

## **BILL ANALYSIS**

Senate Research Center  
77R4648 KLA-F

H.B. 1591  
By: Kitchen (Madla)  
Health & Human Services  
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Engrossed

### **DIGEST AND PURPOSE**

Managed care organizations (organization) are asked to submit information to the Texas Department of Health about the encounters or services delivered under their contracts. Encounter data include information regarding the patient's medical history, diagnosis, and treatment, and are used to measure utilization, immunization rates, health care quality, and outcomes and to assess contract performance, the value of services to patients, and the appropriate use of state funds. Furthermore, states use encounter data to assess managed care fraud and abuse. If health care providers do not report complete and accurate encounter data to the organization, the state cannot effectively evaluate Medicaid managed care. H.B. 1591 provides for reporting and certifying the validity of encounter data.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 533A, Government Code, by adding Sections 533.0131, 533.016, 533.017, and 533.018, as follows:

Sec. 533.0131. **USE OF ENCOUNTER DATA IN DETERMINING PREMIUM PAYMENT RATES.** (a) Prohibits the Health and Human Services Commission or an agency operating part of the state Medicaid managed care program, as appropriate (commission), in determining premium payment rates and other amounts paid to managed care organizations under a managed care plan, from basing or deriving the rates or amounts on or from encounter data, or incorporating in the determination an analysis of encounter data, unless a certifier of encounter data certifies certain information.

(b) Requires that for purposes of determining whether data is equivalent data for similar populations under Subsection (a)(2), a certifier of encounter data, at a minimum, consider certain information.

Sec. 533.016. **PROVIDER REPORTING OF ENCOUNTER DATA.** Requires the commission to collaborate with managed care organizations that contract with the commission and health care providers under the organizations' provider networks to develop incentives and mechanisms to encourage providers to report complete and accurate encounter data to managed care organizations in a timely manner.

Sec. 533.017. **QUALIFICATIONS OF CERTIFIER OF ENCOUNTER DATA.** (a) Requires the person acting as the state Medicaid director to appoint a person as the certifier of encounter data.

(b) Requires the certifier of encounter data to meet certain requirements.

(c) Prohibits a person from being appointed under this section as the certifier of encounter data if the person participated with the commission in developing premium payment rates for managed care organizations under managed care plans in this state during the three-year period before the date the certifier is appointed.

Sec. 533.018. CERTIFICATION OF ENCOUNTER DATA. (a) Requires the certifier of encounter data to certify the completeness, accuracy, and reliability of encounter data for each state fiscal year.

(b) Requires the commission to make available to the certifier all records and data the certifier considers appropriate for evaluating whether to certify the encounter data. Requires the commission to provide to the certifier selected resources and assistance in obtaining, compiling, and interpreting the records and data.

SECTION 2. Requires that not later than January 1, 2002, the person acting as the state Medicaid director appoint the certifier of Medicaid managed care encounter data required by Section 533.017, Government Code, as added by this Act.

SECTION 3. Requires a state agency affected by a provision of this Act to request a waiver or authorization and authorizes the agency to delay implementing that provision until the waiver or authorization is granted, if the agency determines before implementing any provision of this Act that a waiver or authorization from a federal agency is necessary.

SECTION 4. Effective date: September 1, 2001.