

COMMITTEE SUBSTITUTE

FOR

H. B. 2877

(BY DELEGATE(S) WHITE, ELDRIDGE, FERNS, MARSHALL,
PERRY, MARCUM AND MOORE)

(Originating in the Committee on Finance)

[March 29, 2013]

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

Be it enacted by the Legislature of West Virginia:

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

ARTICLE 16. WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE ACT.

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

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

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

22 (c) The director is responsible for the administration and
23 management of the Public Employees Insurance Agency as
24 provided in this article and in connection with his or her
25 responsibility may make all rules necessary to effectuate the
26 provisions of this article. Nothing in section four or five of this
27 article limits the director's ability to manage on a day-to-day
28 basis the group insurance plans required or authorized by this
29 article, including, but not limited to, administrative contracting,
30 studies, analyses and audits, eligibility determinations,
31 utilization management provisions and incentives, provider
32 negotiations, provider contracting and payment, designation of
33 covered and noncovered services, offering of additional coverage
34 options or cost containment incentives, pursuit of coordination
35 of benefits and subrogation or any other actions which would
36 serve to implement the plan or plans designed by the Finance

37 Board. The director is to function as a benefits management
38 professional and should avoid political involvement in managing
39 the affairs of the Public Employees Insurance Agency.

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

45 ~~(d)~~ (e) The director should make every effort to evaluate and
46 administer programs to improve quality, improve health status
47 of members, develop innovative payment methodologies,
48 manage health care delivery costs, evaluate effective benefit
49 designs, evaluate cost sharing and benefit based programs, and
50 adopt effective industry programs that can manage the long-term
51 effectiveness and costs for the programs at the Public Employees
52 Insurance Agency to include, but not be limited to:

- 53 (1) Increasing generic fill rates;
54 (2) Managing specialty pharmacy costs;
55 (3) Implementing and evaluating medical home models and
56 health care delivery;

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

60 (5) Exploring and developing advanced payment
61 methodologies for care delivery such as case rates, capitation
62 and other potential risk-sharing models and partial risk-sharing
63 models for accountable care organizations and/or medical
64 homes;

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

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

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

73 (9) Implementing programs to encourage the use of the most
74 efficient and high-quality providers by employees and retired
75 employees;

76 (10) Identifying employees and retired employees who have
77 multiple chronic illnesses and initiating programs to coordinate
78 the care of these patients;

79 (11) Initiating steps by the agency to adjust payment by the
80 agency for the treatment of hospital acquired infections and
81 related events consistent with the payment policies, operational
82 guidelines and implementation timetable established by the
83 Centers of Medicare and Medicaid Services. The agency shall
84 protect employees and retired employees from any adjustment in
85 payment for hospital acquired infections; and

86 (12) Initiating steps by the agency to reduce the number of
87 employees and retired employees who experience avoidable
88 readmissions to a hospital for the same diagnosis related group
89 illness within thirty days of being discharged by a hospital in this
90 state or another state consistent with the payment policies,
91 operational guidelines and implementation timetable established
92 by the Centers of Medicare and Medicaid Services.

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

