LEGISLATIVE BILL 892

Approved by the Governor February 2, 2000

Introduced by Executive Board: Coordsen, 32, Chairperson

AN ACT relating to the Managed Care Plan Act; to amend sections 68-1048, 68-1050, 68-1051, 68-1056, and 68-1064, Reissue Revised Statutes of Nebraska; to delete references to the Managed Care Commission that ceased to exist April 1, 1997; to harmonize provisions; to repeal the original sections; and to outright repeal sections 68-1052, 68-1053, 68-1054, 68-1055, 68-1065, and 68-1066, Reissue Revised Statutes of Nebraska.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 68-1048, Reissue Revised Statutes of Nebraska, is amended to read:

68-1048. Sections 68-1048 to ~~68-1066~~ 68-1064 shall be known and may be cited as the Managed Care Plan Act.

Sec. 2. Section 68-1050, Reissue Revised Statutes of Nebraska, is amended to read:

68-1050. For purposes of the Managed Care Plan Act:

(1) ~~Commission shall mean the Managed Care Commission established by section 68-1052;~~

~~(2)~~ Consumer protection system shall mean a system which includes:

(a) Ensuring consumer protection from provider's financial conflicts of interest in managed care arrangements;

(b) Accommodation of consumer choice in the selection of providers within the scope of efficient care management standards;

(c) Allowance for the designation of appropriate specialists as primary care providers for individuals with chronic conditions requiring specialty care;

(d) Ensuring the confidentiality of consumer records; and

(e) Provision for access to an ombudsman from whom recipients may receive assistance in the enforcement of the protections provided by the act and inclusion of a hearing process to resolve recipient appeals of organized decisions;

~~(3)~~ (2) Department shall mean the Department of Health and Human Services Regulation and Licensure;

~~(4)~~ (3) Director shall mean the Director of Regulation and Licensure;

~~(5)~~ (4) Disproportionate-share hospital shall mean a hospital which, because of geographic location or for other reasons, serves a larger number of program recipients and other low-income individuals than other hospitals;

~~(6)~~ (5) Managed care system shall mean a system for providing health care services which integrates both the delivery and the financing of health care services in an attempt to provide access to medical services while containing the cost and use of medical care;

~~(7)~~ (6) Participating provider shall mean a health care provider that provides or arranges for medical assistance services to program recipients directly or indirectly under a managed care system;

~~(8)~~ (7) Plan shall mean the plan for implementing a managed care system required by sections 68-1056 to 68-1061;

~~(9)~~ (8) Program shall mean the medical assistance program established by sections 68-1018 to 68-1025;

~~(10)~~ (9) Program recipient shall mean any person eligible for or receiving benefits under the program; and

~~(11)~~ (10) Quality protection system shall mean a system which includes:

(a) Provision for utilization review and appeals to be conducted by similarly trained and licensed providers;

(b) Full access by recipients and providers to criteria for health care management and clinical practices used in evaluating care plans;

(c) Requirements for internal and external quality assurance, including measures for performance-based outcomes;

(d) Ensuring a substantial effort by managed care organizations to include existing specialty providers when establishing plans; and

(e) Creation of appropriate financial risks and incentives for providers that are consistent with standards for performance-based quality of care.

Sec. 3. Section 68-1051, Reissue Revised Statutes of Nebraska, is

amended to read:

68-1051. The department ~~with the assistance of the commission~~ shall develop a plan to implement a managed care system as required by sections 68-1056 to 68-1061. ~~Such plan shall be submitted by the department to the commission by October 1, 1993. The commission shall review the plan and make recommendations to the Governor and the Legislature by December 1, 1993.~~ The managed care system shall incorporate risk-sharing mechanisms, create incentives for the efficient delivery of health care services, and recognize the special needs of disproportionate-share hospitals.

Sec. 4. Section 68-1056, Reissue Revised Statutes of Nebraska, is amended to read:

68-1056. (1) The plan shall specify a structure for the managed care system which will provide program recipients with access to comprehensive and coordinated health care delivered in a cost-effective and efficient manner in accordance with applicable federal laws and regulations, the types of medical assistance which may be provided under the managed care system, and the steps for implementing such system and shall contain a timetable to ensure that such system is implemented in Nebraska no later than July 1, 1995, subject to sections 68-1062 and 68-1063.

(2) To the extent deemed feasible and appropriate, the managed care system recommended in the plan shall:

(a) Establish a primary care case management system;

(b) Promote access to and continuity of health care for program recipients;

(c) Prevent unnecessary utilization of health care services by program recipients;

(d) Educate program recipients on preventive health care and good health habits;

(e) Provide sufficient flexibility to enable the managed care system to be tailored to meet the individual health care needs of program recipients;

(f) Provide reasonable and adequate payment for health care providers participating in such system;

(g) Ensure that disproportionate-share-payment adjustments, as specified in section 1923 of the Social Security Act, are made to disproportionate-share hospitals participating in such system, regardless of whether such payments are received from the state directly or from the system and that such disproportionate-share-payment adjustments are made directly to disproportionate-share hospitals;

(h) Provide that managed care medicaid days are counted for purposes of determining a hospital's status as a disproportionate-share hospital;

(i) Consider the special circumstances of university medical centers and teaching hospitals which have higher costs of medical education programs than private hospitals;

(j) Specify the program recipients who will be eligible to participate in such system;

(k) Allow for copayments and deductibles for program recipients in the managed care system; and

(l) Include a quality protection system and consumer protection system for program recipients.

(3) In deciding which program recipients will be eligible to participate in the managed care system, the department ~~and the commission~~ shall consider whether certain program recipients should be excluded from participation in such system if such program recipients have disabilities, chronic infirmities, or other special health care needs which may be more appropriately met outside such system.

Sec. 5. Section 68-1064, Reissue Revised Statutes of Nebraska, is amended to read:

68-1064. ~~The managed care system implemented under the Managed Care Plan Act shall be annually evaluated by the commission as to the health care outcomes and cost-effectiveness.~~ The department shall annually submit a report to the Legislature ~~and the commission~~ on the health care outcomes and cost-effectiveness of ~~such system~~ the managed care system implemented under the Managed Care Plan Act.

Sec. 6. Original sections 68-1048, 68-1050, 68-1051, 68-1056, and 68-1064, Reissue Revised Statutes of Nebraska, are repealed.

Sec. 7. The following sections are outright repealed: Sections 68-1052, 68-1053, 68-1054, 68-1055, 68-1065, and 68-1066, Reissue Revised Statutes of Nebraska.