

# HOUSE BILL 759

J1

2lr0952  
CF SB 904

---

By: **Delegate Hammen**

Introduced and read first time: February 9, 2012

Assigned to: Health and Government Operations

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Medical Assistance Program – Health Care Delivery Systems –**  
3 **Pilot Project**

4 FOR the purpose of establishing a pilot project in the Department of Health and  
5 Mental Hygiene to test alternative and innovative health care delivery systems  
6 that provide services to certain Maryland Medical Assistance Program  
7 recipients in a certain manner; requiring the Secretary of Health and Mental  
8 Hygiene to develop a request for proposals for participation in the pilot project  
9 in consultation with certain individuals and entities; requiring the Secretary to  
10 take certain actions in developing the request for proposals; establishing certain  
11 eligibility requirements for participation by a health care delivery system in the  
12 pilot project; providing that a health care delivery system may be formed by  
13 certain groups of providers of services or suppliers; authorizing a health care  
14 delivery system to enter into certain contracts and to contract with a managed  
15 care organization to provide certain services; authorizing the Secretary to  
16 require a health care delivery system to enter into certain contracts for certain  
17 purposes; requiring the Secretary, in developing a certain payment system, to  
18 establish a certain benchmark or payment model; requiring the Secretary to  
19 submit a certain application, if necessary, and to apply for certain grants to  
20 implement this Act; and generally relating to a health care delivery systems  
21 pilot project in the Maryland Medical Assistance Program.

22 BY adding to  
23 Article – Health – General  
24 Section 15–147  
25 Annotated Code of Maryland  
26 (2009 Replacement Volume and 2011 Supplement)

27 Preamble

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, In fiscal year 2011, 163,000 individuals in the Maryland Medical  
2 Assistance Program were in a fee-for-service program, while 600,000 individuals in  
3 the Program were enrolled in managed care organizations; and

4 WHEREAS, In fiscal year 2011, the average cost of caring for an individual in a  
5 fee-for-service program was \$10,600, while the average cost of caring for an  
6 individual enrolled in a managed care organization was \$4,540; and

7 WHEREAS, A pilot project to test alternative health care delivery systems and  
8 provide case management services to individuals in fee-for-service programs in the  
9 Maryland Medical Assistance Program may result in savings to the State; now,  
10 therefore,

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article – Health – General**

14 **15–147.**

15 **(A) THERE IS A PILOT PROJECT TO TEST ALTERNATIVE AND**  
16 **INNOVATIVE HEALTH CARE DELIVERY SYSTEMS, INCLUDING ACCOUNTABLE**  
17 **CARE ORGANIZATIONS, THAT PROVIDE SERVICES TO THE FEE-FOR-SERVICE**  
18 **PROGRAM POPULATION FOR AN AGREED-ON TOTAL COST OF CARE OR**  
19 **RISK-GAIN SHARING PAYMENT ARRANGEMENT IN THE DEPARTMENT.**

20 **(B) (1) THE SECRETARY SHALL DEVELOP A REQUEST FOR**  
21 **PROPOSALS FOR PARTICIPATION IN THE PILOT PROJECT IN CONSULTATION**  
22 **WITH HOSPITALS, PRIMARY CARE PROVIDERS, HEALTH PLANS, AND OTHER**  
23 **STAKEHOLDERS.**

24 **(2) IN DEVELOPING THE REQUEST FOR PROPOSALS, THE**  
25 **SECRETARY SHALL:**

26 **(i) ESTABLISH UNIFORM METHODS OF FORECASTING**  
27 **UTILIZATION AND COST OF CARE FOR INDIVIDUALS IN FEE-FOR-SERVICE**  
28 **PROGRAMS, TO BE USED BY THE SECRETARY FOR THE HEALTH CARE DELIVERY**  
29 **SYSTEMS PILOT PROJECT;**

30 **(ii) IDENTIFY THE KEY INDICATORS OF QUALITY, ACCESS,**  
31 **PATIENT SATISFACTION, AND OTHER PERFORMANCE INDICATORS THAT WILL BE**  
32 **MEASURED, IN ADDITION TO INDICATORS FOR MEASURING COST SAVINGS;**

1 (III) ALLOW MAXIMUM FLEXIBILITY TO ENCOURAGE  
2 INNOVATION AND VARIATION SO THAT A VARIETY OF PROVIDER  
3 COLLABORATIONS MAY BECOME HEALTH CARE DELIVERY SYSTEMS;

4 (IV) ENCOURAGE AND AUTHORIZE DIFFERENT LEVELS OF  
5 FINANCIAL RISK;

6 (V) ENCOURAGE AND AUTHORIZE PROJECTS  
7 REPRESENTING A WIDE VARIETY OF GEOGRAPHIC LOCATIONS, PATIENT  
8 POPULATIONS, PROVIDER RELATIONSHIPS, AND CARE COORDINATION MODELS;

9 (VI) ENCOURAGE PROJECTS ESTABLISHED BY COMMUNITY  
10 HOSPITALS, CLINICS, AND OTHER PROVIDERS IN RURAL COMMUNITIES;

11 (VII) IDENTIFY REQUIRED COVERED SERVICES FOR A TOTAL  
12 COST-OF-CARE MODEL OR SERVICES CONSIDERED IN WHOLE OR PARTIALLY IN  
13 AN ANALYSIS OF UTILIZATION FOR A RISK-GAIN SHARING MODEL;

14 (VIII) ESTABLISH A MECHANISM TO MONITOR ENROLLMENT;  
15 AND

16 (IX) ESTABLISH QUALITY STANDARDS FOR THE HEALTH  
17 CARE DELIVERY SYSTEMS PILOT PROJECT.

18 (C) TO BE ELIGIBLE TO PARTICIPATE IN THE PILOT PROJECT, A  
19 HEALTH CARE DELIVERY SYSTEM SHALL:

20 (1) PROVIDE REQUIRED COVERED SERVICES AND CARE  
21 COORDINATION TO RECIPIENTS ENROLLED IN THE HEALTH CARE DELIVERY  
22 SYSTEM;

23 (2) ESTABLISH A PROCESS TO MONITOR ENROLLMENT AND  
24 ENSURE THE QUALITY OF CARE PROVIDED;

25 (3) PROVIDE A SYSTEM FOR ADVOCACY AND CONSUMER  
26 PROTECTION; AND

27 (4) ADOPT INNOVATIVE AND COST-EFFECTIVE METHODS OF  
28 HEALTH CARE DELIVERY AND COORDINATION, INCLUDING THE USE OF ALLIED  
29 HEALTH PROFESSIONALS, TELEMEDICINE, PATIENT EDUCATORS, CARE  
30 COORDINATORS, AND COMMUNITY HEALTH WORKERS.

1           **(D) (1) A HEALTH CARE DELIVERY SYSTEM MAY BE FORMED BY THE**  
2 **FOLLOWING GROUPS OF PROVIDERS OF SERVICES AND SUPPLIERS IF THEY**  
3 **HAVE ESTABLISHED A MECHANISM FOR SHARED GOVERNANCE:**

4                   **(I) PROFESSIONALS IN GROUP PRACTICE ARRANGEMENTS;**

5                   **(II) NETWORKS OF INDIVIDUAL PRACTICES OF**  
6 **PROFESSIONALS;**

7                   **(III) PARTNERSHIPS OR JOINT VENTURE ARRANGEMENTS**  
8 **BETWEEN HOSPITALS AND HEALTH CARE PROFESSIONALS;**

9                   **(IV) HOSPITALS EMPLOYING HEALTH CARE**  
10 **PROFESSIONALS; AND**

11                   **(V) OTHER GROUPS OF PROVIDERS OF SERVICES AND**  
12 **SUPPLIERS AS THE SECRETARY DETERMINES APPROPRIATE.**

13           **(2) A MANAGED CARE ORGANIZATION MAY PARTICIPATE IN THE**  
14 **PILOT PROJECT WITH ONE OR MORE OF THE ENTITIES LISTED IN PARAGRAPH**  
15 **(1) OF THIS SUBSECTION.**

16           **(3) A HEALTH CARE DELIVERY SYSTEM MAY CONTRACT WITH A**  
17 **MANAGED CARE ORGANIZATION TO PROVIDE ADMINISTRATIVE SERVICES,**  
18 **INCLUDING THE ADMINISTRATION OF A PAYMENT SYSTEM USING THE PAYMENT**  
19 **METHODS ESTABLISHED BY THE SECRETARY FOR HEALTH CARE DELIVERY**  
20 **SYSTEMS.**

21           **(E) THE SECRETARY MAY REQUIRE A HEALTH CARE DELIVERY SYSTEM**  
22 **TO ENTER INTO ADDITIONAL THIRD-PARTY CONTRACTUAL RELATIONSHIPS FOR**  
23 **THE ASSESSMENT OF RISK AND PURCHASE OF STOP LOSS INSURANCE OR**  
24 **ANOTHER FORM OF INSURANCE RISK MANAGEMENT RELATED TO THE HEALTH**  
25 **CARE DELIVERY SYSTEM.**

26           **(F) A HEALTH CARE DELIVERY SYSTEM MAY:**

27                   **(1) CONTRACT AND COORDINATE WITH PROVIDERS AND CLINICS**  
28 **FOR THE DELIVERY OF SERVICES; AND**

29                   **(2) CONTRACT WITH COMMUNITY HEALTH CENTERS, FEDERALLY**  
30 **QUALIFIED HEALTH CENTERS, COMMUNITY MENTAL HEALTH CLINICS OR**  
31 **PROGRAMS, AND RURAL CLINICS.**

1           **(G) (1) IN DEVELOPING A PAYMENT SYSTEM FOR A HEALTH CARE**  
2 **DELIVERY SYSTEM, THE SECRETARY SHALL ESTABLISH A TOTAL COST OF CARE**  
3 **BENCHMARK OR A RISK-GAIN SHARING PAYMENT MODEL.**

4           **(2) THE PAYMENT SYSTEM MAY INCLUDE INCENTIVE PAYMENTS**  
5 **TO A HEALTH CARE DELIVERY SYSTEM THAT MEETS OR EXCEEDS ANNUAL**  
6 **QUALITY AND PERFORMANCE TARGETS REALIZED THROUGH THE**  
7 **COORDINATION OF CARE.**

8           **(H) TO IMPLEMENT THE PILOT PROJECT DEVELOPED UNDER THIS**  
9 **SECTION, THE SECRETARY SHALL:**

10           **(1) SUBMIT TO THE CENTERS FOR MEDICARE AND MEDICAID**  
11 **SERVICES AN APPLICATION FOR A WAIVER OR DEMONSTRATION, IF NECESSARY;**  
12 **AND**

13           **(2) APPLY FOR APPLICABLE GRANTS AVAILABLE UNDER THE**  
14 **FEDERAL PATIENT PROTECTION AND AFFORDABLE HEALTH CARE ACT OR THE**  
15 **FEDERAL HEALTH CARE AND EDUCATION RECONCILIATION ACT OF 2010.**

16           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2012.