Unofficial Copy J4 2001 Regular Session 1lr2996 CF 1lr2963

By: Delegates McHale, Branch, Hammen, Klausmeier, Oaks, and Phillips Introduced and read first time: February 28, 2001 Assigned to: Rules and Executive Nominations A BILL ENTITLED 1 AN ACT concerning 2 Managed Care Organizations - Adjustment to Capitation Payments 3 FOR the purpose of requiring the Department of Health and Mental Hygiene to make a certain annual adjustment in the capitation payment to managed care 4 5 organizations participating in the Maryland Medical Assistance Program; 6 requiring the Department to adjust capitation payments to include a certain market trend; providing for the measurement of a certain market trend; and 7 8 generally relating to the capitation payments to managed care organizations participating in the Maryland Medical Assistance Program. 9 10 BY repealing and reenacting, with amendments, Article - Health - General 11 12 Section 15-103(b)(18) Annotated Code of Maryland 13 14 (2000 Replacement Volume) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 15 16 MARYLAND, That the Laws of Maryland read as follows: 17 **Article - Health - General** 18 15-103. 19 (18)(i) The Department shall make capitation payments to each 20 managed care organization as provided in this paragraph. 21 (ii) In consultation with the Insurance Commissioner, the Secretary 22 shall: Set capitation payments at a level that is actuarially 23 24 adjusted to the benefits provided; [and]

25 2. Actuarially adjust the capit 26 relative risk assumed by [the] A managed care organization; AND

Actuarially adjust the capitation payments to reflect the

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	3. ANNUALLY ADJUST THE CAPITATION PAYMENT TO REFLECT, AT A MINIMUM, CURRENT MARKET REIMBURSEMENT TRENDS DETERMINED BY AN INDEPENDENT ACTUARY CONTRACTED BY THE DEPARTMENT.
4 5	(III) AN INDEPENDENT ACTUARY SHALL DETERMINE A MARKET TREND UNDER SUBPARAGRAPH (II) 3 OF THIS SUBSECTION BY REVIEWING:

- 6 1. THE UTILIZATION OF MEDICAL SERVICES PROVIDED BY 7 MANAGED CARE ORGANIZATIONS;
- 8 2. ANY INCREASE IN THE COST OF SERVICES WITHIN THE 9 MARKET THAT ARE PROVIDED BY MANAGED CARE ORGANIZATIONS PARTICIPATING 10 IN THE PROGRAM; AND
- 11 3. ANY ADMINISTRATIVE CHANGES TO THE PROGRAM.
- 12 (IV) THE DEPARTMENT SHALL INCLUDE ANNUALLY IN THE
- 13 DEPARTMENT'S BUDGET ANY ADJUSTMENT TO THE CAPITATION PAYMENT MADE
- 14 UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH FOR AN ACTUARIALLY
- 15 DETERMINED MARKET TREND.
- 16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 17 October 1, 2001.