

SB 458

**WEST VIRGINIA LEGISLATURE**  
**EIGHTY-FIRST LEGISLATURE**  
**REGULAR SESSION, 2013**



**ENROLLED**

**Senate Bill No. 458**

(By SENATORS PREZIOSO AND TUCKER)

[PASSED APRIL 9, 2013; IN EFFECT FROM PASSAGE.]

FILED  
2013 APR 14 AM 12:07  
SEC. OF STATE

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**Senate Bill No. 458**

SECRETARY OF STATE

(BY SENATORS PREZIOSO AND TUCKER)

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[Passed April 9, 2013; in effect from passage.]

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AN ACT to amend and reenact §5-16-3 of the Code of West Virginia, 1931, as amended, relating to 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  
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 the Medicare retiree health benefit plan  
45 offered by the agency based on a plan year that runs  
46 concurrent with the calendar year. Financial plans as  
47 addressed in section five of this article shall continue to be on  
48 a fiscal-year basis.

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

58 (1) Increasing generic fill rates;

59 (2) Managing specialty pharmacy costs;

60 (3) Implementing and evaluating medical home models  
61 and health care delivery;

62 (4) Coordinating with providers, private insurance  
63 carriers and to the extent possible Medicare to encourage the  
64 establishment of cost-effective accountable care  
65 organizations;

66 (5) Exploring and developing advanced payment  
67 methodologies for care delivery such as case rates, capitation  
68 and other potential risk-sharing models and partial risk-  
69 sharing models for accountable care organizations and/or  
70 medical homes;

71       (6) Adopting measures identified by the Centers for  
72 Medicare and Medicaid Services to reduce cost and enhance  
73 quality;

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

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

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

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

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

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

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

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

*[Signature]*  
.....  
Chairman Senate Committee

*[Signature]*  
.....  
Chairman House Committee

Originated in the Senate.

In effect from passage.

*[Signature]*  
.....  
Clerk of the Senate

*[Signature]*  
.....  
Clerk of the House of Delegates

*[Signature]*  
.....  
President of the Senate

*[Signature]*  
.....  
Speaker of the House of Delegates

FILED  
2013 APR 14 AM 12:07  
OFFICE OF THE CLERK OF THE SENATE  
SECRETARY OF STATE

The within *is approved* this the *16th*  
Day of *April*, 2013.

*[Signature]*  
.....  
Governor

PRESENTED TO THE GOVERNOR

APR 15 2013

Time 4:12 pm