

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1576
By: Carona
State Affairs
5/18/2003
Committee Report (Substituted)

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. C.S.S.B. 1576 establishes a pilot project to analyze the ability of regional 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 the pilot project to be established in one or more designated geographic regions.

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 the heading to Section 408.0221, Labor Code, to read as follows:

Sec. 408.0221. REGIONAL HEALTH CARE DELIVERY NETWORKS PILOT PROJECT; ADVISORY COMMITTEE.

SECTION 2. Amends Section 408.0221, Labor Code, by amending Subsections (a), (b), (c), (d), (g), (h), (i), (j), (k), and (l) and adding Subsections (a-1) - (a-4), (i-1) - (i-3), and (m) - (p) as follows:

(a)(2) Defines "pilot project."

(a)(3) Redefines "regional network."

(a-1) Requires the Texas Workers' Compensation Commission (TWCC) to establish the pilot project to analyze the ability of regional 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 the pilot project to be established in one or more designated geographic regions.

(a-2) Requires certain public employers, not later than January 1, 2003, to, through competitive procurement, contract with one or more regional networks to provide health care under this subtitle under the pilot project:

(a-3) Authorizes a public employer listed in Subsection (a-2) to contract with one or more regional networks under that subsection individually or by mutual agreement of two or more of the public employers,

(a-4) Requires a regional network to meet the network standards, data reporting requirements, and report card requirements established by the advisory committee.

(b) Requires each regional network, rather than the regional networks established under

this section, to be a fee-for-service network designed to improve the quality and reduce the cost of health care, with active health care management and monitoring and a full range of health care services or select health care services under contract as considered feasible under the feasibility study required under Subsection (d).

(c) Requires the advisory committee to, rather than the Health Care Network Advisory Committee is established to, advise TWCC on the implementation of this section and Section 408.0222 and to monitor and oversee the implementation of the pilot project and the regional networks. Provides that members of the advisory committee are appointed by the governor for staggered two-year terms, with certain membership.

(d) Requires TWCC, on behalf of the advisory committee, to, through competitive procurement, contract with one or more entities to determine the feasibility of, develop, and evaluate the regional networks. Deletes existing text regarding requiring TWCC established under this section to establish and, through competitive procurement, contract with regional networks for the provision of health care under this subtitle.

(g) Provides that the standards adopted for preferred provider networks under Article 3.70-3C, Insurance Code, as added by Chapter 1024, Acts of the 75th Legislature, Regular Session 1997, apply as minimum standards for regional networks, rather than health care delivery networks, and are adopted by reference in this section except to the extent they are inconsistent with this subtitle. Authorizes the advisory committee to also recommend additional standards, including standards that require: methods, resources, and procedures for monitoring the quality of care provided to injured employees and for identifying and eliminating the inappropriate use of medical services.

(h) Requires TWCC to, on behalf of and at the direction of the advisory committee, to enter into an interagency contract with another state agency or an institution of higher education, as defined by Section 61.003, Education Code, with a proven research capacity to produce all or part of the report card or to oversee production of the report card. Authorizes TWCC, if TWCC does not receive a satisfactory bid from a state agency or an institution of higher education, on behalf of and at the direction of the advisory committee, to contract with a private entity to produce the report card or to oversee production of the report card. Authorizes TWCC or a state agency or institution of higher education under interagency contract with TWCC to procure services as necessary to produce the report card. Requires the report card to include a risk-adjusted evaluation of certain items, rather than at a minimum be required to be based on contracted reviews and an evaluation of certain items.

(i) Requires the regional network administrators to report quarterly to TWCC and the advisory committee on the progress of implementing the pilot project, rather than regional networks, and to submit consolidated annual reports not later than November 1 of each year. Requires the Research and Oversight Council on Workers' Compensation to report to the legislature not later than February 1, rather than by January 1, of each odd-numbered year on the status of the pilot project, rather than implementation of regional networks under this section.

(i-1) Requires TWCC and the Research and Oversight Council on Workers' Compensation to have access to confidential information from regional networks, including copies of network fee schedules and contact information for participating providers. Requires TWCC and the council to each standardize its information requests to regional networks and provide reasonable notice by which the networks must comply with the information request under this subsection. Requires TWCC or council, if TWCC or the council finds that a regional network has not reasonably complied with the information request, to notify the regional network of its noncompliance and forward a copy of the notice to the advisory committee, the contracting entity, and TWCC, if applicable. Provides that a regional network that does not comply with an information request from TWCC or the council under this subsection is subject to a Class B administrative violation, to be assessed by TWCC, for each week of noncompliance.

(i-2) Requires the Research and Oversight Council on Workers' Compensation to conduct a survey of regional networks regarding administrative burdens that are imposed on or waived for preferred providers under the network contract, aggregate data on the number of fee and medical necessity disputes handled within the network, treatment or utilization guidelines used by the network, and disability management guidelines used by the network.

(i-3) Provides that confidential information regarding regional networks obtained by TWCC or the Research and Oversight Council on Workers' Compensation under Subsection (i-1) is not subject to public disclosure under Chapter 552, Government Code.

(j) Requires TWCC to ensure that insurance carriers participating in the pilot project have reasonable rights to conduct audits of the regional networks under this subsection. Requires insurance carriers participating in the pilot project to be allowed the opportunity for consolidated audits of the regional networks. Makes conforming changes.

(k) Requires the cost of assessing the feasibility of, developing, and evaluating the regional networks, including costs associated with the initial production of a report card to be funded through an assessment on the subsequent injury fund established under Section 403.006. Requires the cost of ongoing regional network administration and management services and ongoing report card administration to be included in the fees for health care services paid by insurance carriers participating in the pilot project or to be funded by assessments on regional networks, as determined by TWCC on behalf of and at the direction of the advisory committee.

(l) Requires the regional network administrators, rather than in consultation with actuaries with whom the regional networks contract, based on the information compiled for the annual reports submitted under Subsection (i), to determine on an annual basis any cost savings to the operation of the workers' compensation system derived from the use of the regional networks and the amount of those savings and to include that information in the annual report required by Subsection (i).

(m) Requires the advisory committee, on receipt of the first annual report from the regional networks, to decide whether to expand the pilot project to include insurance carriers other than the public employers that are required to participate in the pilot project under Subsection (a-2). Provides that if the advisory committee chooses to expand the pilot project to include those insurance carriers, an insurance carrier or a self-insurer certified to provide workers' compensation coverage in this state, other than a public employer that is required to participate in the pilot project under Subsection (a-2), may elect to participate in the pilot project through a written agreement with TWCC on behalf of the advisory committee. Authorizes an insurance carrier that elects to participate in the pilot project under this subsection to elect to contract directly with one or more regional networks for the provision of health care under the pilot project.

(n) Requires a network that contracts with an insurance carrier under Subsection (m) to meet the network standards, data reporting requirements, and report card requirements established by the advisory committee.

(o) Provides that a participant in the pilot project, including an insurance carrier participating in the pilot project, may, but is not required to, comply with certain specified laws and any related commission rules.

(p) Provides that this section expires September 1, 2007,

SECTION 3. Amends the heading to Section 408.0222, Labor Code, to read as follows;

Sec. 408.0222. PARTICIPATION IN PILOT PROJECT; SELECTION OF DOCTOR WITHIN REGIONAL NETWORK; BENEFIT INCENTIVES.

SECTION 4. Amends Section 408.0222, Labor Code, by amending Subsections (a), (c), (d), (e), (f), (g), (h), (j), (m), (n), (o), (q), (r), (s), and (u) and adding Subsection (v), as follows:

(a) Provides that “advisory committee,” “regional network,” and “pilot project” have the meanings assigned by Section 408.0221. Deletes provisions authorizing an insurance carrier or a self-insurer certified to provide workers' compensation coverage in the state to elect to participate or not in a regional network. Deletes text requiring certain public employers to participate in a regional network. Makes conforming changes.

(c) Makes a conforming change.

(d) Makes conforming changes. Deletes text authorizing an employee to elect to participate or not participate in a regional network.

(e) Makes conforming changes. Deletes text relating to the time frame for an employee to elect to participate or not.

(f) through (h) Make conforming changes.

(j) Provides that Subsection (i) does not authorize a cause of action or damages against the state, a state agency, or an employee of the state other than the actions and damages authorized by Chapter 101 Civil Practice and Remedies Code.

(m) Makes conforming changes.

(n) Provides that for purposes of this subsection, "emergency care" has the meaning assigned by Section 843.002, Insurance Code, rather than by 2 (g), Texas Health Maintenance Organization Act (Article 20A.02, V.T.I.C.).

(o) and (q) Make conforming changes.

(r) Provides that an employee is subject to the selection of doctor, change of doctor, and other medical benefit and income benefit requirements established under this chapter and Chapter 413 if an employee: elects not to participate in the pilot project, rather than a regional network established under Section 408.0221, or is not bound by the employee's election to participate in the pilot project under Subsection (f), rather than is employed by an employer for whom the insurance carrier has not elected to participate in a regional network established under Section 408.0221.

(s) Makes conforming changes.

(u) Provides that for purposes of this section, certain actions do not constitute a selection of an alternate doctor in a regional network, including the selection of a doctor because the original doctor: dies; retires; or becomes unavailable, unwilling, or unable to provide medical care to the employees.

(v) Provides that this section expires September 1, 2007.

SECTION 5. Amends Section 408.0223, Labor Code, by amending Subsections (c), (d), and (e) and adding Subsection (d-1), as follows:

(c) Provides that this subsection expires September 1, 2007.

(d) Makes no changes to this section.

(d-1) Authorizes the Health Care Network Advisory Committee, rather than the advisory committee defined in Section 408.0221, to recommend additional standards for insurance carrier networks that are no more stringent than the additional standards that the advisory committee recommends for the regional workers' compensation health care delivery

networks pilot project pursuant to Section 408.0221(g). Provides that this subsection expires September 1, 2007.

(e) Requires TWCC, on behalf of the Health Care Network Advisory Committee, to adopt rules, as necessary, to implement additional standards for insurance carrier networks. Provides that this subsection expires September 1, 2007.

SECTION 6. Repealer: Section 408,0222(b), Labor Code,

SECTION 7. Requires the Health Care Network Advisory Committee to establish the regional workers' compensation health care delivery networks pilot project as required by Section 408.0221, Labor Code, as amended by this Act, as soon as practicable after the effective date of this Act.

SECTION 8. Effective date: September 1, 2003.