

1 **ENROLLED**

2 **Senate Bill No. 458**

3 (BY SENATORS PREZIOSO AND TUCKER)

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5 [Passed April 9, 2013; in effect from passage.]  
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10 AN ACT to amend and reenact §5-16-3 of the Code of West Virginia,  
11 1931, as amended, relating to 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**

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**coverage.**

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

(b) Except for the director, his or her personal secretary, the deputy director and the chief financial officer, all positions in the agency shall be included in the classified service of the civil service system pursuant to article six, chapter twenty-nine of this code.

(c) The director is responsible for the administration and management of the Public Employees Insurance Agency as provided in

1 this article and in connection with his or her responsibility may  
2 make all rules necessary to effectuate the provisions of this  
3 article. Nothing in section four or five of this article limits  
4 the director's ability to manage on a day-to-day basis the group  
5 insurance plans required or authorized by this article, including,  
6 but not limited to, administrative contracting, studies, analyses  
7 and audits, eligibility determinations, utilization management  
8 provisions and incentives, provider negotiations, provider  
9 contracting and payment, designation of covered and noncovered  
10 services, offering of additional coverage options or cost  
11 containment incentives, pursuit of coordination of benefits and  
12 subrogation or any other actions which would serve to implement the  
13 plan or plans designed by the Finance Board. The director is to  
14 function as a benefits management professional and should avoid  
15 political involvement in managing the affairs of the Public  
16 Employees Insurance Agency.

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

22 (e) The director should make every effort to evaluate and  
23 administer programs to improve quality, improve health status of  
24 members, develop innovative payment methodologies, manage health

1 care delivery costs, evaluate effective benefit designs, evaluate  
2 cost sharing and benefit-based programs and adopt effective  
3 industry programs that can manage the long-term effectiveness and  
4 costs for the programs at the Public Employees Insurance Agency to  
5 include, but not be limited to:

6 (1) Increasing generic fill rates;

7 (2) Managing specialty pharmacy costs;

8 (3) Implementing and evaluating medical home models and health  
9 care delivery;

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

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

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

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

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

24 (9) Implementing programs to encourage the use of the most

1 efficient and high-quality providers by employees and retired  
2 employees;

3 (10) Identifying employees and retired employees who have  
4 multiple chronic illnesses and initiating programs to coordinate  
5 the care of these patients;

6 (11) Initiating steps by the agency to adjust payment by the  
7 agency for the treatment of hospital acquired infections and  
8 related events consistent with the payment policies, operational  
9 guidelines and implementation timetable established by the Centers  
10 of Medicare and Medicaid Services. The agency shall protect  
11 employees and retired employees from any adjustment in payment for  
12 hospital acquired infections; and

13 (12) Initiating steps by the agency to reduce the number of  
14 employees and retired employees who experience avoidable  
15 readmissions to a hospital for the same diagnosis related group  
16 illness within thirty days of being discharged by a hospital in  
17 this state or another state consistent with the payment policies,  
18 operational guidelines and implementation timetable established by  
19 the Centers of Medicare and Medicaid Services.

20 (f) The director shall issue an annual progress report to the  
21 Joint Committee on Government and Finance on the implementation of  
22 any reforms initiated pursuant to this section and other  
23 initiatives developed by the agency.