

## **BILL ANALYSIS**

C.S.H.B. 2084  
By: Muñoz, Jr.  
Human Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The majority of Texas Medicaid clients receive services through a health plan provided through a managed care program. Informed parties explain that the process by which managed care payment rates and child health plan program rates are set is complex and has changed over time and that the Health and Human Services Commission has significant discretion in developing the rate-setting methodology. The parties contend that more transparent documentation of the methodology, calculations, and assumptions used in the rate-setting process would provide policymakers and stakeholders the information needed to understand the factors that affect program costs, anticipate program funding needs, and assess the efficacy of the rate-setting process. C.S.H.B. 2084 seeks to bring such transparency to the Medicaid managed care and child health plan program rate-setting process.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 2084 amends the Government Code to require the Health and Human Services Commission (HHSC) to ensure the transparency of the premium payment rate-setting process for the Medicaid managed care program by publishing certain actuarial reports. The bill requires the reports to be published in a format that allows for tracing data and formulas across attachments, exhibits, and examples and to clearly identify and describe the methodology by which the executive commissioner of HHSC set the payment rates, the data sources used, the components of the process that are assumptions and how the assumptions are developed, multipliers and factors used throughout the reports, including the source and purpose of the multipliers and factors, and the methodology by which the executive commissioner determined that the rates are actuarially sound for the populations covered and the services provided.

C.S.H.B. 2084 amends the Health and Safety Code to require HHSC to ensure the transparency of the premium payment rate-setting process for the child health plan program by publishing certain actuarial reports. The bill requires the reports to be published in a format that allows for tracing data and formulas across attachments, exhibits, and examples and to clearly identify and describe the methodology by which the executive commissioner set the payment rates, the data sources used, the components of the process that are assumptions and how the assumptions are developed, multipliers and factors used throughout the reports, including the source and purpose of the multipliers and factors, and the methodology by which the executive commissioner

determined that the rates are actuarially sound for the populations covered and the services provided.

**EFFECTIVE DATE**

September 1, 2015.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 2084 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

SECTION 1. Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.01314 to read as follows:

Sec. 533.01314. TRANSPARENCY OF PREMIUM PAYMENT RATE-SETTING PROCESS FOR STAR MEDICAID MANAGED CARE PROGRAM. The commission shall ensure the transparency of the premium payment rate-setting process for the STAR Medicaid managed care program by publishing actuarial reports:

(1) in a format that allows for tracing data and formulas across attachments, exhibits, and examples; and

(2) that clearly identify and describe:

(A) the methodology by which the executive commissioner set the payment rates;

(B) the data sources used;

(C) the components of the process that are assumptions and how the assumptions are developed; and

(D) multipliers and factors used throughout the reports, including the source and purpose of the multipliers and factors.

**No equivalent provision.**

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.01314 to read as follows:

Sec. 533.01314. TRANSPARENCY OF PREMIUM PAYMENT RATE-SETTING PROCESS FOR MEDICAID MANAGED CARE PROGRAM. The commission shall ensure the transparency of the premium payment rate-setting process for the Medicaid managed care program by publishing actuarial reports:

(1) in a format that allows for tracing data and formulas across attachments, exhibits, and examples; and

(2) that clearly identify and describe:

(A) the methodology by which the executive commissioner set the payment rates;

(B) the data sources used;

(C) the components of the process that are assumptions and how the assumptions are developed;

(D) multipliers and factors used throughout the reports, including the source and purpose of the multipliers and factors; and

(E) the methodology by which the executive commissioner determined that the rates are actuarially sound for the populations covered and the services provided.

SECTION 2. Subchapter B, Chapter 62, Health and Safety Code, is amended by adding Section 62.061 to read as follows:

Sec. 62.061. TRANSPARENCY OF PREMIUM PAYMENT RATE-SETTING PROCESS. The commission shall ensure the transparency of the premium payment rate-setting process for the child health plan

program by publishing actuarial reports:  
(1) in a format that allows for tracing data and formulas across attachments, exhibits, and examples; and  
(2) that clearly identify and describe:  
(A) the methodology by which the executive commissioner set the payment rates;  
(B) the data sources used;  
(C) the components of the process that are assumptions and how the assumptions are developed;  
(D) multipliers and factors used throughout the reports, including the source and purpose of the multipliers and factors; and  
(E) the methodology by which the executive commissioner determined that the rates are actuarially sound for the populations covered and the services provided.

SECTION 2. If before implementing any provision of this Act a state agency determines that authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the authorization and may delay implementing that provision until the authorization is granted.

SECTION 3. If before implementing any provision of this Act a state agency determines that a **waiver or** authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the **waiver or** authorization and may delay implementing that provision until the **waiver or** authorization is granted.

SECTION 3. This Act takes effect September 1, 2015.

SECTION 4. Same as introduced version.