

BILL ANALYSIS

Senate Research Center

S.B. 1576
By: Carona
State Affairs
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As Filed

DIGEST AND PURPOSE

The Health Care Network Advisory Committee concluded in a study pursuant to H.B. 2600, 77th Legislature, that the regional network model of health care delivery is feasible, assuming certain rates of participation by state employees. As proposed, S.B. 1576 establishes a pilot project for the regional network model for state employees in Austin, San Antonio, and Houston.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 408.0221, Labor Code, as follows:

- (a) Redefines “regional network” to include “pilot project.” Defines “pilot project.”
- (b) Authorizes the regional networks established under this section to offer select health care services in addition to a full range of health care services.
- (c) Charges the Health Care Network Advisory Committee (HCNAC) with the responsibility of monitoring and overseeing the implementation of the regional network pilot project and regional networks participating in the pilot project. Amends the membership of the HCNAC to include a member representing the Texas Mutual Insurance Company, rather than the Texas Workers’ Compensation Insurance Fund.
- (d) Deletes provisions requiring the Texas Workers’ Compensation Commission (TWCC) to establish and contract with regional networks for the provision of health care under this subtitle and providing that the provision of health care under this subtitle shall not apply to prescription medication or services.
- (h) Requires TWCC, on behalf of and at the direction of HCNAC, to enter into an interagency contract with another state agency or state university with a proven research capacity to product all or part of the regional network report card. Requires initial funding to produce or oversee production of the report card to be provided by the subsequent injury fund as described in Subsection (l). Authorizes TWCC or another state agency under interagency contract with the commission to procure services as necessary to produce the report card. Requires ongoing costs associated with the production of report cards to be funded either by assessments on networks participating in the pilot project or to be included in the fees for health care services paid by insurance carriers participating in the regional network pilot project. Deletes a requirement that the report card be based on contracted reviews.
- (i) Establishes a pilot project, provided that the feasibility study described in Subsection (b) concludes that regional networks may be feasible, to analyze the ability of networks created

under the standards developed by the advisory committee to improve the quality and reduce the costs of health care provided to employees of employers participating in the pilot project. Authorizes HCNAC to initiate the pilot project in a designated geographic region or regions. Requires certain state agencies and entities, on or before November 1, 2003, through competitive procurement, to contract with one or more regional networks for the provision of health care under this subtitle as part of the pilot project. Provides that, for the purposes of this section and Section 408.0222, the pilot project is initiated on the date that employees begin to receive medical care in the network, and unless continued by statute, ends three years from that date. Requires a network that contracts with a public employer covered under Subtitle C of this title to meet the network standards and report card requirements established by HCNAC. Sets a November 1 annual deadline for submission of consolidated annual reports by regional network administrators. Requires the Research and Oversight Council on Workers' Compensation to report to the legislature by February 1, 2005, rather than January 1 of each odd-numbered year, on the status of the regional network pilot project, rather than the implementation of regional networks, under this section. Makes conforming changes.

(j) Makes conforming changes.

(k) Requires TWCC, on behalf of HCNAC, to collect and attempt to resolve any complaints filed by pilot project participants regarding the regional network pilot project. Requires TWCC to make available any complaints filed, along with a description of their resolution, to HCNAC, to those entities producing the network report card, and to the Research and Oversight Council on Workers' Compensation on a quarterly basis.

(l) Redesignated from (k). Sets forth the option for the cost of ongoing regional network administration and management services and report card administration to be assessed on networks participating in the pilot project, rather than only being required to be included in the fees for health care services paid by insurance carriers participating in the regional network. Makes conforming changes.

(m) Redesignated from (l). Deletes reference to consultation with actuaries in compiling the annual reports submitted under Subsection (i). Requires cost savings information to be submitted as part of the annual report. Requires the regional networks to contract with independent actuaries or financial advisors to produce this determination if required to do so by the regional network contract or the standards adopted under Section 408.0221. Requires HCNAC, on receipt of the first annual report from the networks in the pilot project, to decide whether to expand the pilot project to include insurance carriers not listed in Subsection (i). Requires TWCC, on behalf of HCNAC if HCNAC chooses to expand the pilot project to include other insurance carriers, through competitive procurement to contract with regional networks for the provision of health care for those insurance carriers not listed in Subsection (i). Authorizes an insurance carrier not listed in Subsection (i) to elect to participate or not, by contract, in the pilot project established by this section.

(n) Authorizes, but does not require, the regional network pilot project to comply with certain statutory provisions of the Labor Code, and related TWCC rules.

(o) Requires the applicability of the statutory and rule provisions in Subsection (n) to be determined through the contract negotiations described in this section.

SECTION 2. Amends Section 408.0222, Labor Code, as follows:

Sec. 408.0222. New heading: PARTICIPATION IN REGIONAL NETWORK PILOT PROJECT; SELECTION OF DOCTOR WITHIN REGIONAL NETWORK; BENEFIT INCENTIVES. (a) Makes conforming changes.

- (b) Makes a conforming change. Redesignated from Subsection (c).
- (c) Redesignated from Subsection (d). Makes an employee's election to participate in the network effective for all medical care related to an injury occurring on or after the date the insurance carrier begins to participate in the pilot project. Makes conforming changes.
- (d) Redesignated from Subsection (e). Makes conforming changes.
- (e) Redesignated from Subsection (f). Makes conforming changes.
- (f) Redesignated from Subsection (g). Makes conforming changes.
- (g) Redesignated from Subsection (h).
- (h) Redesignated from Subsection (i). Makes conforming changes.
- (i) Redesignated from Subsection (j). Provides that Subsection (h) does not authorize a cause of action or damages against the state, a state agency, or an employee of the state beyond the actions and damages authorized by Chapter 101 (Tort Claims), Civil Practice and Remedies Code. Makes conforming changes.
- (j) Redesignated from Subsection (k). Makes conforming changes.
- (k) Redesignated from Subsection (l). Makes conforming changes.
- (l) Redesignated from Subsection (m).
- (m) Redesignated from Subsection (n). Makes conforming changes.
- (n) Redesignated from Subsection (o). Makes conforming changes.
- (o) Redesignated from Subsection (p).
- (p) Redesignated from Subsection (q). Makes conforming changes.
- (q) Redesignated from Subsection (r). Makes conforming changes.
- (r) Redesignated from Subsection (s).
- (s) Redesignated from Subsection (t).
- (t) Redesignated from Subsection (u). Provides that the selection of a doctor because the original doctor becomes unwilling to provide medical care to the employee is not considered a selection of an alternate doctor in a regional network established under Section 408.0221.

SECTION 3. Amends Section 408.023, Labor Code, as follows:

- (d) Makes conforming changes.
- (e) Requires TWCC, on behalf of HCNAC, to adopt rules, as necessary, to implement additional standards for insurance carrier networks.

Effective date: On the 91st day after the date of final adjournment.

[S.B. 1576, as drafted, has no effective date.]