

1 1. The agency has confirmed that the encounter data
2 are accurate and have been screened for completeness, logic,
3 and consistency.

4 2. The agency has compiled no less than 1 year's worth
5 of complete encounter data to permit the adjustment of
6 capitation rates for health risk differences and has ensured
7 that the data are of sufficient integrity to be used for
8 risk-adjustment purposes in accordance with actuarial
9 standards of practice which are generally recognized as sound
10 and appropriate.

11 3. The agency has consulted with and sought input from
12 the technical advisory panel regarding the development and
13 implementation of the comprehensive encounter data system as
14 the system is developed.

15 (b) The agency may implement an interim risk-adjusted
16 capitation rate methodology to be used before a fully
17 functional encounter data system has been in operation for 12
18 months, pursuant to paragraph (a). ~~The agency must ensure, in~~
19 ~~the first two state fiscal years in which a risk adjusted~~
20 ~~methodology is a component of rate setting, that no managed~~
21 ~~care plan providing comprehensive benefits to TANF and SSI~~
22 ~~recipients has an aggregate risk score that varies by more~~
23 ~~than 10 percent from the aggregate weighted mean of all~~
24 ~~managed care plans providing comprehensive benefits to TANF~~
25 ~~and SSI recipients in a reform area. The agency's payment to a~~
26 ~~managed care plan shall be based on such revised aggregate~~
27 ~~risk score.~~

28 (9) Risk-adjusted ~~After any calculations of aggregate~~
29 ~~risk scores or revised aggregate risk scores in subsection~~
30 ~~(8), the capitation rates for plans participating under this~~
31 ~~section shall be phased in as follows:~~

1 (a) In the first year of the pilot program, the
2 capitation rates shall be weighted so that 75 percent of each
3 capitation rate is based on the ~~current~~ methodology developed
4 under s. 409.9124 and 25 percent is based on a ~~new~~
5 risk-adjusted capitation rate methodology developed under
6 subsection (8). During the first year of the pilot program, no
7 managed care plan's aggregate risk score shall vary by more
8 than 10 percent from the aggregate weighted mean of all
9 managed care plans providing comprehensive benefits to TANF or
10 SSI recipients in a reform area.

11 (b) In the second year of the pilot program, the
12 capitation rates shall be weighted so that ~~67 50~~ percent of
13 each capitation rate is based on the ~~current~~ methodology
14 developed under s. 409.9124 and ~~33 50~~ percent is based on a
15 ~~new~~ risk-adjusted capitation rate methodology developed under
16 subsection (8). During the second year of the pilot program,
17 no managed care plan's aggregate risk score shall vary by more
18 than 10 percent from the aggregate weighted mean of all
19 managed care plans providing comprehensive benefits to TANF or
20 SSI recipients in a reform area.

21 (c) In the third year of the pilot program, the
22 capitation rates shall be weighted so that 67 percent of each
23 capitation rate is based on the methodology developed under s.
24 409.9124 and 33 percent is based on a risk-adjusted capitation
25 rate methodology developed under subsection (8). During the
26 third year of the pilot program, no managed care plan's
27 aggregate risk score shall vary by more than 12.5 percent from
28 the aggregate weighted mean of all managed care plans
29 providing comprehensive benefits to TANF or SSI recipients in
30 a reform area. In the following fiscal year, the risk adjusted
31 capitation methodology may be fully implemented.

1 (d) In the fourth year of the pilot program, the
2 agency shall seek to implement a risk-adjusted capitation rate
3 methodology using comprehensive encounter data pursuant to
4 paragraph (8)(a). Capitation rates in the fourth year shall be
5 weighted so that 50 percent of each capitation rate is based
6 on the methodology developed under s. 409.9124 and 50 percent
7 is based on a risk-adjusted capitation rate methodology which
8 uses a comprehensive encounter data system, and no managed
9 care plan's aggregate risk score shall vary by more than 15
10 percent from the aggregate weighted mean of all managed care
11 plans providing comprehensive benefits to TANF or SSI
12 recipients in a reform area.

13 (e) In the years following the first use of a
14 risk-adjusted capitation rate methodology using comprehensive
15 encounter data pursuant to paragraph (8)(a), such methodology
16 shall be fully implemented and shall account for 100 percent
17 of managed care plan capitation rates.

18 Section 2. For the purposes of payment to otherwise
19 noncontracted hospital providers for services rendered to
20 persons who are eligible for Medicaid, who live within an area
21 served by a Medicaid reform pilot program, and who are
22 enrolled in a managed care organization under chapter 409 or
23 chapter 641, Florida Statutes, the managed care organization
24 shall reimburse such providers at a rate that is equivalent to
25 the amount the Agency for Health Care Administration would pay
26 on a fee-for-service basis.

27 Section 3. This act shall take effect July 1, 2007.
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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 Senate Bill 1828

4 Specifies certain criteria that the Agency for Health Care
5 Administration must meet prior to the implementation of a
6 risk-adjusted capitation rate methodology that uses a
7 comprehensive encounter data system.

8 Allows the agency to use an interim risk adjustment
9 methodology until the comprehensive encounter data system is
10 fully operational.

11 Extends the full phase-in of the risk-adjusted capitation
12 methodology for plans participating in the Medicaid reform
13 pilot in Baker, Broward, Clay, Duval, and Nassau Counties from
14 three years to five.

15 Revises the current statutorily required methodology used to
16 calculate the risk adjusted rates for Medicaid reform plans
17 during the phase-in period as follows:

18 Maintains year 1 (September 1, 2006-August 31, 2007), to
19 continue the current required methodology requiring that
20 25 percent of the calculation utilize risk adjusted data
21 and 75 percent of the calculation utilize capitation
22 methodology required under s. 409.9124, F.S. with a 10
23 percent risk corridor.

24 Revises year 2 (September 1, 2007-August 31, 2008), to
25 reduce the percentage of the calculation that requires
26 risk adjusted data from 50 percent to 33 percent and
27 increases the percentage of the calculation based on s.
28 409.9124, F.S. to 67 percent, while maintaining the
29 current 10 percent risk corridor.

30 Revises year 3 (September 1, 2008 - August 31, 2009), by
31 repealing the requirement for a 100 percent risk
adjustment calculation with no risk corridors, and
replacing it with a requirement to base 33 percent of the
calculation on risk adjustment and 67 percent with the
methodology required under s. 409.9124, F.S., including a
12.5 percent risk corridor.

 Creates year 4 (September 1, 2009-August 31, 2010), to
require the agency to use a risk-adjusted methodology by
which 50 percent of the calculation is based on
comprehensive encounter data and 50 percent of the
calculation is based on the methodology required in s.
409.9124, F.S. with a risk corridor of 15 percent.

 Requires 100 percent of managed care plan reimbursement
to utilize a comprehensive encounter data methodology and
eliminates risk corridors.

 Requires managed care organizations to pay noncontracted
hospitals a reimbursement rate that is equivalent to the
amount the agency would pay on a fee for service basis
for services rendered to persons who are eligible for
Medicaid, living within an area served by a Medicaid

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