

**ONE HUNDRED FIRST LEGISLATURE - FIRST SESSION - 2009**  
**COMMITTEE STATEMENT**  
**LB396**

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**Hearing Date:** Wednesday February 11, 2009  
**Committee On:** Health and Human Services  
**Introducer:** Gloor  
**One Liner:** Adopt the Medical Home Act

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**  
**Aye:** 7 Senators Campbell, Gay, Gloor, Howard, Pankonin, Stuthman, Wallman  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Proponents:**  
Senator Gloor  
Paul Plofchan  
Lon Lowrey  
Jennifer Carter  
Dale Michels  
Tom Werner  
Ken Klaasmeyer  
Robert Wergin  
Bob Rauner  
Ivan Abdouch

**Representing:**  
Introducer  
Pfizer  
Novartis  
Nebraska Appleseed  
Nebraska Academy of Family Physicians  
Nebraska Academy of Family Physicians  
Methodist Health Systems  
Nebraska Academy of Family Physicians  
Nebraska Academy of Family Physicians  
Nebraska Academy of Family Physicians

**Opponents:**  
Susan Beidler  
Vivianne Chaumont  
Joyce Sasse

**Representing:**  
University of Nebraska Medical Center  
Department of Health and Human Services  
Self

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**  
LB 396 adopts the Medical Home Act (act) and defines terms.

**Reimbursement Rate Policies (section 3)**

The bill requires the Department of Health and Human Services (department) to design and implement reimbursement rate policies that will encourage primary care physicians to practice medicine using a medical home model. Reimbursement rate policies must (1) require the provision of a medical home for clients; (2) increase the availability of primary medical care, (3) encourage the appropriate use of specialty care and emergency room services; (4) provide increased reimbursement for providing primary medical care service to clients outside of regular business hours or on weekends; (5) provide care coordination, electronic contacts, and health maintenance tracking; and (6) provide a postevaluation bonuses by the department based on estimated cost savings created by the provider.

The department is required to provide reimbursements and incentive payments to the extent that funding is

appropriated by the Legislature for that purpose.

The department is required to begin the process of designing and implementing the reimbursement rate policies by October 1, 2009 and fully implement them by July 1, 2012.

#### Medical Home Pilot Program (section 4)

The bill requires the department, by March 1, 2010, to implement a medical home pilot program in at least two regions of the state to provide a medical home for clients. The department is required to (1) operate the program pursuant to requirements in the act and (2) design and operate the program in a way that will assist the department in determining the most effective way to implement a permanent medical home program and allow the medical home pilot program to effectively evolve into a permanent medical home program.

The department is required to evaluate the pilot project "before March 2011 and June 2012" and provide recommendations for changes to the pilot program after each evaluation.

#### Medical Home Program (section 5)

The bill requires the department to design and implement a medical home program for all clients based on, and stemming from, the medical home pilot program. The department is required to begin the process of designing the program by March 1, 2011 and fully implement the program by July 1, 2012, "if evaluation of the pilot program indicates that medical home program would be beneficial to the health of clients and provide a cost savings to the state."

Purposes of the medical home program are provided. The department is required to coordinate the medical home program with managed care insurers and other Medicaid providers of services.

#### Research and Evaluation (section 6)

The department is required to "determine the best practices to be used by the department to provide medical homes and chronic care management to clients" and "regularly evaluate the effectiveness of medical homes and chronic care management techniques being used for clients" by the department and any other division of the department. After conducting the evaluation, the department is required to recommend or implement improvements in the provision of medical homes and chronic care management techniques.

#### Medical Home Advisory Council (sections 7-8)

The bill creates the Medical Home Advisory Council consisting of eleven voting members and one nonvoting ex officio member (the chairperson of the Health and Human Services Committee of the Legislature or another member of the committee designated by the chairperson). Appointed members include: (1) two primary care physicians practicing in the area of general or family medicine, (2) two primary care physicians practicing in the area of pediatrics, (3) two primary care physicians practicing in the area of internal medicine, (4) two representatives of medical schools in Nebraska, (5) one representative from a hospital in Nebraska, (6) one client, and (7) one resident of Nebraska who is not a physician or client.

The Governor must appoint initial members by October 1, 2009. Members serve for staggered four-year terms. Members may be reappointed. The bill provides for removal of members. The council selects its own chairperson and must conduct an organizational meeting in October 2009. Administrative support for the council must be provided by the department. Duties of the council are provided. Beginning on July 1, 2011, the council is required to produce an annual quality report, "detailing clinical practice patterns for the provision of medical home care and chronic care management for clients, including practice patterns of purchasers, providers, insurers, and policymakers."

#### Training and Technical Assistance Program (section 9)

The department is required to provide for a training and technical assistance program to assist in the coordination of health care for clients. The program must "focus on evidence-based medicine, high-quality preventive care, and chronic care management; and include training and technical assistance relating to the use of clinical information systems, the sharing and organization of client information, the provision of decision-making support, clinical delivery system design, support for a client who manages the client's own care, support for family members who manage the client's care, and the identification and use of community resources that are available to clients."

#### Funding and Recommendations (section 10)

The department is required to apply for any federal funds available for medical home programs and recommend

changes to the Medical Assistance Act to improve the program.

#### Annual Reporting (section 11)

The department is required to report to the Health and Human Services Committee (1) by October 1, 2009, regarding recent trends in unnecessary emergency room use by clients and the uninsured and recommendations on the creation of incentives to reduce the unnecessary use of emergency room services; (2) annually, beginning October 1, 2011, on recommended improvements described in section 6 of the bill, and (3) annually, beginning October 1, 2011, regarding the work of the medical home advisory council and to present the annual report of the advisory council.

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#### **Explanation of amendments:**

The committee amendment (AM 682) replaces the bill as introduced and contains the following provisions:

1. The amendment establishes the Medical Home Pilot Program Act and defines terms. The amendment provides purposes of the act, and sets a termination date of June 30, 2014.
2. The amendment requires the Division of Medicaid and Long-Term Care (division), no later than January 1, 2012, to design and implement a medical home pilot program in one or more geographic regions of the state to provide access to medical homes for patients. The amendment requires the division to establish necessary and appropriate reimbursement policies and incentives under the program to accomplish the purposes of the act. The reimbursement policies (1) must require the provision of a medical home for clients, (2) must be designed to increase the availability of primary health care services to clients, (3) may provide an increased reimbursement rate to providers who provide primary health care services to clients outside of regular business hours or on weekends, and (4) may provide a postevaluation incentive payment.
3. The amendment requires the division, no later than June 1, 2014, to evaluate the medical home pilot program and report the results of the evaluation to the Governor and the Health and Human Services Committee of the Legislature. The report must include an evaluation of health outcomes and cost savings achieved, recommendations for improvement, recommendations regarding continuation and expansion of the program, and such other information as deemed necessary by the division or requested by the committee.
4. The amendment provides requirements for participation in the medical home pilot program. The amendment provides that a medical home must (1) provide comprehensive, coordinated health care for patients and consistent, ongoing contact with patients throughout their interactions with the health care system, including, but not limited to, electronic contacts and ongoing care coordination and health maintenance tracking for patients; (2) provide primary health care services for patients and appropriate referral to other health care professionals or behavioral health professionals as needed; (3) Focus on the ongoing prevention of illness and disease; (4) Encourage active participation by a patient and the patient's family, guardian, or authorized representative, when appropriate, in health care decisionmaking and care plan development; (5) Encourage the appropriate use of specialty care services and emergency room services by patients; and (6) Provide other necessary and appropriate health care services and supports to accomplish the purposes of the act.
5. The amendment creates the Medical Home Advisory Council and provides duties for the council. The council consists of seven voting members appointed by the Governor, including (1) two licensed primary care physicians actively practicing in the area of general and family medicine; (2) two licensed primary care physicians actively practicing in the area of pediatrics; (3) two licensed primary care physicians actively practicing in the area of internal medicine; and (4) one representative from a licensed hospital in Nebraska. The chairperson of the Health and Human Services Committee of the Legislature or another member of the committee designated by the chairperson will serve as an ex officio, nonvoting member of the council. Appointed members will be reimbursed for actual and necessary expenses. The division is required to provide administrative support to the council. The Governor may remove appointed members of the council for good cause upon written notice and an opportunity to be heard. The Governor is required to make initial appointments to the council no later than October 1, 2009. The council is required to conduct its initial organizational meeting no later than October 31, 2009. The council is required to (1) guide and assist the division in the design and

implementation of the medical home pilot program and (2) promote the use of best practices to ensure access to medical homes for patients and accomplish the purposes of the act.

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Tim Gay, Chairperson