

1 COMMITTEE SUBSTITUTE

2 FOR

3 **H. B. 2877**

4 (By Delegates White, Eldridge, Ferns, Marshall,
5 Perry, Marcum and Moore)

6 (Originating in the Committee on Finance)

7 [March 29, 2013]

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10 A BILL to amend and reenact §5-16-3 of the Code of West Virginia,
11 1931, as amended, relating health benefit plans; permitting
12 the Director of the Public Employees Insurance Agency to
13 operate the Medicare retiree health benefits plans on a
14 calendar year; requiring certain conditions; and providing
15 that financial plans shall continue to be on a fiscal year
16 basis.

17 *Be it enacted by the Legislature of West Virginia:*

18 That §5-16-3 of the Code of West Virginia, 1931, as amended,
19 be amended and reenacted to read as follows:

20 **ARTICLE 16. WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE ACT.**

21 **§5-16-3. Composition of Public Employees Insurance Agency;**
22 **appointment, qualification, compensation and duties**
23 **of Director of Agency; employees; civil service**
24 **coverage.**

25 (a) The Public Employees Insurance Agency consists of the
26 director, the Finance Board, the Advisory Board and any employees

1 who may be authorized by law. The director shall be appointed by
2 the Governor, with the advice and consent of the Senate, and serves
3 at the will and pleasure of the Governor. The director shall have
4 at least three years' experience in health or governmental health
5 benefit administration as his or her primary employment duty prior
6 to appointment as director. The director shall receive actual
7 expenses incurred in the performance of official business. The
8 director shall employ any administrative, technical and clerical
9 employees required for the proper administration of the programs
10 provided in this article. The director shall perform the duties
11 that are required of him or her under the provisions of this
12 article and is the Chief Administrative Officer of the Public
13 Employees Insurance Agency. The director may employ a deputy
14 director.

15 (b) Except for the director, his or her personal secretary,
16 the Deputy Director and the Chief Financial Officer, all positions
17 in the agency shall be included in the classified service of the
18 civil service system pursuant to article six, chapter twenty-nine
19 of this code.

20 (c) The director is responsible for the administration and
21 management of the Public Employees Insurance Agency as provided in
22 this article and in connection with his or her responsibility may
23 make all rules necessary to effectuate the provisions of this
24 article. Nothing in section four or five of this article limits
25 the director's ability to manage on a day-to-day basis the group
26 insurance plans required or authorized by this article, including,

1 but not limited to, administrative contracting, studies, analyses
2 and audits, eligibility determinations, utilization management
3 provisions and incentives, provider negotiations, provider
4 contracting and payment, designation of covered and noncovered
5 services, offering of additional coverage options or cost
6 containment incentives, pursuit of coordination of benefits and
7 subrogation or any other actions which would serve to implement the
8 plan or plans designed by the Finance Board. The director is to
9 function as a benefits management professional and should avoid
10 political involvement in managing the affairs of the Public
11 Employees Insurance Agency.

12 (d) The director may, if it is financially advantageous to the
13 state, operate the Medicare retiree health benefit plan offered by
14 the agency based on a plan year that runs concurrent with the
15 calendar year. Financial plans as addressed in section five of
16 this article shall continue to be on a fiscal year basis.

17 ~~(d)~~ (e) The director should make every effort to evaluate and
18 administer programs to improve quality, improve health status of
19 members, develop innovative payment methodologies, manage health
20 care delivery costs, evaluate effective benefit designs, evaluate
21 cost sharing and benefit based programs, and adopt effective
22 industry programs that can manage the long-term effectiveness and
23 costs for the programs at the Public Employees Insurance Agency to
24 include, but not be limited to:

- 25 (1) Increasing generic fill rates;
- 26 (2) Managing specialty pharmacy costs;

1 (3) Implementing and evaluating medical home models and health
2 care delivery;

3 (4) Coordinating with providers, private insurance carriers
4 and to the extent possible Medicare to encourage the establishment
5 of cost effective accountable care organizations;

6 (5) Exploring and developing advanced payment methodologies
7 for care delivery such as case rates, capitation and other
8 potential risk-sharing models and partial risk-sharing models for
9 accountable care organizations and/or medical homes;

10 (6) Adopting measures identified by the Centers for Medicare
11 and Medicaid Services to reduce cost and enhance quality;

12 (7) Evaluating the expenditures to reduce excessive use of
13 emergency room visits, imaging services and other drivers of the
14 agency's medical rate of inflation;

15 (8) Recommending cutting-edge benefit designs to the Finance
16 Board to drive behavior and control costs for the plans;

17 (9) Implementing programs to encourage the use of the most
18 efficient and high-quality providers by employees and retired
19 employees;

20 (10) Identifying employees and retired employees who have
21 multiple chronic illnesses and initiating programs to coordinate
22 the care of these patients;

23 (11) Initiating steps by the agency to adjust payment by the
24 agency for the treatment of hospital acquired infections and
25 related events consistent with the payment policies, operational
26 guidelines and implementation timetable established by the Centers

1 of Medicare and Medicaid Services. The agency shall protect
2 employees and retired employees from any adjustment in payment for
3 hospital acquired infections; and

4 (12) Initiating steps by the agency to reduce the number of
5 employees and retired employees who experience avoidable
6 readmissions to a hospital for the same diagnosis related group
7 illness within thirty days of being discharged by a hospital in
8 this state or another state consistent with the payment policies,
9 operational guidelines and implementation timetable established by
10 the Centers of Medicare and Medicaid Services.

11 ~~(e)~~ (f) The director shall issue an annual progress report to
12 the Joint Committee on Government and Finance on the implementation
13 of any reforms initiated pursuant to this section and other
14 initiatives developed by the agency.