

Senate Bill No. 458

(By Senators Prezioso and Tucker)

[Introduced March 6, 2013;
referred to the Committee on Banking and Insurance;
and then to the Committee on Government Organization.]

A BILL to amend and reenact §5-16-3 of the Code of West Virginia, 1931, as amended, relating to permitting 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; 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
2 the director, the Finance Board, the Advisory Board and any
3 employees who may be authorized by law. The director shall
4 be appointed by the Governor, with the advice and consent of
5 the Senate, and serves at the will and pleasure of the
6 Governor. The director shall have at least three years'
7 experience in health or governmental health benefit
8 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.
11 The director shall employ any administrative, technical and
12 clerical employees required for the proper administration of
13 the programs provided in this article. The director shall
14 perform the duties that are required of him or her under the
15 provisions of this article and is the Chief Administrative

16 Officer of the Public Employees Insurance Agency. The
17 director may employ a deputy director.

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

23 (c) The director is responsible for the administration and
24 management of the Public Employees Insurance Agency as
25 provided in this article and in connection with his or her
26 responsibility may make all rules necessary to effectuate the
27 provisions of this article. Nothing in section four or five of
28 this article limits the director's ability to manage on a day-to-
29 day basis the group insurance plans required or authorized by
30 this article, including, but not limited to, administrative
31 contracting, studies, analyses and audits, eligibility
32 determinations, utilization management provisions and
33 incentives, provider negotiations, provider contracting and
34 payment, designation of covered and noncovered services,

35 offering of additional coverage options or cost containment
36 incentives, pursuit of coordination of benefits and
37 subrogation or any other actions which would serve to
38 implement the plan or plans designed by the Finance Board.
39 The director is to function as a benefits management
40 professional and should avoid political involvement in
41 managing the affairs of the Public Employees Insurance
42 Agency.

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

48 ~~(d)~~ (e) The director should make every effort to evaluate
49 and administer programs to improve quality, improve health
50 status of members, develop innovative payment
51 methodologies, manage health care delivery costs, evaluate
52 effective benefit designs, evaluate cost sharing and benefit-
53 based programs and adopt effective industry programs that

54 can manage the long-term effectiveness and costs for the
55 programs at the Public Employees Insurance Agency to
56 include, but not be limited to:

- 57 (1) Increasing generic fill rates;
- 58 (2) Managing specialty pharmacy costs;
- 59 (3) Implementing and evaluating medical home models
60 and health care delivery;
- 61 (4) Coordinating with providers, private insurance
62 carriers and to the extent possible Medicare to encourage the
63 establishment of cost effective accountable care
64 organizations;
- 65 (5) Exploring and developing advanced payment
66 methodologies for care delivery such as case rates, capitation
67 and other potential risk-sharing models and partial risk-
68 sharing models for accountable care organizations and/or
69 medical homes;
- 70 (6) Adopting measures identified by the Centers for
71 Medicare and Medicaid Services to reduce cost and enhance
72 quality;

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

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

79 (9) Implementing programs to encourage the use of the
80 most efficient and high-quality providers by employees and
81 retired employees;

82 (10) Identifying employees and retired employees who
83 have multiple chronic illnesses and initiating programs to
84 coordinate the care of these patients;

85 (11) Initiating steps by the agency to adjust payment by
86 the agency for the treatment of hospital acquired infections
87 and related events consistent with the payment policies,
88 operational guidelines and implementation timetable
89 established by the Centers of Medicare and Medicaid
90 Services. The agency shall protect employees and retired

91 employees from any adjustment in payment for hospital
92 acquired infections; and

93 (12) Initiating steps by the agency to reduce the number
94 of employees and retired employees who experience
95 avoidable readmissions to a hospital for the same diagnosis
96 related group illness within thirty days of being discharged
97 by a hospital in this state or another state consistent with the
98 payment policies, operational guidelines and implementation
99 timetable established by the Centers of Medicare and
100 Medicaid Services.

101 ~~(e)~~ (f) The director shall issue an annual progress report
102 to the Joint Committee on Government and Finance on the
103 implementation of any reforms initiated pursuant to this
104 section and other 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.)