

HOUSE BILL No. 6260

June 22, 2006, Introduced by Reps. Garfield, Shaffer, Pastor, Gosselin, Vander Veen, Palmer, Plakas and Meyer and referred to the Committee on Health Policy.

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding sections 111l, 111m, 111n, and 111o; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 111l. (1) A SINGLE STATE AGENCY SHALL BE RESPONSIBLE FOR
2 MEDICAID HEALTH CARE POLICY. THROUGH A COMPETITIVE BID PROCESS, THE
3 STATE SHALL ESTABLISH A CONTRACT FOR MEDICAID CLAIM PROCESSING. A
4 COMPANY BIDDING ON OR PARTICIPATING IN THE ONGOING CONTRACT FOR
5 MEDICAID CLAIM PROCESSING MAY NOT CONTROL 15% OR MORE OF THE
6 STATE'S HEALTH CARE COVERAGE MARKET AT ANY TIME, EXCLUDING THE
7 MEDICAID AND MEDICARE PROGRAMS.

8 (2) THE COMPANY SELECTED UNDER THIS SECTION MUST HAVE

1 EXTENSIVE EXPERIENCE IN PROCESSING HEALTH CARE CLAIMS, INCLUDING
2 CLAIMS FOR PHARMACEUTICALS AND LONG-TERM CARE. THE COMPANY SELECTED
3 MUST HAVE EXTENSIVE EXPERIENCE IN THE PRINCIPLES OF MANAGED CARE.

4 (3) NOT LESS THAN 1 TIME EACH YEAR, A COMPANY SELECTED UNDER
5 THIS SECTION SHALL PREPARE A REPORT DETAILING MEDICAID
6 REIMBURSEMENT EXPENDITURES, ADMINISTRATIVE COSTS, AND RECOVERY
7 ACTIVITY. THE COMPANY SELECTED UNDER THIS SECTION SHALL REPORT,
8 ANNUALLY, THE FINDINGS DESCRIBED IN THIS SUBSECTION, AS WELL AS A
9 DETAILED SUMMARY OF REIMBURSEMENT EXPENDITURES BY GEOGRAPHIC
10 REGIONS IN THE STATE AND ITS COSTS, TO THE SINGLE STATE AGENCY
11 DESCRIBED IN SUBSECTION (1). THE SINGLE STATE AGENCY SHALL SUBMIT
12 THE REPORT AND FINDINGS TO THE HOUSE AND SENATE APPROPRIATIONS
13 COMMITTEES, THE HOUSE AND SENATE STANDING COMMITTEES ON HEALTH,
14 INSURANCE, SENIOR CITIZENS, AND HUMAN SERVICES ISSUES, AND THE
15 ATTORNEY GENERAL.

16 (4) A COMPANY SELECTED UNDER THIS SECTION SHALL CONTRACT WITH
17 ESTABLISHED GROUPS OF PRACTITIONERS TO PROVIDE HEALTH CARE
18 SERVICES. IN AREAS WHERE PRACTITIONER GROUPS ARE LIMITED IN NUMBER,
19 THE CONTRACTED COMPANY SHALL ASSIST IN CREATING INDEPENDENT
20 PRACTITIONER GROUPS. THE PRACTITIONER GROUPS SHALL BE DIVIDED INTO
21 PRIMARY CARE PROVIDERS AND SECONDARY CARE PROVIDERS. ALL MEDICAID
22 RECIPIENTS SHALL SELECT A PRIMARY CARE GROUP TO PROVIDE PRIMARY
23 CARE SERVICES. ALL REFERRALS FOR SECONDARY SERVICES SHALL ORIGINATE
24 WITH THE RECIPIENT'S SELECTED PRIMARY CARE GROUP. THE SECONDARY
25 CARE PROVIDER MUST BE A CONTRACTED PRACTITIONER.

26 (5) THE STATE SHALL CREATE A FEE SCHEDULE THAT ESTABLISHES A
27 SINGLE FEE FOR EACH MEDICAL PROCEDURE TO BE REIMBURSED BY THE

1 MEDICAID PROGRAM. COST-BASED FEES SHALL NOT BE INCLUDED EXCEPT FOR
2 DIAGNOSTIC-RELATED GROUP FEES FOR INPATIENT HOSPITAL SERVICES. THIS
3 FEE SCHEDULE SHALL BE THE BASIS FOR THE SELECTED COMPANY'S CONTRACT
4 FEE NEGOTIATIONS. THE FEES ESTABLISHED IN THE FEE SCHEDULE SHALL BE
5 THE UPPER LIMIT OF THE AMOUNT THAT MAY BE REIMBURSED FOR A MEDICAL
6 PROCEDURE UNDER THE MEDICAID PROGRAM. THE FEE SCHEDULE ESTABLISHED
7 UNDER THIS SUBSECTION MUST BE ACTUARIALLY SOUND. THE SELECTED
8 COMPANY SHALL BE RESPONSIBLE FOR ALL PROVIDER REIMBURSEMENT.

9 (6) THE STATE SHALL ESTABLISH COVERAGE POLICIES AND PRICES FOR
10 GENERIC AND SELECTED OVER-THE-COUNTER PHARMACY PRODUCTS. THE STATE
11 SHALL ESTABLISH, IN COOPERATION WITH THE SELECTED CLAIMS PROCESSING
12 COMPANY, A PHARMACY PANEL COMPOSED OF AN EQUAL NUMBER OF MEDICAL
13 PRACTITIONERS AND CLINICAL PHARMACISTS. THIS PANEL WILL DETERMINE
14 THE GENERIC BRANDS AND OVER-THE-COUNTER DRUG PRODUCTS TO BE COVERED
15 BY MEDICAID. THE PHARMACY PANEL SHALL PROVIDE THE COMPANY SELECTED
16 UNDER THIS SUBSECTION WITH ITS DETERMINATIONS AND FINDINGS TO BE
17 USED IN THE PAYMENT AND PROCESSING OF PHARMACY CLAIMS.

18 (7) THE STATE SHALL ESTABLISH A POLICY THAT MAKES IT A
19 PRIORITY TO ALLOW MEDICAID-ELIGIBLE SENIORS TO REMAIN IN A HOME
20 CARE SETTING AS LONG AS IT IS MEDICALLY APPROPRIATE TO DO SO. THE
21 STATE SHALL COVER HOME CARE SERVICES FOR THESE ELIGIBLE SENIOR
22 RECIPIENTS. THE SELECTED COMPANY SHALL CONTRACT WITH HOME CARE
23 PROVIDERS TO PROVIDE HOME CARE SERVICES.

24 (8) THE COMPANY SELECTED UNDER THIS SECTION SHALL CONTRACT
25 WITH SELECTED HOSPITALS TO PROVIDE INPATIENT HOSPITAL SERVICES.
26 DIAGNOSTIC-RELATED GROUP FEES SHALL BE THE BASIS FOR CONTRACTS WITH
27 THESE HOSPITALS. ALL OUTPATIENT HOSPITAL SERVICES SHALL BE

1 REIMBURSED BASED ON THE FEE SCHEDULE DESCRIBED IN SUBSECTION (4).

2 SEC. 111M. (1) THROUGH A COMPETITIVE BID PROCESS, THE STATE
3 SHALL ESTABLISH A CONTRACT FOR MEDICAID CLAIMS UTILIZATION AND
4 REVIEW AND THIRD-PARTY RECOVERY. A COMPANY BIDDING ON OR
5 PARTICIPATING IN THE ONGOING MEDICAID CONTRACT FOR UTILIZATION AND
6 REVIEW AND THIRD-PARTY RECOVERY MAY NOT CONTROL 15% OR MORE OF THE
7 STATE'S HEALTH CARE COVERAGE MARKET AT ANY TIME, EXCLUDING THE
8 MEDICAID AND MEDICARE PROGRAMS.

9 (2) THE COMPANY SELECTED UNDER THIS SECTION SHALL HAVE
10 EXTENSIVE EXPERIENCE IN PROCESSING HEALTH CARE CLAIMS, INCLUDING
11 CLAIMS FOR PHARMACEUTICALS AND LONG-TERM CARE, FOR THE PURPOSE OF
12 REVIEWING MEDICAID UTILIZATION AND THIRD-PARTY RECOVERY DATA. THE
13 COMPANY SELECTED UNDER THIS SECTION SHALL HAVE EXTENSIVE EXPERIENCE
14 IN THE PRINCIPLES OF MANAGED CARE.

15 (3) NOT LESS THAN 1 TIME EACH YEAR, THE COMPANY SELECTED UNDER
16 THIS SECTION SHALL REVIEW AND PREPARE REPORTS DETAILING MEDICAID
17 REIMBURSEMENT EXPENDITURES AND TRENDS. THE COMPANY SELECTED UNDER
18 THIS SECTION SHALL REVIEW MEDICAID CLAIMS DATA ANNUALLY AND SHALL
19 SEEK RECOVERY OF ANY INAPPROPRIATELY PAID CLAIMS AND REPORT THE
20 RESULTS TO THE SINGLE STATE AGENCY AND TO THE MEDICAID CLAIMS
21 PROCESSING CONTRACTOR.

22 (4) THE COMPANY SELECTED UNDER THIS SECTION SHALL IDENTIFY AND
23 REPORT SYSTEMATIC ERROR, SUSPECTED FRAUD, OR FALSE CLAIM ACTIVITY
24 AND SHALL REPORT THAT ACTIVITY TO THE SINGLE STATE AGENCY AND TO
25 THE MEDICAID CLAIMS PROCESSING CONTRACTOR. THE COMPANY SELECTED
26 UNDER THIS SECTION SHALL PREPARE REPORTS THAT THE SINGLE STATE
27 AGENCY SHALL SUBMIT TO THE ATTORNEY GENERAL. IF THE COMPANY

1 DETERMINES THAT THEIR FINDINGS MAY BE INDICATIVE OF FRAUDULENT OR
2 FALSE CLAIM ACTIVITY, THOSE FINDINGS SHALL BE INCLUDED IN THE
3 REPORT. THE SINGLE STATE AGENCY AND THE COMPANY SELECTED SHALL
4 COOPERATE WITH THE ATTORNEY GENERAL IN PROVIDING DATA TO SUPPORT
5 THE INVESTIGATION OF OR PROSECUTION OF SUSPECTED OR KNOWN
6 FRAUDULENT OR FALSE CLAIM ACTIVITY AGAINST THE MEDICAID PROGRAM.
7 THE COMPANY SELECTED SHALL MAKE REGULAR RECOMMENDATIONS FOR COST
8 CONTAINMENT TO THE SINGLE STATE AGENCY. THE COMPANY SELECTED SHALL
9 ANNUALLY REPORT ITS FINDINGS AS DESCRIBED IN SUBSECTION (4), BY
10 GEOGRAPHIC REGIONS IN THE STATE, AND ITS COSTS TO THE SINGLE STATE
11 AGENCY. THE SINGLE STATE AGENCY SHALL SUBMIT THE REPORT AND
12 FINDINGS TO THE HOUSE AND SENATE APPROPRIATIONS COMMITTEES AND TO
13 THE SINGLE STATE AGENCY.

14 SEC. 111N. (1) ALL MEDICAID POLICIES AND PROCEDURES AND CLAIMS
15 PROCESSING, REVIEW, AND RECOVERY ACTIVITIES SHALL BE CARRIED OUT IN
16 COMPLIANCE WITH ALL APPLICABLE FEDERAL LAWS AND REGULATIONS. THE
17 SINGLE STATE AGENCY SHALL SEEK A WAIVER AS PROVIDED FOR BY FEDERAL
18 LAW AND REGULATION, IF NECESSARY, IN ORDER TO FACILITATE COST
19 REDUCTION, EFFICIENCY, AND QUALITY OF CARE IN THE DELIVERY OF
20 SERVICES ACCORDING TO SECTIONS 111/ AND 111M.

21 (2) THE STATE SHALL ESTABLISH A SPECIAL TRANSACTION UNIT TO
22 PROCESS MEDICAID CLAIMS PROPERLY SUBMITTED UNDER THE CLAIM SYSTEM
23 IN USE BEFORE THE SINGLE STATE AGENCY BEGAN PROCESSING MEDICAID
24 CLAIMS.

25 SEC. 111o. SECTIONS 111/, 111M, AND 111N TAKE EFFECT 1 YEAR
26 AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
27 SECTION. CLAIMS SUBMITTED TO THE SPECIAL TRANSACTION UNIT MUST BE

1 TIMELY AND PROPERLY SUBMITTED. CLAIMS SUBMITTED TO THE SPECIAL
2 TRANSACTION UNIT IN AN UNTIMELY MANNER OR IMPROPERLY SUBMITTED
3 SHALL NOT BE PROCESSED.

4 Enacting section 1. Sections 111i and 111j of the social
5 welfare act, 1939 PA 280, MCL 400.111i and 400.111j, are repealed.