Rider 22 in House Bill 1 (House base budget bill), as filed

22. Managed Care Organization Performance Requirement to Ensure Best Value.

a. Pursuant to Government Code, Sec. 533.013(a)(5), Sec. 533.0025, Sec. 536.052(b) and (d), Sec. 2155.144, Sec. 533.004(b), 42 CFR § 438.66 and this provision, it is the intent of the Legislature that for both procurement and routine performance assessment, funds appropriated above for services provided through managed care in Goal A, Medicaid Client Services, and Goal C, CHIP Client Services, be expended only for: 1) high-performing managed care organizations (MCOs) that provide the best value to the state, and 2) a rate payment system that incentivizes high-performing MCOs.

b. Funds appropriated above in Strategy B.1.1, Medicaid Contracts and Administration, in fiscal year 2022 include funding for the following items:

(1) Procurement-related performance benchmarks for MCOs. No later than December 31, 2021, the Health and Human Services Commission (HHSC) shall develop and publish performance benchmarks for the procurement of MCOs. In developing performance benchmarks, HHSC shall 1) use new and existing cost efficiency, Medicaid quality of care, and customer satisfaction metrics; and 2) organize new indices that would serve to evaluate past vendor performance and probable future performance in accordance with Government Code, Section 2155.144. The development of the performance indices shall be conducted in a transparent and objective manner through an appropriate public input and review process.

(2) Post-procurement-related performance assessment. No later than December 31, 2021, HHSC shall develop and publish annual accountability requirements and consequences for MCOs whose: 1) expenditures exceed revenue from actuarially sound premiums and, 2) performance against cost, quality, and customer satisfaction indices is unsatisfactory relative to other MCOs. The accountability requirements and consequences should use the indices described in subsection (b)(1).

(3) HHSC Plan. No later than December 31, 2021, HHSC shall submit a plan to the Legislative Budget Board identifying 1) the milestones and timeline to implement the benchmarks required to be developed in subsection (b)(1) by September 1, 2022, and 2) the milestones and timeline to implement the accountability measures and consequences required to be developed in subsection (b)(2) by September 1, 2022.

c. Pursuant to Government Code, Chapter 533, it is the intent of the Legislature: (1) HHSC may, at any time, eliminate low-performing MCOs retained with appropriated funds that fail to achieve best value for the state and administrative savings for the agency; and (2) HHSC may reduce, suspend or withhold appropriated funds from MCOs who do not comply with this provision.

*Highlighted for emphasis

d. It is the intent of the Legislature that HHSC consider the following actions when implementing performance requirements in the Medicaid and CHIP managed care programs: reduction of risk margin, limiting or ceasing enrollment, and cancellation of contracts in one or more Service Delivery Area or product line.

e. It is the intent of the Legislature to ensure that future managed care contract award decisions are determined based upon best value criteria and that managed care procurements incorporate the elements listed in subsection (b) above. Notwithstanding Article IX, Section 17.10, Contract Management and Oversight, managed care contracts may be extended until this rider is implemented.

f. Beginning on September 1, 2021 and then quarterly thereafter, HHSC shall submit a written report to the Health & Human Services Transition Legislative Oversight Committee describing progress towards implementing the provisions of this section.

*Highlighted for emphasis