SUBJECT: Implementing utilization review in the STAR+PLUS Medicaid program

COMMITTEE: Public Health — committee substitute recommended

VOTE: 9 ayes — Kolkhorst, Naishtat, Collier, Cortez, S. Davis, Guerra, Laubenberg, J.D. Sheffield, Zedler

0 nays

2 absent — Coleman, S. King

WITNESSES: For — Marina Hench, Texas Association for Home Care and Hospice

Against — David Gonzales, Texas Association of Health Plans

On — Lindsay Littlefield, Legislative Budget Board; Gwen McDade, Health and Human Services Commission - Office of the Inspector General; (*Registered, but did not testify:* Mike Foster, Texas Association of Child Placing Agencies; Joy Sparks, Rudy Villarreal, and Douglas Wilson, Health and Human Services Commission)

BACKGROUND: The State of Texas Access Review Plus (STAR+PLUS) program is a Medicaid managed care program that provides services to clients with chronic and complex conditions that need both acute-care and long-term services and supports (LTSS). Acute care includes services such as a primary care doctor, specialists, and hospital services. LTSS includes attendant care and adult day-activity health services.

The home and community-based services (HCBS) program is a STAR+PLUS program that provides LTSS for elderly and disabled adults as an alternative to living in a nursing facility. To be eligible for HCBS services, a recipient must meet Medicaid's income and resource requirements and the Health and Human Services Commission's (HHSC's) medical necessity criteria for nursing facility placement.

The Legislative Budget Board's 2013 *Texas State Government Effectiveness and Efficiency Report* notes that:

- the monthly premiums paid by HHSC to managed-care

organizations (MCOs) for persons receiving STAR+PLUS HCBS services are significantly higher than the monthly premiums for other clients in the STAR+PLUS program;

- these same MCOs are responsible for assessing a client's need for services and submitting the documentation used by HHSC to determine if the assessed client is functionally eligible to receive services; and
- during fiscal years 2008 to 2011, the enrollment growth rate of STAR+PLUS' HCBS program increased more than three times as quickly as the program overall.

DIGEST:

CSHB 1159 would require HHSC's office of contract management to establish an annual utilization review process for MCOs participating in the STAR+PLUS program.

While HHSC would determine the topics to be examined by the review process, the bill would require that it investigate each MCO's procedures for determining a recipient's eligibility for the HCBS program, including the nature of their functional assessments and related records.

During fiscal 2014-15, the office would review each STAR+PLUS MCO. Beginning September 1, 2015, the office could use a risk-based assessment process to review those MCOs it determined had a higher likelihood of inappropriate client placement in the HCBS program.

CSHB 1159 would require HHSC, in conjunction with the office of contract management, to provide a report by December 1 of each year, beginning in 2014, to the appropriate Senate and House committees. The report would summarize the results of the preceding year's utilization reviews, analyze the errors of each reviewed MCO, generalize its findings, and make recommendations for improving STAR+PLUS' efficiency.

Should a utilization review result in a determination to recoup money from an MCO, the bill would hold providers harmless for any good faith provision of services made based on the MCO's authorization.

An agency that determined a waiver or authorization from a federal agency was necessary to implement any of the bill's provisions would be required to request it and could delay implementing that provision until it was granted.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.