

1 A bill to be entitled
 2 An act relating to the Medicaid managed care pilot
 3 program; amending s. 409.91211, F.S.; requiring the Agency
 4 for Health Care Administration to develop a methodology
 5 for calculating risk-adjusted capitation rates based on
 6 information in the encounter database; requiring that
 7 specified criteria be met prior to implementation of the
 8 methodology; providing for use of an interim risk-adjusted
 9 methodology; providing a phase-in schedule for the
 10 encounter-based methodology for participating managed care
 11 plans; requiring the phase-in schedule to be applied anew
 12 for counties into which the program expands; providing an
 13 effective date.

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 15 Be It Enacted by the Legislature of the State of Florida:

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 17 Section 1. Subsections (8) and (9) of section 409.91211,
 18 Florida Statutes, are amended to read:

19 409.91211 Medicaid managed care pilot program.--

20 (8)(a) The agency shall develop a methodology for
 21 calculating risk-adjusted capitation rates using comprehensive
 22 encounter and diagnosis data pursuant to subparagraph (3)(p)4.
 23 for all acute Medicaid services. Prior to the implementation of
 24 the risk-adjusted capitation rate methodology, the agency shall
 25 ensure that all of the following criteria are met:

26 1. Agency staff is sufficiently educated and trained
 27 regarding issues and methods related to compiling encounter data

28 to implement and maintain the Florida Medicaid encounter data
29 system.

30 2. The Florida Medicaid Management Information System has
31 the capacity to house, maintain, and manage the anticipated
32 volume of encounter data records that will be produced.

33 3. The agency has ensured that the encounter data system
34 is secure, protects personal health information, and is in
35 compliance with 45 C.F.R. ss. 160.102, 160.103, and 164, subpart
36 A, commonly referred to as the HIPAA Privacy Regulation.

37 4. The agency has implemented a validation system to
38 ensure the encounter data is accurate; has been screened for
39 completeness, logic, and consistency; and is standardized to
40 facilitate the use of various models for the payment of claims
41 and submission of data.

42 5. The agency has compiled no less than 1 year's worth of
43 complete encounter and diagnostic data to permit the adjustment
44 of capitation rates for health risk differences and has ensured,
45 through validation by an independent actuary, that the data are
46 of sufficient integrity to be used for risk-adjustment purposes
47 in accordance with actuarial standards of practice that are
48 generally recognized as sound and appropriate.

49 6. The agency has consulted with the technical advisory
50 panel regarding the development and implementation of the
51 comprehensive encounter and diagnosis data system and sought
52 input from the panel.

53 7. The risk-adjusted capitation rates have been certified
54 by an independent actuary and approved by the Centers for
55 Medicare and Medicaid Services.

HB 1073

2007

56 (b) The agency must ensure, ~~in the first two state fiscal~~
57 ~~years in which a risk-adjusted methodology is a component of~~
58 ~~rate setting,~~ that, under any risk-adjustment methodology, no
59 managed care plan providing comprehensive benefits to TANF and
60 SSI recipients under this section has an aggregate risk score
61 that varies by more than 10 percent from the aggregate weighted
62 mean of all managed care plans providing comprehensive benefits
63 to TANF and SSI recipients ~~in a reform area.~~ A risk-adjusted
64 capitation paid by the agency ~~The agency's payment~~ to a managed
65 care plan shall be based on an such revised aggregate risk score
66 revised in accordance with the provisions of this paragraph.

67 (c) The agency may implement an interim risk-adjusted
68 capitation rate methodology to be used before a fully functional
69 encounter and diagnostic data system has been in operation for
70 no less than 12 months pursuant to paragraph (a). If the agency
71 implements an interim methodology, the capitation rates during
72 the interim period shall be weighted so that 75 percent of each
73 capitation rate is based on the methodology developed under s.
74 409.9124 and 25 percent is based on the interim risk-adjusted
75 capitation rate methodology.

76 (9) After any calculations of aggregate risk scores or
77 revised aggregate risk scores in subsection (8) and after a
78 fully functional encounter and diagnostic data system has been
79 in operation for no less than 12 months, the capitation rates
80 for plans participating under this section shall be phased in,
81 and this phase-in schedule shall be applied anew, in its
82 entirety, in any county in which the risk-adjusted capitation
83 rate methodology is implemented, as follows:

84 (a) For managed care plan contracts taking effect in the
85 first and second state fiscal years after a fully functional
86 encounter and diagnostic data system has been in operation for
87 no less than 12 months, the capitation rates shall be weighted
88 so that 75 percent of each capitation rate is based on the
89 methodology developed under s. 409.9124 and 25 percent is based
90 on the risk-adjusted capitation rate methodology developed under
91 subsection (8). ~~In the first year, the capitation rates shall be~~
92 ~~weighted so that 75 percent of each capitation rate is based on~~
93 ~~the current methodology and 25 percent is based on a new risk-~~
94 ~~adjusted capitation rate methodology.~~

95 (b) For managed care plan contracts taking effect in the
96 third state fiscal year after a fully functional encounter and
97 diagnostic data system has been in operation for no less than 12
98 months, the capitation rates shall be weighted so that 70
99 percent of each capitation rate is based on the methodology
100 developed under s. 409.9124 and 30 percent is based on the risk-
101 adjusted capitation rate methodology developed under subsection
102 (8). ~~In the second year, the capitation rates shall be weighted~~
103 ~~so that 50 percent of each capitation rate is based on the~~
104 ~~current methodology and 50 percent is based on a new risk-~~
105 ~~adjusted rate methodology.~~

106 (c) For managed care plan contracts taking effect in the
107 fourth state fiscal year after a fully functional encounter and
108 diagnostic data system has been in operation for no less than 12
109 months, the capitation rates shall be weighted so that 50
110 percent of each capitation rate is based on the methodology
111 developed under s. 409.9124 and 50 percent is based on the risk-

HB 1073

2007

112 adjusted capitation rate methodology developed under subsection
113 (8).

114 (d) For managed care plan contracts taking effect in the
115 fifth state fiscal year after a fully functional encounter and
116 diagnostic data system has been in operation for no less than 12
117 months, the capitation rates shall be weighted so that 25
118 percent of each capitation rate is based on the methodology
119 developed under s. 409.9124 and 75 percent is based on the risk-
120 adjusted capitation rate methodology developed under subsection
121 (8).

122 (e) For managed care plan contracts taking effect in the
123 sixth state fiscal year after a fully functional encounter and
124 diagnostic data system has been in operation for no less than 12
125 months ~~In the following fiscal year,~~ the risk-adjusted
126 capitation methodology may be fully implemented.

127 Section 2. This act shall take effect July 1, 2007.