

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 707

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike line 2 in its entirety and substitute “Managed Care Organizations - Adjustment to Capitation Payments - Quality Improvement Incentive”; in line 4, after “the” insert “Maryland”; in line 6, after “organization;” insert “authorizing a managed care organization to appeal a certain decision of the Secretary under certain circumstances; authorizing a managed care organization to take a certain appeal under the Administrative Procedure Act under certain circumstances; requiring the Secretary to adopt certain regulations prior to making a certain adjustment to capitation payments;”; in the same line, strike “establishing” and substitute “requiring the Secretary, in consultation with the Commissioner, to adopt regulations that establish a certain definition and”; in the same line, strike “limits” and substitute “data collection and reporting requirements”; strike beginning with “authorizing” in line 7 down through “regulations;” in line 12 and substitute “authorizing the Secretary to modify, enhance, or replace the Value Based Purchasing Initiative in effect on a certain date subject to certain conditions;”; and strike in their entirety lines 20 through 24, inclusive.

AMENDMENT NO. 2

On page 2, in line 32, strike the brackets; and in the same line, strike “IN ACCORDANCE WITH § 15-605.1 OF THIS SUBTITLE, THE”.

On page 3, in lines 4 and 7, in each instance, strike the bracket; and after line 8, insert:

“(8) IF THE SECRETARY OF HEALTH AND MENTAL HYGIENE ADJUSTS CAPITATION PAYMENTS IN ACCORDANCE WITH PARAGRAPH (5) OF THIS SUBSECTION, A MANAGED CARE ORGANIZATION OR THE MARYLAND MEDICAL ASSISTANCE PROGRAM OF A MANAGED CARE ORGANIZATION THAT IS A CERTIFIED HEALTH MAINTENANCE ORGANIZATION MAY:

(Over)

(I) APPEAL THE DECISION OF THE SECRETARY TO THE BOARD OF REVIEW ESTABLISHED UNDER TITLE 2, SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE; AND

(II) TAKE ANY FURTHER APPEAL ALLOWED BY THE ADMINISTRATIVE PROCEDURE ACT UNDER TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE.”.

On pages 3 through 6, strike in their entirety the lines beginning with line 9 on page 3 through line 7 on page 6, inclusive.

On page 6, strike beginning with “the” in line 8 down through “2005” in line 11 and substitute “:

(a) Prior to making any adjustments to capitation payments for a managed care organization, the Secretary of Health and Mental Hygiene, in consultation with the Maryland Insurance Commissioner, shall adopt regulations to implement the provisions of § 15-605 (c)(5) of the Insurance Article.

(b) The regulations adopted under subsection (a) of this section shall:

(1) establish the definition of “loss ratio” for uniform application by all managed care organizations;

(2) establish procedures requiring the Secretary of Health and Mental Hygiene to consider the financial performance of a managed care organization in prior periods;

(3) establish standard data collection and reporting requirements for all managed care organizations;

(4) consistent with the provisions of § 15-605(c)(5) of the Insurance Article, establish a process for allowing a managed care organization to appeal a decision of the Secretary of Health and Mental Hygiene to adjust a managed care organization’s capitation payments; and

(5) establish a mechanism for, and the conditions under which, an adjustment to the capitation rates of a managed care organization are made.

(c) The Secretary of Health and Mental Hygiene shall adopt any additional regulations necessary to carry out the provisions of § 15-605(c)(5) of the Insurance Article and the goals of the HealthChoice Program.

SECTION 3. AND BE IT FURTHER ENACTED, That, as part of the ongoing efforts of the Department of Health and Mental Hygiene to ensure that managed care organizations deliver quality health care to members, the Department may modify, enhance, or replace the Value Based Purchasing Initiative in effect on January 1, 2005, provided that:

(1) except as provided in item (4) of this section, any changes to the core set of performance measures and the methodology for determining penalties, rewards, disincentives, or incentives shall be adopted by regulation prior to the calendar year for which the managed care organizations will be held accountable for compliance with the performance measures;

(2) except as provided in item (4) of this section, the Secretary of Health and Mental Hygiene shall notify managed care organizations of the core set of performance measures and the targets at least 3 months prior to the calendar year for which the managed care organizations will be held accountable for compliance with the performance measures;

(3) any penalty or capitation adjustment imposed under this section on a managed care organization may not be implemented by means of a capitation payment withhold; and

(4) with respect to the performance measures for calendar year 2005, the Secretary of Health and Mental Hygiene may modify the ranges or targets of the core set of performance measures without complying with the provisions of items (1) and (2) of this section, provided that the dollar amounts of any financial rewards or disincentives shall be calculated as set forth in the Value Based Purchasing Initiative in effect on January 1, 2005”;

in line 12, strike “3.” and substitute “4.”; and in line 13, strike “July” and substitute “June”.