



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1354

PRINTERS NO. 2151

PRIME SPONSOR: Grove

COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: House Bill 1354, Printer's Number 2151, amends the Human Services Code by adding a new article establishing the Office of Independent Medical Assistance Director. This legislation is effective immediately.

ANALYSIS: This legislation creates the Office of Independent Medical Assistance Director within the Department of Human Services (DHS) for budgetary purposes and amends Article II of the Human Services Code to move the duties with respect to medical assistance from DHS to the Office of Independent Medical Assistance Director.

Personnel presently employed by DHS who operate and administer medical assistance (MA) are transferred to the Independent Office, subject to the discretion of the Director. Funds that pay the salaries of these employees shall be paid out of the encumbered funds of the agency from which the employee was transferred. Funding for the operation of the state's MA programs are also transferred to a restricted account in the General Fund and may only be used upon the Director's approval.

Appointment

The Selection and Organization Committee is established for the purpose of comprising a list of potential nominees for Director. The committee shall consist of the following:

- The chair and minority chair of the Senate and House Appropriations Committee;
- The Majority Leader and the Minority Leader of the House and Senate;
- The President pro tempore of the Senate and the Speaker of the House;
- The chair and minority chair of the Health and Human Services Committee of the Senate and the Health Committee of the House.

The Governor is directed to appoint the Director from the list submitted by the Selection and Organization Committee for a term of six years and subject to confirmation by the Senate. The initial term of office for the Director shall commence upon confirmation by the Senate and shall expire June 30, 2022. After June 30, 2022, the term of office for the Director shall be six years and shall commence on July 1 after the date of confirmation.

Nomination & Vacancy

Within 30 days of a vacancy, the Selection and Organization Committee is required to submit no more than three potential nominees to the Governor, and the Governor is required to submit a nominee for Director to the Senate for confirmation no later than May 1 of the year when the term of office expires. If the Governor fails to submit a nominee by this timeframe, the President pro tempore of the Senate and the Speaker of the House are required to jointly submit a nominee to the Senate on or before May 15 of the same year by resolution.

If a vacancy occurs before a Director's term of office expires, the Governor is required to submit a nominee from the list submitted by the Selection and Organization Committee to the Senate no later than 60 days after the vacancy occurs.

If the vacancy occurs when the General Assembly is not in session, the Governor shall appoint an acting Director until such time as the General Assembly has reconvened. An acting Director may not serve for more than 3 months.

The Governor may remove the Director only if the Director has committed a breach of public trust or violated the laws of PA.

Powers and Duties of Director

The Director shall have the following powers and duties:

- Administering MA programs in a manner in which the total expenditures, net of agency receipts, do not exceed the authorized budget for the medical assistance programs;
- Employing clerical and professional staff for the Office of Independent Medical Assistance Director, including consultants, actuaries and legal counsel, for the purpose of administering MA programs. The Director may offer employment contracts for specified terms and set compensation for the employees, which may include performance-based bonuses based on meeting budget or other targets;
- Notwithstanding any other provisions of law, entering into and managing contracts for the administration of MA programs which shall include all of the following:
 - Expected outcomes to improve the health and well-being of residents of the Commonwealth;
 - Value-based purchasing;
 - The use of evidence-based programs;
 - The development of medical homes;
 - Uniform coordination of services;
 - Cost containment provisions;
 - Maximizing federal funds;
 - Recommendations for identifying cost saving in MA programs;
- Establishing and adjusting all components of MA programs within the appropriated and allocated budget;
- Adopting rules and regulations relating to MA programs in accordance with Executive Order 1996-1;
- Developing mid-year budget correction plans and strategies and taking mid-year budget corrective actions as necessary to keep MA programs within budget;

- Approving or disapproving and overseeing all expenditures to be allocated to MA programs;
- Developing and providing to the Office of the Budget, the Appropriations Committee of the Senate and the Appropriations Committee of the House of Representatives by January 1, 2018, and each year thereafter, the following information about MA programs:
 - A detailed four-year forecast of expected changes to enrollment growth and enrollment demographics;
 - Changes that will be implemented by the department in order to stay within the existing budget based on the next fiscal year's forecasted enrollment growth and enrollment demographics;
 - The cost to maintain the current level of services based on the next fiscal year's forecasted enrollment growth and enrollment demographics;
- Creating a publicly accessible Internet website for the Office of Independent Medical Assistance Director and updating the website on at least a monthly basis with the following information about the MA programs:
 - Enrollment by MA program aid category by county;
 - Per member, per month spending by category of service;
 - Spending and receipts by fund, including a detailed variance analysis;
 - A comparison of the specified enrollment and spending figures to the amounts forecasted and budgeted for the corresponding time period;
- Developing performance measures and outcomes for programs under the director's jurisdiction and programs which are billed against MA programs;
- Making recommendations to the Governor and the General Assembly to streamline programs to provide better services for residents of this Commonwealth at a lower cost to taxpayers;
- Developing and implementing policies to address excessive utilization of health care services;
- Ensuring that services are coordinated throughout Commonwealth agencies, including physical health, behavioral health, long-term services and supports and third-party insurances.

Amendments to State Plan for Medical Assistance Programs:

The Director is permitted to take all necessary action to amend the State plan for MA programs in order to keep the programs within the certified budget, including State plan amendments, waivers and waiver amendments.

An amendment to the State plan for MA programs shall be submitted by the Director in accordance with the following:

- A law of this Commonwealth mandating that the Director submit an amendment to the State plan for MA programs;
- A law of this Commonwealth which changes MA programs and requires approval from the Federal Government;
- A change in Federal law which requires an amendment to the State plan for MA programs;

- An order of a court of competent jurisdiction if the amendment to the State plan for MA programs is necessary to implement the order;
- In a manner as required to maintain Federal funding for MA programs.

No less than 30 days before submitting an amendment to the State plan for MA programs to the federal Government, the Director is required to post the amendment on the Office of Independent Medical Assistance Director's publicly accessible Internet website and notify the members of the General Assembly and the Independent Fiscal Office that the amendment has been posted. This notice requirement does not apply to a draft or proposed amendment submitted to the federal government for comments and not for approval.

Use of Funds

The Office of Independent Medical Assistance Director shall use encumbered funds appropriated to DHS to implement this article.

Legislative Oversight Powers

The Appropriations Committee of the House and Senate, while in discharge of official duties, shall have access to any document and may compel the attendance of an employee or secure any evidence.

Duties of Commonwealth Agencies

Agencies shall not interfere with the duties of the Director or withhold information requested by the Director and they shall coordinate with the Director to ensure the residents of this Commonwealth have a continuity of care.

Regulations

The Office of Independent Medical Assistance Director shall promulgate any necessary regulations.

FISCAL IMPACT: If existing personnel, contracts and related expenses currently supporting the MA program are used to staff and operate the Office of the Independent Medical Assistance Director, the fiscal impact would be limited to the salary and benefit costs of the new Director. The impact to MA program costs cannot be quantified at this time.

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House Appropriations Committee (R)

DATE: July 7, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.