

2003-04 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Senate Committee on
Health, Children,
Families, Aging and
Long Term Care
(SC-HCFALTC)

Sample:

Record of Comm. Proceedings ... RCP

- 03hrAC-EdR_RCP_pt01a
- 03hrAC-EdR_RCP_pt01b
- 03hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ 03hr_sb0484b

➤ Miscellaneous ... Misc

➤ **

➤ Record of Comm. Proceedings ... RCP

➤ **

Senate Bill 484

Relating to contracts for services under Medical Assistance.

- SB 484 requires that MA payments for prepaid healthcare made by DHFS must be made on an actuarially sound basis that is consistent with federal law.
- I think this means that payments to HMO's participating in MA must be *reasonably* paid (on an actuarially sound basis).
- Senator Schultz will be testifying.
- The Association of Health Plans will likely be testifying.
- The DHFS may testify as well.

2/25/04
Public Hearing

It's very clear that's

Codifies ~~★~~
Fed Regs already
★ required to employ
with
Provide in their contract
actuariality

40% Fee
Service
- money are
- Care - higher
Quality

No state
Fed law requires
we do this

2/25/04

SB484

Sen. Schultz - Submitted written

- Codifies current Fed law

Mark Maddy - DHHS

Angelo - DHHS

Supports.

- Codifies reg. HHS ~~also~~ already reg. to meet.

- Law is clear currently.

Kelly Rosati:

- Supports.

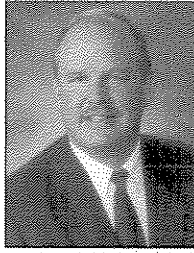
Swings 11% of Service Costs - swings directly to tax payers.

CR req. something written on this

CR asking why bill needed - Answer:

1) Send message to feds that we plan to cont. to comply w/ Fed. law.

Given state's budget situation - bill will send strong message that despite this - we plan to continue to comply.



DALE W. SCHULTZ
Wisconsin State Senator



Date: February 25, 2004

**To: Senator Roessler, Chair & Members
Senate Committee on Health, Children, Families, Aging and Long-Term Care**

From: Senator Dale Schultz

Subject: Senate Bill 484

I am pleased to be able to testify today on behalf of SB 484, which would require that payments made to the Medicaid Managed Care Program are made on an actuarially sound basis. This bill merely codifies current federal law such as we are looking at doing with the Medical Savings Accounts.

The state is required to enter into contracts with participating health plans and a provision of those contracts must be that payments will be actuarially sound. This is to ensure high-quality, cost-effective health care for Medicaid participants.

There is a specific penalty if Wisconsin fails to make these payments on an actuarially sound basis. The federal government can withhold funds for the Medicaid Managed Care Program. In the state's current financial situation, we cannot afford to lose any of the little federal funding that we receive. Implementing this legislation will make sure that does not happen.

Wisconsin Medicaid is a national leader in the use of managed care. Let's not put that in jeopardy. I thank you for your consideration of this important legislation.

Wisconsin Association of Health Plans

February 25, 2004

To: The Honorable Carol Roessler, Chair, Senate Health Committee
Honorable Committee Members

From: Kelly M. Rosati, J.D., Consultant
Wisconsin Association of Health Plans

Re: Support for Senate Bill (SB) 484, relating to contracts for services under
Medical Assistance.

The Wisconsin Association of Health Plans strongly supports SB 484, which will conform provisions of Wisconsin's Medicaid managed care law to federal law.

Consistent with federal law (42 U.S.C. Section 1396b (m) (2) (A)(iii), SB 484 promotes financial integrity in the Medicaid Managed Care Program by requiring that state payments to participating health plans be actuarially sound—i.e., sufficient to cover the financial risk involved. Under SB 484, as with federal law, this requirement continues to be set forth in the state's contracts with Medicaid managed care plans.

The purpose of the federal law and the proposed state legislation is to ensure adequate payments to Medicaid HMOs in order to preserve health care provider networks and safeguard beneficiaries' access to high-quality health care.

The federal law requirement comes with a penalty. It dictates that states receive no federal funds for their Medicaid managed care programs unless payments to health plans are made on an actuarially sound basis. Given the condition of our state budget, Wisconsin cannot afford to lose federal Medicaid funding. State codification of the federal law will send a clear signal that Wisconsin is committed to compliance with the federal actuarially sound requirements.

Wisconsin's Medicaid Managed Care Program is universally recognized as a model for public-private partnership in the delivery of high-quality, cost-effective health care. Participating health plans in the program provide taxpayers with an 11% savings off fee-for-service Medicaid costs, while Medicaid recipients receive documented higher quality and better coordinated health care.

Passage of SB 484 simply continues Wisconsin's leadership role in Medicaid managed care. The Wisconsin Association of Health Plans encourages you to support SB 484. Thank you for your kind consideration.

Senate Bill 484...relating to contracts for services under Medical Assistance.

BILL SPONSORS	Introduced by Senators Schultz and Lassa. Cosponsored by Representatives McCormick, Hines, Ladwig and Hahn.
BILL HISTORY	Senate Bill 484 was introduced and referred to the Senate Committee on Health, Children, Families, Aging and Long Term Care on February 24, 2004. A public hearing was held on February 25, 2004. An executive session was held on March 4, 2004. On March 4, 2004 the Committee recommended SB 484 for passage on a vote of 8-1 (Robson).
LRB ANALYSIS	<u>Current Law:</u> Currently, the Department of Health and Family Services may contract with any organization to administer Medical Assistance (MA) benefits, including prepaid health care. <u>Proposed Changes:</u> This bill requires that any contract that includes provision of prepaid health care benefits require that prepaid MA payments be made on an actuarially sound basis that is consistent with federal law. <u>Major Impact:</u> SB 484 requires that any contract for prepaid health care benefits include a provision requiring that payments be made on an actuarially sound basis that is consistent with federal law.
FISCAL IMPACT	Department of Health and Family Services No state fiscal effect. No local Government costs.
SUPPORT	The following people appeared in favor of this bill: (1) Senator Dale Schultz; and (2) Kelly Rosati, Wisconsin Association of Health Plans. The following people registered in favor of this bill: (1) Angelo Castille, Department of Health and Family Services; (2) R.J. Pirlot, Wisconsin Manufacturers and Commerce, Madison; (3) Pat Osborne, Managed Health Services; and (4) Jodi Bloch, Wisconsin Hospital Association.
OPPOSITION	No one appeared or registered in opposition to this bill.
INFORMATION	The following person testified for information only: (1) Mark Moody, Department of Health and Family Services.
CONTACT	Jennifer Halbur, Senator Carol Roessler, 266-5300
DATE	March 5, 2004