

SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2552

As Amended by Senate Committee of the Whole

Brief*

HB 2552, as amended, would enact new law relating to a requirement on contracts between the Kansas Medical Assistance Program (KMAP) and any managed care organization (MCO) and amend the law pertaining to the guidelines for medical assistance to prohibit the expansion of Medicaid eligibility without the express consent and approval of the Legislature.

Prompt Payment of Claims

The bill would require any contract between the KMAP and any MCO to require the allowed amount on all clean claims be fully paid or denied within 30 days after receipt and the allowed amount on all other claims be fully paid or denied within 90 days after receipt. The bill also would require the contract to include a late payment provision which would require the MCOs to pay the provider at the rate of 12.0 percent per annum for each month the MCO did not fully pay the allowed amount or deny the claims within the assigned time limits.

The bill also would require the KMAP to require MCOs' contracts with providers to include a provider's rights provision. A provider with a claim that remains unpaid by an MCO after the applicable time limits may bring a direct cause of action against the MCO for the amount of the unpaid claim and interest.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The terms “claim” and “clean” would be assigned the same meanings as provided in 42 CFR 447.45(b).

The bill would require the Secretary of Health and Environment to adopt rules and regulations to carry out the claim payment requirements and penalties.

Legislative Approval of Medicaid Expansion

Additionally, the bill would amend the law pertaining to the guidelines for medical assistance to prohibit the expansion of Medicaid eligibility, as provided for in the federal Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, unless the Legislature expressly consents to and approves of this expansion by an act of the Legislature.

Background

The bill was introduced by the House Committee on Health and Human Services. At the House Committee hearing, proponents of the bill were representatives of InterHab, the Kansas Department for Aging and Disability Services, the Kansas Department of Health and Environment, the Kansas Hospital Association, the Kansas Lieutenant Governor’s Office, and the Kansas Medical Society.

Proponents stated payment delays can create cash flow problems for small independent health care providers, and the passage of the bill would add another tool to assure providers that timeliness of claims remains a clear priority for the KMAP.

Written-only proponent testimony was provided jointly by Amerigroup, Sunflower State Health Plans, and UnitedHealthcare and by the Association of Community Mental Health Centers of Kansas, the Kansas Association of Osteopathic Medicine, Leading Age, and Via Christi.

No opponent or neutral testimony was provided.

The House Committee amended the bill to require the full payment of the allowed amount by MCOs to providers within the specified amount of time. The House Committee also amended the bill to require the KMAP to require MCOs' contracts with providers include a provider's rights provision. Finally, the House Committee amended the bill to clarify a provider with a claim that remains unpaid by an MCO after the applicable time limits may bring a direct cause of action against the MCO for the amount of the unpaid claim and interest.

The Senate Committee of the Whole amended the bill to insert a prohibition of the expansion of Medicaid eligibility as provided for in the federal Affordable Care Act unless the Legislature expressly consents to, and approves of, this expansion by an act of the Legislature.

The fiscal note prepared by the Division of the Budget indicated passage of the bill would have no fiscal effect on the Kansas Department of Health and Environment. The fiscal note does not address the provision inserted by the Senate Committee of the Whole.