

Regular Session, 2007

SENATE BILL NO. 1

BY SENATORS MCPHERSON, CHEEK, BAJOIE, CHAISSON, N. GAUTREAUX, BROOME, CASSIDY, CRAVINS, DUPLESSIS, DUPRE, ELLINGTON, FIELDS, B. GAUTREAUX, HINES, HOLLIS, JACKSON, KOSTELKA, LENTINI, MALONE, MARIONNEAUX, MICHOT, MURRAY, NEVERS, ROMERO, SHEPHERD, SMITH AND ULLO AND REPRESENTATIVES JACKSON, GRAY AND DURAND

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

HEALTH/HOSPITALS DEPT. Authorizes the Department of Health and Hospitals to develop and implement a health care delivery system for Medicaid recipients and low-income uninsured citizens. (8/15/07)

1 AN ACT  
2 To amend and reenact Chapter 8-A of Title 46 of the Louisiana Revised Statutes of 1950,  
3 to be comprised of R.S. 46:978 through 979, relative to health care reform for  
4 Medicaid recipients and low-income uninsured citizens; to enact the Health Care  
5 Reform Act of 2007; to provide for definitions; to provide for legislative intent; to  
6 provide for implementation of a health care delivery system to provide a continuum  
7 of evidence-based, quality driven health care services; to provide for review and  
8 approval of proposed plans; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Chapter 8-A of Title 46 of the Louisiana Revised Statutes of 1950,  
11 comprised of R.S. 46:978 through 979, is hereby amended and reenacted to read as follows:

12 CHAPTER 8-A. ~~HEALTH CARE COVERAGE FOR THE LOW-INCOME~~  
13 ~~UNINSURED~~ **HEALTH CARE REFORM ACT OF 2007**  
14 §978. ~~Health care for the low-income uninsured~~ **Short title; legislative intent**  
15 ~~In accordance with the authority granted the Department of Health and~~  
16 ~~Hospitals pursuant to R.S. 36:254(A)(6)(a) and upon the granting of a research and~~  
17 ~~demonstration waiver provided for under Section 1115 of the Social Security Act,~~

1 the department shall avail itself of the opportunity to decrease the number of low-  
2 income uninsured in Louisiana, through a Health Insurance Flexibility and  
3 Accountability or other Section 1115 demonstration initiative.

4 **A. This Chapter shall be known and may be cited as the "Health Care**  
5 **Reform Act of 2007."**

6 **B. It is the intent of the legislature that the state shall lead the initiative**  
7 **to improve health care outcomes in Louisiana by developing and implementing**  
8 **a health care delivery system that provides a continuum of evidence-based,**  
9 **quality driven health care services. This health care delivery system shall be**  
10 **known as Louisiana Health First and shall consist of a medical home system of**  
11 **care. The medical home system of care shall incorporate the use of health**  
12 **information technology and quality measures to facilitate a safe, patient-**  
13 **centered, quality driven, evidence-based, accessible, and sustainable health care**  
14 **system to Medicaid recipients and low-income uninsured citizens.**

15 **§978.1. Definitions**

16 **As used in this Chapter, the following definitions shall apply:**

17 **(1) "Department" shall mean the Department of Health and Hospitals.**

18 **(2) "Health information technology" shall mean information technology**  
19 **used in health care, including but not limited to electronic health**  
20 **records/electronic medical records, computerized physician order entry, health**  
21 **information exchange, telemedicine, and other relevant information technology**  
22 **deemed appropriate by the secretary of the department.**

23 **(3) "Medical home system of care" shall mean a health care delivery**  
24 **system that is patient and family centered and is guided by a personal primary**  
25 **care provider who coordinates and facilitates preventive and primary care that**  
26 **improves patient outcomes in the most cost-efficient manner possible. By**  
27 **providing a coordinated continuum of care, the cost of the current health care**  
28 **delivery system shall be reduced, health outcomes shall improve, and the**  
29 **disparities in access to health care among the state's populations shall be**

1 reduced. The medical home system of care shall consist of an integrated system  
2 of primary care providers, specialty care groups, and hospital providers.

3 (4) "Secretary" shall mean the secretary of the Department of Health  
4 and Hospitals.

5 §978.2. Health care delivery system

6 A. The department shall develop and implement a medical home system  
7 of care for Medicaid recipients and the low-income uninsured citizens of the  
8 state. The medical home system of care shall:

9 (1) Coordinate and provide access to evidence-based health care  
10 services, emphasizing convenient, comprehensive primary care.

11 (2) Provide access to appropriate specialty care and inpatient services.

12 (3) Provide quality driven and cost-effective health care.

13 (4) Promote strong and effective medical management.

14 (5) Emphasize patient and provider accountability.

15 (6) Prioritize local access to the continuum of health care services.

16 B. The department shall require providers who participate in the  
17 medical home system of care to adopt an interoperable electronic medical  
18 record.

19 C. In order to ease the cost of implementation of health information  
20 technology, the department shall avail itself of any public and private funding  
21 available.

22 D. The department may establish a mechanism to evaluate, promote,  
23 and improve the quality of health and health care delivered to the Medicaid and  
24 low-income uninsured populations through the use of quality performance  
25 measures, evidence-based standards of care, and other measurements that  
26 facilitate quality improvement.

27 E. Reimbursement for participation in Louisiana Health First shall be  
28 at a level to ensure provider participation and success. The department shall  
29 develop an enhanced Medicaid reimbursement methodology to compensate

1 providers who participate in the medical home system of care. The department  
2 shall also apply to the Centers for Medicare and Medicaid Services for  
3 authority to develop a payment methodology to compensate providers who care  
4 for the low-income uninsured in the medical home system of care. To the extent  
5 permitted by the federal government, such reimbursement methodologies shall  
6 incorporate features of successful managed care programs, which promote the  
7 medical home system of care that is supported by the appropriate, enforceable,  
8 quality standards of evidence-based medical protocols and the necessary health  
9 information technologies.

10 F. Reimbursement for health care services for low-income uninsured  
11 individuals provided under the medical home system of care shall be allocated  
12 to the greatest extent possible based on the disbursement of the low-income  
13 uninsured population statewide.

14 §978.3. Application for approval

15 A. In accordance with the authority granted in R.S. 36:254(A)(6)(a), the  
16 department is hereby authorized to apply to the Centers for Medicare and  
17 Medicaid Services, Department of Health and Human Services for any approval  
18 necessary to implement the provisions of this Chapter.

19 B. In the event approval from the Centers for Medicare and Medicaid  
20 Services is not attained to implement this Chapter, the department shall  
21 implement elements of this Chapter that are feasible and within the state's  
22 current authority.

23 C. Prior to submission of any waiver application or state plan  
24 amendment to the Centers for Medicare and Medicaid Services to effect the  
25 provision of this Chapter, the department shall submit the waiver plan or the  
26 proposed state plan amendment to the Senate Committee on Health and  
27 Welfare and the House Committee on Health and Welfare, meeting jointly, for  
28 review and approval. If approved by the committees on health and welfare, the  
29 waiver plan or the proposed state plan amendment and cost estimates for a

1 minimum of five years shall be submitted to the Joint Legislative Committee on  
 2 the Budget for review and approval. If the waiver plan or the proposed state  
 3 plan amendment is approved by the Joint Legislative Committee on the Budget,  
 4 the department shall submit the waiver application or the state plan  
 5 amendment to the Centers for Medicare and Medicaid Services for approval.

6 §978.4. Funding

7 The provisions of this Chapter shall be budget neutral or subject to an  
 8 annual appropriation of the legislature.

9 §979. Department responsibility

10 ~~A.(1) The department shall apply to the Center for Medicare and Medicaid~~  
 11 ~~Services, Department of Health and Human Services, for authority and funding to~~  
 12 ~~implement a Health Insurance Flexibility and Accountability demonstration or other~~  
 13 ~~Section 1115 demonstration initiative for uninsured persons in families below two~~  
 14 ~~hundred percent of the federal poverty level, which provides for placing all of the~~  
 15 ~~state's disproportionate share payment allotment into a pool which provides the~~  
 16 ~~flexibility to:~~

17 ~~(a) Continue to support hospitals that serve a disproportionate number of~~  
 18 ~~Medicaid and uninsured patients.~~

19 ~~(b) Expand the availability of primary and preventive care for Medicaid and~~  
 20 ~~uninsured patients.~~

21 ~~(c) Provide health insurance coverage to the uninsured, through such~~  
 22 ~~approaches as, but not limited to, expansion of LaChoice, Medicaid, a public~~  
 23 ~~managed care organization or other strategies to accomplish the stated goals.~~

24 ~~(d) Meet the state's disease management goals.~~

25 ~~(2)(a) The priority for use of the funding pool, subject to appropriation by the~~  
 26 ~~legislature, shall be in the following order:~~

27 ~~(i) To provide for the annual federal disproportionate share hospital payments~~  
 28 ~~to state hospitals which are referred to as public state-operated hospitals in rules~~  
 29 ~~promulgated by the Department of Health and Hospitals.~~

1           (ii) ~~To provide for the annual federal disproportionate share hospital~~  
2 ~~payments to hospitals defined by the Rural Hospital Preservation Act.~~

3           (iii) ~~To provide for the annual federal disproportionate share hospital~~  
4 ~~payments to any other hospital receiving disproportionate share hospital funding in~~  
5 ~~the 2004-2005 fiscal year, providing the hospital continues to meet disproportionate~~  
6 ~~share hospital funding requirements.~~

7           (iv) ~~To provide for annual federal disproportionate share hospital payments~~  
8 ~~for services under the Health Insurance Flexibility and Accountability demonstration~~  
9 ~~or other Section 1115 demonstration initiative approved by the Centers for Medicare~~  
10 ~~and Medicaid Services. Entities eligible for disproportionate share hospital payments~~  
11 ~~may include, but are not limited to, the following: federally qualified health centers,~~  
12 ~~as defined by rule adopted by the Department of Health and Hospitals, parish health~~  
13 ~~units, Louisiana State University clinics, and public or private community-based~~  
14 ~~primary care clinics.~~

15           (v) ~~To provide for annual federal disproportionate share hospital payments~~  
16 ~~to hospitals that pay hospital provider fees and that meet disproportionate share~~  
17 ~~hospital funding requirements.~~

18           (b) ~~The amount of funding allocated to each of the above priority categories~~  
19 ~~shall be determined by the specific annual appropriations for that category by the~~  
20 ~~legislature or by budget adjustments approved by the Joint Legislative Committee~~  
21 ~~on the Budget.~~

22           (c) ~~Such payments shall be made utilizing current disproportionate share~~  
23 ~~hospital payment methodologies and local initiatives payment methodologies to be~~  
24 ~~developed pursuant to this Section.~~

25           (d) ~~In addition to the foregoing, public state-operated hospitals and rural~~  
26 ~~hospitals shall be permitted to participate in waivers provided for in this Section and~~  
27 ~~to receive additional reimbursement from the funding pool for services and costs that~~  
28 ~~are eligible for reimbursement under such waivers.~~

29           (3) ~~Any changes to the local application process as outlined in the original~~

1 Health Insurance Flexibility and Accountability or Section 1115 waiver approved by  
 2 the Centers for Medicare and Medicaid Services must be approved by the Joint  
 3 Committee on Health and Welfare.

4 B.(1) Upon completion of the waiver application, the department shall submit  
 5 the waiver plan, including cost estimates for a minimum of three years to the Joint  
 6 Legislative Committee on the Budget for its review and approval. If the plan is  
 7 approved by the committee, the department shall submit the waiver application to the  
 8 Center for Medicare and Medicaid Services for approval.

9 (2) Upon approval of the waiver application by the Center for Medicare and  
 10 Medicaid Services, the department may implement the waiver only to the extent that  
 11 appropriations to the department specifically include funds for this purpose.

12 C. The department shall adopt and promulgate rules and regulations in  
 13 accordance with the Administrative Procedure Act that provide for maximizing  
 14 Medicaid funding and rates for those hospitals that provide either of the following:

15 (1) Inpatient services to fragile newborns or critically ill children in either a  
 16 Level III Regional Neonatal Intensive Care Unit or a Level I Pediatric Intensive Care  
 17 Unit, which units have been in operation on or before January 1, 2003.

18 (2) A Medicaid utilization rate of twenty-five percent of total inpatient days  
 19 or greater.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Michelle Ducharme.

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#### DIGEST

McPherson (SB 1)

Present law authorizes the Department of Health and Hospitals to apply to the Centers for Medicare and Medicaid Services for authority and funding to implement a Health Insurance Flexibility and Accountability or other Section 1115 demonstration initiative.

Proposed law authorizes the department to apply to the Centers for Medicare and Medicaid Services for any approval necessary to implement the provisions of the Health Care Reform Act of 2007.

Proposed law mandates the department implement elements of the Health Care Reform Act of 2007 that are within the state's authority.

Present law authorizes the department to implement a Health Insurance Flexibility and Accountability demonstration or other Section 1115 demonstration initiative for uninsured

persons in families below 200% of the federal poverty level.

Present law provides that the state's disproportionate share payment allotment be placed into a pool and provides for the use of the disproportionate share payment allotment.

Present law provides that the Joint Committee on Health and Welfare shall have oversight of any changes to the local application process as outlined in the approved Health Insurance Flexibility and Accountability or Section 1115 waiver.

Proposed law creates a health care delivery system that provides a continuum of evidence-based, quality driven health care services to Medicaid recipients and low-income uninsured citizens. This delivery system shall be known as Louisiana Health First.

Proposed law provides that Louisiana Health First shall consist of a medical home system of care and shall incorporate health information technology and quality measures.

Proposed law defines the medical home system of care as a health care delivery system that is patient and family centered and is guided by a personal primary care provider who coordinates and facilitates preventative and primary care that improves patient outcomes in the most cost efficient manner possible and provides that a medical home system of care shall:

- (1) Coordinate and provide access to evidence-based health care services, emphasizing convenient, comprehensive primary care.
- (2) Provide access to appropriate speciality care and inpatient services.
- (3) Provide quality driven and cost-effective health care.
- (4) Promote strong and effective medical management.
- (5) Emphasize patient and provider accountability.
- (6) Prioritize local access to the continuum of health care services.

Proposed law defines health information technology as information technology used in health care, including but not limited to electronic health records/electronic medical records, computerized physician order entry, health information exchange, telemedicine, and other relevant information technology deemed appropriate by the secretary of the department.

Proposed law provides for the adoption of health information technology to fully participate in Louisiana Health First and requires that the department avail itself of any public and private funding available to implement health information technology.

Proposed law allows the department to establish a mechanism to evaluate, promote, and improve the quality of health and health care delivered to Medicaid recipients and low-income uninsured citizens.

Present law provides for legislative oversight of the waiver plan prior to the submission of the Medicaid waiver to the Centers for Medicare and Medicaid Services.

Proposed law requires that the department establish reimbursement methodologies to compensate providers who care for Medicaid recipients and low-income uninsured citizens in the medical home system of care.

Proposed law provides that reimbursement for health care services for low-income uninsured individuals provided under the medical home system of care shall be allocated to the greatest extent possible based on the disbursement of the low-income uninsured population

statewide.

Proposed law provides for legislative oversight of any waiver or state plan amendment that is submitted to the Centers for Medicare and Medicaid Services.

Proposed law provides that the provisions of the proposed law shall be budget neutral or subject to an annual appropriation of the legislature.

Present law mandates that the department adopt and promulgate rules and regulations in accordance with the Administrative Procedure Act that provide for maximizing Medicaid funding and rates for those hospitals that provide certain inpatient services to fragile newborns or critically ill children in either a Level III Regional Neonatal Intensive Care Unit or a Level I Pediatric Intensive Care Unit or a Medicaid utilization rate of 25% of total inpatient days or greater.

Proposed law retains these provision.

Effective August 15, 2007.

(Amends R.S. 46:978-979)

#### Summary of Amendments Adopted by Senate

##### Senate Floor Amendments to engrossed bill.

1. Provides technical amendments
2. Adds an additional function of the medical home.
3. Provides for the allocation of reimbursement for treatment for the low-income uninsured.