1 **Senate Bill No. 458**

2 (By Senators Prezioso and Tucker)

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4 [Introduced March 6, 2013; referred to the Committee on Banking

5 and Insurance; and then to the Committee on Government

6 Organization.]

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11 A BILL to amend and reenact §5-16-3 of the Code of West Virginia,

12 1931, as amended, relating to permitting the Director of the

13 Public Employees Insurance Agency to operate any of the

14 agency's health benefits plans on a calendar year if it is

15 financially advantageous; and providing that financial plans

16 shall continue to be on a fiscal-year 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**

1 **coverage.**

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

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

23 (c) The director is responsible for the administration and
24 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 any of the health benefit plans offered by the
19 agency based on a plan year that runs concurrent with the calendar
20 year. Financial plans as addressed in section five of this article
21 shall continue to be on a fiscal-year basis.
22 ~~(d)~~ (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 ~~(e)~~ (f) The director shall issue an annual progress report to
21 the Joint Committee on Government and Finance on the implementation
22 of any reforms initiated pursuant to this section and other
23 initiatives developed by the agency.

(NOTE: The purpose of this bill is to permit the Director of the Public Employees Insurance Agency to operate any of the agency’s health benefits plans on a calendar year if it is financially advantageous to the state. The bill provides that financial plans shall continue to be on a fiscal year basis.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.)