

Senate Bill No. 567

(By Senators Takubo, Leonhardt, Maynard, Nohe and Karnes)

[Introduced February 23, 2015; referred to the Committee on Health and Human Resources; and

then to the Committee on Finance.]

**FISCAL
NOTE**

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §9-5-24, relating to Medicaid managed care expansion.

Be it enacted by the Legislature of West Virginia:

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new section, designated §9-5-24, to read as follows:

ARTICLE 5. MISCELLANEOUS PROVISIONS.

§9-5-24. Prohibiting certain changes to managed care.

(a) Neither the department, nor its Bureau for Medical Services shall apply for a federal waiver necessary to gain federal approval either to add a new Medicaid benefit category or to add an additional Medicaid eligibility group to the Medicaid managed care program without legislation authorizing the submission of that waiver application.

(b) On or before May 1, 2015, the Legislature, acting through the Joint Committee on Government and Finance, shall contract for a performance evaluation and actuarial audit of the

1 Mountain Health Trust program and each of its contracted vendors for the fiscal year ending on June
2 30, 2015, and each of the two preceding fiscal years in accordance with the provisions of this article.
3 The audit shall examine, define and determine: Methodology for establishing capitation rates;
4 appropriate capital reserve requirements; options to improve program cost, promote cost savings and
5 efficiency, and improve the allocation of state taxpayer dollars; options for increasing the
6 competitiveness of procurement, and best practice options for appropriate state oversight and
7 management roles and management-to-premium ratios. The audit shall also compare the quality,
8 profits and administrative costs including medical loss ratio of the current vendors in the Medicaid
9 program to those in other states. In addition the performance audit and actuarial review shall
10 examine other methods to provide Medicaid benefits to Medicaid recipients as well as
11 recommendations on whether the Bureau for Medical Services should transfer risk or retain that risk
12 while contracting for administrative services similar to those found in systems that do transfer risk.
13 These recommendations shall include financial projections.

14 The audit shall be performed by a qualified health care actuarial firm in adherence to the
15 following provisions:

16 (1) The firm shall be selected by a competitive bid based on price and qualifications;

17 (2) The Legislative Auditor shall determine any additional parameters necessary for the audit
18 and the contract therefor;

19 (3) The selected firm may not be currently providing services to any agency within the
20 Department of Health and Human Resources or the executive branch of state government; and

21 (4) The Bureau for Medical Services shall reimburse the Joint Committee on Government
22 and Finance for the cost of the audit including costs potentially eligible for federal matching dollars.

NOTE: The purpose of this bill is to require legislative approval of the expansion of Medicaid Managed Care and to provide that the Joint Committee on Government and Finance conduct performance evaluation and actuarial audit of the Medicaid managed care program and each of its contracted vendors.

§9-5-24 is new; therefore, strike-throughs and underscoring have been omitted.