

**Section 4. Duties of task force.** (1) The pay-for-performance task force shall recommend to the legislature a pay-for-performance system that allows a cost-and-benefit-based incentive payment that is formulated using performance-based and cost-and-benefit-based analysis principles to providers who demonstrate that the children they serve attain benchmark outcomes. The system is to be used for the pilot project provided for in [sections 1 through 5].

(2) The task force shall adopt a short-term work plan and a long-term work plan that outline the scope of work to be completed, including the recommendation of an appropriate pay-for-performance model for the pilot project. Each work plan must include deadlines for completion of each item identified in the work plan.

(3) In recommending a pay-for-performance model for children's mental health services, the task force shall take into consideration:

(a) the current array of children's mental health services allowed for under the Montana medicaid state plan and any data the department of public health and human services has collected regarding the effectiveness of the services;

(b) the degree to which the array and effectiveness of services offered by a provider may factor into the level of pay the provider receives under a pay-for-performance model;

(c) potential incentives for and risks of the pay-for-performance models under review;

(d) existing data that may be relevant to development of the model;

- (e) the types of data that must be collected to evaluate the effectiveness of the model; and
- (f) the need for changes to the state's information technology systems in order to collect and analyze data.

(4) The task force shall conduct at least one meeting with medicaid providers and other interested parties to obtain comment on the elements of a pay-for-performance model that:

- (a) will best meet the needs of Montana children; and
- (b) takes into account the geographic and demographic features of the state.

(5) The task force shall recommend a model after reviewing, in conjunction with the department of public health and human services:

- (a) the current medicaid reimbursement system for the services covered by [sections 1 through 5];
- (b) the department's system for collecting data related to children's mental health services and payments for the services;
- (c) pay-for-performance models used by other states, including enhanced tier payment systems; and
- (d) public comment submitted to the task force.

(6) The task force shall make a recommendation to the 2015 legislature on the scope of the pilot project as determined under [section 2(3)].

**Section 5. Pilot project timeline -- reporting requirement.** (1) The pay-for-performance task force shall:

(a) complete the short-term and long-term work plans required under [section 4] by December 2013. The task force shall, as part of the short-term and long-term work plans, submit a proposed uniform data reporting system that is based on the recommendations and considerations identified in [section 2(2)(c)] and [section 4(3)].

(b) develop proposed legislation that contains a pay-for-performance model and identifies other elements of the proposed pilot project for consideration by the 2015 Legislature and implementation on July 1, 2015; and

(c) develop recommendations for the 2017 legislature on the continuation or expansion of the pilot project based on the collection and analysis of data related to the pilot project and recommendations on any modifications needed before the pay-for-performance model is expanded to include additional children, providers, or services.

(2) The task force in conjunction with the department of public health and human services shall provide

quarterly reports to the children, families, health, and human services interim committee on:

- (a) the work of the task force;
- (b) the status of legislative proposals; and
- (c) data related to the defined benchmarks and outcomes of the pay-for-performance pilot project.

**Section 6. Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 53, chapter 6, and the provisions of Title 53, chapter 6, apply to [sections 1 through 5].

**Section 7. Effective date.** [This act] is effective July 1, 2013.

**Section 8. Termination.** [This act] terminates June 30, 2017.

- END -

I hereby certify that the within bill,  
HB 0100, originated in the House.

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Chief Clerk of the House

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2013.

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2013.

HOUSE BILL NO. 100

INTRODUCED BY R. EHLI

BY REQUEST OF THE SELECT COMMITTEE ON EFFICIENCY IN GOVERNMENT

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