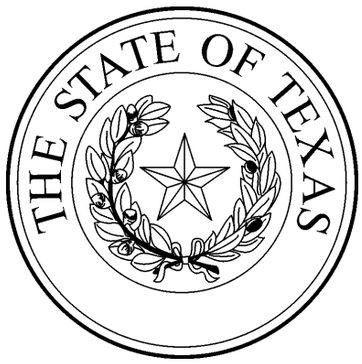
By: Zerwas

H.B. No. 1

LEGISLATIVE BUDGET BOARD RECOMMENDATIONS
HOUSE VERSION

Eighty-fifth Legislature

2018-2019 Biennium



STATE OF TEXAS
2017

As Received

~~50~~36. Medicaid Funding Reduction and Cost Containment.

a. Included in appropriations above in Goal ~~B~~A, Medicaid Client Services, is a reduction of ~~$186,500,000~~$50,000,000 in General Revenue Funds and ~~$249,349,498~~$65,794,349 in Federal Funds in fiscal year ~~2016~~2018 and ~~$186,500,000~~$50,000,000 in General Revenue Funds and ~~$247,220,930~~$67,205,813 in Federal Funds in fiscal year ~~2017~~2019, a biennial total of ~~$373,000,000~~$100,000,000 in General Revenue Funds and ~~$496,570,428~~$133,000,162 in Federal Funds. The Health and Human Services Commission (HHSC) is authorized to transfer these reductions between fiscal years and to allocate these reductions among health and human services agencies as listed in Article II of this Act, pursuant to the requirement to submit a plan included in Subsection (~~d~~c) of this rider.

b. This reduction shall be achieved through the implementation of the plan described under subsection (~~d~~c) which may include any or all of the following initiatives:

(1) Continue strengthening and expanding prior authorization and utilization reviews,

(2) Incentivize appropriate neonatal intensive care unit utilization and coding,

~~(3) Fully implement dually eligible Medicare/Medicaid integrated care model and long-term services and supports quality payment initiative,~~

(~~4~~3) Pursuant to Human Resources Code §§32.064 and 32.0641, ~~M~~maximize co-payments in Medicaid programs,

(~~5~~4) Increase fraud, waste, and abuse prevention ~~and~~ detection and collections,

(~~6~~5) Explore changes to premium structure for managed care organizations and contracting tools to reduce costs and increase efficiency,

~~(7) Renegotiate more efficient contracts, including reducing the administrative contract profit margin and establish rebate provisions where possible,~~

~~(8) Develop a dynamic premium development process for managed care organizations that has an ongoing methodology for reducing inappropriate utilization, improving outcomes, reducing unnecessary spending, and increasing efficiency,~~

(~~9~~6) Implement fee-for-service payment changes and managed care premium adjustments that incentivize the most appropriate and effective use of services,

~~(10) Improve birth outcomes, including improving access to information and payment reform,~~

(~~11~~7) Increase efficiencies in the vendor drug program,

(~~12~~8) Increase third party recoupments,

(~~13~~9) ~~Create~~ Implement a pilot program on motor vehicle subrogation,

~~(14) Assess options to reduce costs for retroactive Medicaid claims,~~

~~(15) Review the cost effectiveness of including children with disabilities in dental managed care,~~

~~(16) Review and determine the benefits of providing the managed care organizations with the ability to create a pharmacy lock-in program, and~~

(10) Continue to pursue efficiencies in eligibility determination and processing by using self-service options to submit applications,

(11) Implement facility cost savings by reducing leased space or decommissioning buildings,

(12) Recoup administrative costs for programs HHSC administers for other entities, such as the School Health and Related Services Program (SHARS),

(13) Seek flexibility from the federal government to improve the efficiency of the Medicaid program,

(~~17~~14) Implement additional initiatives identified by HHSC.

~~c. HHSC shall reform reimbursement methodology to be in line with industry standards, policies, and utilization for acute care therapy services (including physical, occupational, and speech therapies) while considering stakeholder input and access to care. Out of the amount in subsection (a), in each fiscal year at least $50,000,000 in General Revenue Funds savings should be achieved through rate reductions and $25,000,000 in General Revenue Funds savings may be achieved through various medical policy initiatives listed in items (1) (10), below. If $25,000,000 in savings is not achieved through various medical policy initiatives in fiscal year 2016, the amount of unrealized savings (the difference between $25,000,000 in General Revenue Funds and savings actually achieved in fiscal year 2016) should be achieved through additional rate reductions in fiscal year 2017 while continuing any initiatives implemented in fiscal year 2016 that have been found to produce savings. HHSC may achieve savings through various medical policy initiatives, taking into consideration the following:~~

~~(1) Clarifying policy language regarding co-therapy definition, documentation, and billing requirements,~~

~~(2) Clarifying who can participate in therapy sessions in policy that interns, aides, students, orderlies and technicians can participate in therapy sessions when they are directly and appropriately supervised according to provider licensure requirements, but they are not eligible to enroll as providers and bill Texas Medicaid for services,~~

~~(3) Consolidate Traditional, Comprehensive Care Program and Home Health Agency therapy policies into one policy,~~

~~(4) Require a primary care or treating physician to initiate a signed order or referral prior to an initial therapy evaluation. The initial evaluation may require prior authorization and the signed order or referral must be dated prior to the evaluation,~~

~~(5) Require a primary care or treating physician to order the therapy services based on the outcomes of the evaluation,~~

~~(6) Clarify medical necessity for therapy services to ensure prior authorization staff who are reviewing requests are using guidelines based on the nationally recognized standards of care,~~

~~(7) Require licensed Medicaid enrolled therapists to document and support decisions for continued therapy based on professional assessment of a client's progress relative to their individual treatment plan and in concert with the client's primary care physician and the individual and/or family,~~

~~(8) Ensure appropriate duration of services by aligning authorization periods with national standards,~~

~~(9) Streamline prior authorization processes, and~~

~~(10) Implement policies that ensure services are provided in the most cost-efficient and medically appropriate setting, and implementation of other medical or billing policy changes.~~

~~d~~c. HHSC shall develop a plan to allocate the reductions required by Subsection (a) of this rider by taking actions such as those suggested under Subsection (b) ~~and (c)~~ of this rider to the budgets of the health and human services agencies as listed in ~~Chapter 531, Government Code~~Article II of this Act. The plan shall include reduction amounts by strategy and fiscal year and shall be submitted in writing before December 1, ~~2015~~2017 to the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts.