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## FISCAL IMPACT REPORT

SPONSOR Chavez/Roybal Caballero LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 2/17/23  
SHORT TITLE Study Medicaid Managed Care Structure BILL NUMBER House Bill 264  
ANALYST Esquibel

### APPROPRIATION\* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$250.0	Nonrecurring	General Fund

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Human Services Department (HSD)

Office of Superintendent of Insurance (OSI)

## SUMMARY

### Synopsis of House Bill 264

House Bill 264 (HB264) would appropriate \$250 thousand from the general fund to the Legislative Council Service (LCS) to hire a consultant to analyze the fiscal viability of the Medicaid managed care structure and develop methods to make the managed care system more transparent.

## FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

## SIGNIFICANT ISSUES

The Human Services Department (HSD) reports HB264 does not describe the criteria to be used to analyze fiscal viability and transparency. Therefore, HSD is unable to determine what significant issues are pertinent in relation to the proposed analysis.

## ADMINISTRATIVE IMPLICATIONS

HSD notes, under the provisions of the bill, the staff of the Medical Assistance Division would likely work with the LCS contractor. However, without knowing the parameters of the proposed study, HSD is unable to determine the administrative and staff requirements and impact.

## OTHER SUBSTANTIVE ISSUES

HSD reports the state's Medicaid program complies with the federal Centers for Medicare and Medicaid Services (CMS) in conducting quality assurance oversight, assessments, and reporting of member outcomes and performance findings of the contracted managed care organizations (MCOs). In accordance with 42 CFR § 438, the current activities include:

- Annual External Quality Review conducted by an independent External Quality Review Organization (EQRO), and validation of performance improvement projects, performance measures, and network adequacy all posted on the HSD website.

HSD reports it oversees MCO delivery of services to assess access, quality, and timeliness of care provided to Medicaid recipients as follows:

- Quarterly monitoring of state directed performance measures and tracking measures to monitor health outcomes and assess MCOs strategies and interventions to improve health outcomes for members.
- Quarterly monitoring of member grievances and appeals of the MCOs.
- Monthly monitoring of targeted health care quality measures to ensure improved outcomes, with current efforts targeting maternal health, prenatal and postpartum visits, child health, well visits, and immunizations.
- Quarterly monitoring of care coordination activities conducted by the MCO to ensure compliance with the managed care agreement.
- Monthly and quarterly meetings with each of the MCOs to communicate findings of monitoring activities.
- Annual monitoring of member satisfaction surveys that report member satisfaction with their assigned MCO.
- Quarterly monitoring of MCO prior authorization report to ensure services are provided in accordance with contractual requirements.

RAE/al/ne/mg