

Senator J. Stuart Adams proposes the following substitute bill:

MEDICAID ACCOUNTABLE CARE ORGANIZATIONS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: J. Stuart Adams

House Sponsor: _____

LONG TITLE

General Description:

This bill amends the Medical Assistance Programs of the Utah Health Code.

Highlighted Provisions:

This bill:

- ▶ defines terms; and
- ▶ includes the cost of a mandated Medicaid program change in the Medicaid base budget for accountable care organizations for a certain period of time.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

26-18-405, as enacted by Laws of Utah 2011, Chapter 211

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **26-18-405** is amended to read:

26-18-405. Waivers to maximize replacement of fee-for-service delivery model --



26 **Cost of mandated program changes.**

27 (1) The department shall develop a [~~proposal to amend the state plan for~~] waiver
28 program in the Medicaid program [~~in a way that maximizes replacement of~~] to replace the
29 fee-for-service delivery model with one or more risk-based delivery models.

30 (2) The [~~proposal~~] waiver program shall:

31 (a) restructure the program's provider payment provisions to reward health care
32 providers for delivering the most appropriate services at the lowest cost and in ways that,
33 compared to services delivered before implementation of the [~~proposal~~] waiver program,
34 maintain or improve recipient health status;

35 (b) restructure the program's cost sharing provisions and other incentives to reward
36 recipients for personal efforts to:

37 (i) maintain or improve their health status; and

38 (ii) use providers that deliver the most appropriate services at the lowest cost;

39 (c) identify the evidence-based practices and measures, risk adjustment methodologies,
40 payment systems, funding sources, and other mechanisms necessary to reward providers for
41 delivering the most appropriate services at the lowest cost, including mechanisms that:

42 (i) pay providers for packages of services delivered over entire episodes of illness
43 rather than for individual services delivered during each patient encounter; and

44 (ii) reward providers for delivering services that make the most positive contribution to
45 a recipient's health status;

46 (d) limit total annual per-patient-per-month expenditures for services delivered through
47 fee-for-service arrangements to total annual per-patient-per-month expenditures for services
48 delivered through risk-based arrangements covering similar recipient populations and services;
49 and

50 (e) except as provided in Subsection (4), limit the rate of growth in
51 per-patient-per-month General Fund expenditures for the program to the rate of growth in
52 General Fund expenditures for all other programs, when the rate of growth in the General Fund
53 expenditures for all other programs is greater than zero.

54 (3) To the extent possible, the department shall [~~develop the proposal~~] operate the
55 waiver program with the input of stakeholder groups representing those who will be affected by
56 the [~~proposal~~] waiver program.

57 ~~[(4) No later than June 1, 2011, the department shall submit a written report on the~~
58 ~~development of the proposal to the Legislature's Executive Appropriations Committee, Social~~
59 ~~Services Appropriations Subcommittee, and Health and Human Services Interim Committee.]~~

60 ~~[(5) No later than July 1, 2011, the department shall submit to the Centers for Medicare~~
61 ~~and Medicaid Services within the United States Department of Health and Human Services a~~
62 ~~request for waivers from federal statutory and regulatory law necessary to implement the~~
63 ~~proposal.]~~

64 ~~[(6) After the request for waivers has been made, and prior to its implementation, the~~
65 ~~department shall report to the Legislature in accordance with Section 26-18-3 on any~~
66 ~~modifications to the request proposed by the department or made by the Centers for Medicare~~
67 ~~and Medicaid Services.]~~

68 ~~[(7) The department shall implement the proposal in the fiscal year that follows the~~
69 ~~fiscal year in which the United States Secretary of Health and Human Services approves the~~
70 ~~request for waivers.]~~

71 (4) (a) For purposes of this Subsection (4), "mandated program change" shall be
72 determined by the department in consultation with the Medicaid accountable care
73 organizations, and may include a change to the state Medicaid program that is required by state
74 or federal law, state or federal guidance, policy, or the state Medicaid plan.

75 (b) A mandated program change shall be included in the base budget for the Medicaid
76 program during the first fiscal year following the fiscal year in which the Medicaid program
77 adopts the mandated program change.

78 (c) The mandated program change is not subject to the limit on the rate of growth in
79 per-patient-per-month General Fund expenditures for the program established in Subsection
80 (2)(e), until after the fiscal year designated in Subsection (4)(b).