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By: Chairman, Environmental Matters Committee (Departmental - Health and Mental Hygiene) Introduced and read first time: February 1, 2001 Assigned to: Environmental Matters			
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Committee Report: Favorable with amendments House action: Adopted Read second time: March 14, 2001			
	CHAPTER		
1 A	AN ACT concerning		
2 3	Maryland Medical Assistance Program - HealthChoice Performance Incentive Fund		
4 F 5 6 7 8 9 10 11 12 13	FOR the purpose of establishing a HealthChoice Performance Incentive Fund in the Department of Health and Mental Hygiene; specifying the purpose of the Fund; requiring the Department to pay to the State Comptroller certain fines collected by the Department from certain managed care organizations; requiring the Comptroller to distribute certain moneys to the Fund; requiring that certain funds in excess of a certain amount revert to the General Fund; requiring the Legislative Auditor to audit the Fund; requiring the Department to make certain reports to certain committees of the General Assembly; providing for the application of this Act; and generally relating to the Maryland Medical Assistance Program and the HealthChoice Performance Incentive Fund.		
14 I 15 16 17 18	BY repealing and reenacting, with amendments, Article - Health - General Section 15-103(b)(12) Annotated Code of Maryland (2000 Replacement Volume)		
19 I 20 21 22 23	BY adding to Article - Health - General Section 15-103.3 Annotated Code of Maryland (2000 Replacement Volume)		

1 2	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:		
3	Article - Health - General		
4	4 15-103.		
	5 (b) (12) (i) Each managed c 6 when the enrollee should obtain an immunizatio 7 service.	are organization shall notify each enrollee n, examination, or other wellness	
8	8 (ii) Each managed c	are organization shall:	
9 10	9 1. Maintain 10 this subsection; and	n evidence of compliance with paragraph (9) of	
13	2. Provide to the Department, upon initial application to provide health care services to enrollees and on an annual basis thereafter, evidence of compliance with paragraph (9) of this subsection, including submission of a written plan.		
15 16	(iii) A managed care organization that does not comply with subparagraph (i) of this paragraph for at least 90% of its new enrollees:		
17 18	17 1. Within 18 than 80% of its capitation payments;	90 days of their enrollment may not receive more	
19 20	2. Within 180 days of their enrollment may not receive more than 70% of its capitation payments; and		
21 22	21 3. Within 22 than 50% of its capitation payments.	270 days of their enrollment may not receive more	
25	(iv) If a managed care organization does not comply with the requirements of paragraph (9) of this subsection, the Department may contract with any community-based health organization that the Department determines is willing and able to perform comprehensive outreach services to enrollees.		
29	(v) In addition to the provisions of subparagraph (iv) of this paragraph, if a managed care organization does not comply with the requirements of paragraph (9) of this subsection or fails to provide evidence of compliance to the Department under subparagraph (ii) of this paragraph, the Department may:		
	31 1. Impose 32 SHALL BE DEPOSITED IN THE HEALTHCO 33 ESTABLISHED UNDER § 15-103.3 OF THIS		
34 35	34 2. Suspend 35 organization;	l further enrollment into the managed care	

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- 1 3. Withhold all or part of the capitation rate from the 2 managed care organization; 3 4. Terminate the provider agreement; or 5. Disqualify the managed care organization from future 5 participation in the Maryland Medicaid Managed Care Program. 6 15-103.3. THERE IS A HEALTHCHOICE PERFORMANCE INCENTIVE FUND 7 (A) 8 ESTABLISHED IN THE DEPARTMENT. 9 (B) (1) THE DEPARTMENT SHALL PAY ALL FINES COLLECTED UNDER § 10 15-103(B)(12)(V) OF THIS SUBTITLE TO THE COMPTROLLER OF THE STATE. 11 (2) THE COMPTROLLER SHALL DISTRIBUTE THE FINES TO THE FUND. 12 (C) THE FUND SHALL BE USED EXCLUSIVELY FOR THE MARYLAND (1) 13 MEDICAL ASSISTANCE PROGRAM PROVIDER REIMBURSEMENT BUDGET UNDER THE 14 HEALTHCHOICE PROGRAM, INCLUDING PROVIDING FINANCIAL AWARDS 15 INCENTIVES DESIGNED TO IMPROVE THE QUALITY OF CARE TO MANAGED CARE 16 ORGANIZATIONS THAT EXCEED PERFORMANCE TARGETS. THE FUND IS A CONTINUING NONLAPSING FUND NOT SUBJECT TO § 17 (2)18 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE. 19 EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, ANY 20 UNSPENT PORTIONS OF THE FUND MAY NOT BE TRANSFERRED OR REVERT TO THE 21 GENERAL FUND OF THE STATE, BUT SHALL REMAIN IN THE FUND TO BE USED FOR 22 THE PURPOSES SPECIFIED IN THIS SECTION. 23 AT THE END OF EACH FISCAL YEAR, ANY AMOUNT IN EXCESS OF \$3 24 MILLION SHALL REVERT TO THE GENERAL FUND. THE SECRETARY OR THE SECRETARY'S DESIGNEE SHALL 25 (D) (1) 26 ADMINISTER THE FUND. THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE 27 28 PROVISIONS OF THIS SECTION, INCLUDING THE DISTRIBUTION OF MONIES FROM 29 THE FUND TO MANAGED CARE ORGANIZATIONS. THE LEGISLATIVE AUDITOR SHALL AUDIT THE ACCOUNTS AND 30 (E) 31 TRANSACTIONS OF THE FUND AS PROVIDED IN § 2-1220 OF THE STATE GOVERNMENT 32 ARTICLE. 33 SECTION 2. AND BE IT FURTHER ENACTED, That any fines imposed on 34 managed care organizations by the Department of Health and Mental Hygiene in
- 35 calendar year 1999 and calendar year 2000 shall be subject to the process established
- 36 under § 15-103.3 of the Health General Article, as added by Section 1 of this Act.

- 1 SECTION 3. AND BE IT FURTHER ENACTED, That the Department of
- 2 Health and Mental Hygiene shall report to the House Environmental Matters
- 3 Committee, the House Ways and Means Committee, the Senate Finance Committee,
- 4 and the Senate Budget and Taxation Committee of the General Assembly on or before
- 5 December 31, 2003, in accordance with § 2-1246 of the State Government Article, on
- 6 the uses of the HealthChoice Performance Incentive Fund.
- 7 SECTION 4. AND BE IT FURTHER ENACTED, That the Department of
- 8 Health and Mental Hygiene shall report to the House Environmental Matters
- 9 Committee, the House Ways and Means Committee, the Senate Finance Committee,
- 10 and the Senate Budget and Taxation Committee of the General Assembly, in
- 11 accordance with § 2-1246 of the State Government Article, when the amount of
- 12 money in the HealthChoice Performance Incentive Fund reaches \$2.5 million.
- SECTION 3 <u>5</u>. AND BE IT FURTHER ENACTED, That this Act shall take 14 effect July 1, 2001.