

SUBJECT: Expanding mandated contracts under the Medicaid managed care program

COMMITTEE: Human Services — committee substitute recommended

VOTE: 7 ayes — Frank, Hinojosa, Hull, Klick, Meza, Neave, Shaheen

1 nay — Noble

1 present not voting — Rose

WITNESSES: For — Jeff Ingrum, Scott and White Health Plan; (*Registered, but did not testify*: Marisa Finley, Baylor Scott & White Health; Troy Alexander and Dan Finch, Texas Medical Association; Susan Burek)

Against — (*Registered, but did not testify*: Lawrence Collins, Amerigroup (Anthem); Patricia Kolodzey, Blue Cross Blue Shield of Texas; Kandice Sanaie, Cigna; Allen Horne, CVS Health; Jessica Boston, Molina Healthcare Inc; Karen Cheng, Superior Heath Plan; Leah Rummel, UnitedHealthcare)

On — Stephanie Stephens, Health and Human Services Commission; Kay Gharamani, Texas Association of Health Plans

BACKGROUND: Government Code sec. 533.004 requires that the Health and Human Services Commission (HHSC) contract with certain managed care organizations (MCOs) in health care service regions to provide health care to Medicaid recipients in that region. The MCOs contracted with must be wholly owned or operated by a hospital district in the health care service region or otherwise have some arrangement with a hospital district in the region.

Concerns have been raised regarding the potential limitations imposed by the hospital district association required for Medicaid mandatory contracts. Interested parties have contended that requiring HHSC to contract with MCOs offering community-based health plans that lack a hospital district with which to partner could create more choice for

Medicaid recipients in a region lacking a hospital district.

DIGEST:

CSHB 3662 would expand mandatory contracts in Medicaid to require the Health and Human Services Commission (HHSC), if there was no existing mandatory contract with a managed care organization (MCO) in a health care service region on September 1, 2021, to contract with an MCO wholly owned by a provider-sponsored health organization that owned and operated:

- two Level I trauma facilities located in different trauma service areas; and
- a licensed hospital located in the health care service region (Scott and White Health Plan for the Central Medicaid Region).

The 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, 2021, and would apply only to the award of a contract by HHSC on or after the effective date.