

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 333**

Introduced by Gloor, 35; Campbell, 25; Crawford, 45; Ebke, 32; Friesen,  
34; Howard, 9; Morfeld, 46; Nordquist, 7; Pansing Brooks,  
28; Scheer, 19; Schumacher, 22; Seiler, 33; Williams, 36.

Read first time January 15, 2015

Committee: Health and Human Services

- 1 A BILL FOR AN ACT relating to health care; to adopt the Health Care
- 2 Services Transformation Act.
- 3 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 14 of this act shall be known and may be  
2 cited as the Health Care Services Transformation Act.

3           Sec. 2. For purposes of the Health Care Services Transformation  
4 Act:

5           (1) Advisory commission means the Health Care Services  
6 Transformation Advisory Commission;

7           (2) Insurer means any insurance company as defined in section 44-103  
8 or health maintenance organization as defined in section 44-32,105  
9 authorized to transact health insurance business in the state; and

10           (3) Patient-centered medical home means a health care services  
11 delivery model in which a patient establishes an ongoing relationship  
12 with a physician-directed team to provide comprehensive, accessible, and  
13 continuous evidence-based primary and preventive health care and to  
14 coordinate the patient's health care needs across the health care system  
15 in order to improve quality, safety, access, and health outcomes in a  
16 cost-effective manner.

17           Sec. 3. (1) The Legislature finds that (a) health care services  
18 delivery processes, such as patient-centered medical homes and similar  
19 initiatives, are transforming the delivery of primary medical care  
20 services to a team-based, patient-centered method of delivering health  
21 care services, (b) this team-based, patient-centered method of delivering  
22 health care services is used in primary health care settings and certain  
23 specialty care clinics and needs to be coordinated with other medical,  
24 dental, and behavioral health care providers, public health entities, and  
25 other community-based support services, (c) the triple aim of the use of  
26 patient-centered medical homes is to improve patient experience and  
27 individual health outcomes while improving population health and  
28 containing health care costs through appropriate use of services, and (d)  
29 this unprecedented systemwide transformation of health care services  
30 delivery processes necessitates the cooperation and collaboration of  
31 federal and state governmental entities along with health care providers,

1 insurers, and self-insured businesses as purchasers of health care  
2 services and health insurance, among others.

3 (2) The Legislature further finds that (a) the health care industry  
4 is a vital component of the economic base of Nebraska, (b) maintenance  
5 and enhancement of this industry can play a significant role in efforts  
6 to further the economic development of rural and urban communities of the  
7 state, and (c) the state, as an employer and provider of health care  
8 insurance coverage, has the unique ability to effect change and progress  
9 in the transformation of the health care systems within the state.

10 (3) It is the intent of the Legislature that the state participate  
11 in and collaborate with public and private entities to assist in the  
12 transformation of primary health care services and the integration of  
13 appropriate related health care services, including behavioral health  
14 services and dental health services, and related health care payment  
15 systems for the residents of Nebraska.

16 Sec. 4. The purposes of the Health Care Services Transformation Act  
17 are (1) to create the Health Care Services Transformation Advisory  
18 Commission and establish its powers and duties, (2) to provide powers and  
19 duties for the Division of Public Health and the Office of Rural Health  
20 of the Department of Health and Human Services, (3) to provide powers and  
21 duties for the Department of Insurance, and (4) to authorize the Division  
22 of Medicaid and Long-Term Care of the Department of Health and Human  
23 Services and the Department of Administrative Services to participate in  
24 innovative health care programs such as patient-centered medical homes.

25 Sec. 5. (1) The Program of Health Care Transformation is hereby  
26 created within the Department of Health and Human Services. The program  
27 shall be administered by the Division of Public Health of the department  
28 in consultation with the Office of Rural Health of the department.

29 (2) The division, in consultation with the advisory commission,  
30 shall:

31 (a) Assist residents of Nebraska in obtaining high quality health

1 care and assist health care providers in transforming their services to  
2 provide high quality, patient-centered care in an atmosphere of continual  
3 safety and quality improvement, including, but not limited to, providing  
4 or facilitating learning opportunities for health care providers, public  
5 health entities, behavioral health service providers, and community  
6 health care workers on:

7 (i) Patient-centered care;

8 (ii) Care coordination;

9 (iii) Chronic care initiatives;

10 (iv) Patient-centered medical homes; and

11 (v) Other similar initiatives;

12 (b) Identify statewide and regional opportunities to meet changing  
13 health care needs due to changing demographics, changing technology, and  
14 changing business models in the provision of health care services;

15 (c) Establish liaison with other state agencies to ensure that the  
16 programs of the division and the Office of Rural Health are appropriately  
17 coordinated with the Program of Health Care Transformation;

18 (d) Assist in the collaboration of various data-sharing systems or  
19 programs to enable the analysis of public health data and to evaluate the  
20 effectiveness of programs and demonstration projects;

21 (e) Develop and approve standards and measures for patient-centered  
22 medical homes in Nebraska, taking into account the work begun by the  
23 members of the Legislature and stakeholders in the Participation  
24 Agreement to recognize and reform payment structures to support Patient-  
25 Centered Medical Home, signed on December 18, 2013;

26 (f) Provide a forum for discussion and collaboration among  
27 stakeholders, health care providers, insurers, consumers, public health  
28 systems, self-insured businesses, and others to take advantage of changes  
29 in the health care landscape and federal health care programs in order to  
30 improve the provision of health care for the residents of Nebraska and to  
31 advance safety and quality improvement initiatives and the transformation

1 and integration of health care services. Since the transformation of  
2 health care services and reform of the insurance mechanisms involved in  
3 payment of services are intricately linked, this forum may be provided in  
4 cooperation with the discussion forums of the Department of Insurance for  
5 insurers and self-insured businesses under section 10 of this act; and

6 (g) Provide support staff to the advisory commission.

7 (3) The department may seek outside funds and grants and may  
8 collaborate with other resources for education and transformation  
9 activities.

10 (4) The division shall submit an annual report to the Governor and  
11 electronically to the Legislature regarding the activities of the  
12 advisory commission.

13 Sec. 6. The Health Care Services Transformation Advisory Commission  
14 is created. The advisory commission shall consist of the following  
15 members:

16 (1) The chairperson of the Health and Human Services Committee of  
17 the Legislature or his or her designee as a nonvoting member;

18 (2) The Director of Public Health of the Division of Public Health  
19 of the Department of Health and Human Services or his or her designee;

20 (3) The Director of Medicaid and Long-Term Care of the Division of  
21 Medicaid and Long-Term Care of the Department of Health and Human  
22 Services or his or her designee;

23 (4) One representative of the Office of Rural Health of the  
24 Department of Health and Human Services, designated by the Governor;

25 (5) One representative from the benefits section of the personnel  
26 division of the Department of Administrative Services, designated by the  
27 Governor;

28 (6) One representative from the Department of Insurance, designated  
29 by the Governor;

30 (7) One representative of each accredited medical school located in  
31 the state;

1       (8) One representative of a local public health department as  
2 defined in section 71-1626;

3       (9) One representative of each insurer that insures more than five  
4 percent of the residents of Nebraska;

5       (10) One representative from a self-insured business with over two  
6 hundred fifty employees;

7       (11) One physician providing primary care in a patient-centered  
8 medical home practicing in an urban area of the state;

9       (12) One representative from the College of Public Health of the  
10 University of Nebraska Medical Center;

11       (13) One representative from a self-insured business with two  
12 hundred fifty or fewer employees;

13       (14) One physician providing primary care in a patient-centered  
14 medical home practicing in a rural area of the state;

15       (15) One pediatrician providing care in a patient-centered medical  
16 home in the state;

17       (16) One nurse providing care in a patient-centered medical home in  
18 the state;

19       (17) One hospital administrator;

20       (18) One licensed psychologist practicing in the state;

21       (19) One licensed dentist practicing in the state;

22       (20) One member of the public who is a consumer of health care  
23 services in the state;

24       (21) Three members that are stakeholders or interested parties as  
25 determined by the Governor.

26       The members designated in subdivisions (4) through (21) of this  
27 section shall be appointed by the Governor with the advice and consent of  
28 the Legislature.

29       Sec. 7. (1) The members of the advisory commission shall be  
30 citizens and residents of Nebraska. Appointed members shall serve for  
31 three-year terms, except that initial members appointed pursuant to

1 subdivisions (12) through (16) of section 6 of this act shall be  
2 appointed for two-year terms and initial members appointed pursuant to  
3 subdivisions (17) through (21) of section 6 of this act shall be  
4 appointed for one-year terms. When a vacancy occurs among the appointed  
5 members, the Governor shall appoint a member with the same qualifications  
6 to fill the vacancy for the remainder of the term.

7 (2) The advisory commission shall annually elect from among its  
8 members a chairperson and vice-chairperson.

9 (3) Members of the advisory commission shall be reimbursed for their  
10 actual and necessary expenses as provided in sections 81-1174 to 81-1177  
11 from the Health Care Services Transformation Fund.

12 Sec. 8. (1) The purposes of the advisory commission are to advise  
13 the Department of Health and Human Services, the Legislature, the  
14 Governor, the University of Nebraska, and the residents of Nebraska  
15 regarding aspects of transformation of the health care services system  
16 and to advise the Division of Public Health of the department and the  
17 Office of Rural Health of the department regarding the administration of  
18 the Health Care Services Transformation Act.

19 (2) The advisory commission shall receive assistance from the staff  
20 of the office.

21 (3) The advisory commission shall hold up to six meetings a year, at  
22 times and places fixed by the advisory commission. A majority of the  
23 members of the advisory commission shall constitute a quorum.

24 Sec. 9. The advisory commission shall:

25 (1) Advise the Department of Health and Human Services regarding  
26 policies and programs in the development and implementation of a  
27 statewide transformation in primary health care services and the  
28 integration of related health care services in Nebraska, including  
29 behavioral health services and dental health services, in the education  
30 and training of health care providers in Nebraska with regard to team-  
31 based, patient-centered primary care, in the regulation of health care

1 providers and health care facilities in Nebraska to assure they are  
2 consistent with new delivery transformation, and in any other matters  
3 relating to health care transformation;

4 (2) Advise the department and other appropriate parties in all  
5 matters relating to transforming and modernizing primary health care and  
6 the integration and coordination of dental health, behavioral health, and  
7 other related services;

8 (3) Serve as an advocate for transformation in health care issues  
9 and related payment mechanisms;

10 (4) Advise the Division of Public Health of the department on the  
11 development of a set of common health outcome measures, standards for  
12 evaluation of patient-centered medical homes in Nebraska, and common  
13 payment structures taking into consideration the work begun by members of  
14 the Legislature and stakeholders in the Participation Agreement to  
15 recognize and reform payment structures to support Patient-Centered  
16 Medical Home, signed on December 18, 2013;

17 (5) Advise the division in identifying statewide and regional  
18 opportunities to meet changing health care needs due to changing  
19 demographics, changing technology, and changing business models in the  
20 provision of health care services;

21 (6) Advise the division in developing collaborations with  
22 stakeholders, health care providers, insurers, consumers, public health  
23 systems, self-insured businesses, and others to take advantage of changes  
24 in the health care landscape and federal health care programs in order to  
25 improve the provision of health care for the residents of Nebraska and to  
26 assist in the transformation of primary health care services and  
27 integration of related services;

28 (7) Maintain liaison with all agencies, groups, and organizations  
29 concerned with transforming health care in order to facilitate  
30 integration of efforts and commonality of goals; and

31 (8) Advise the department regarding the intent, goals, and



1 implementation of the Health Care Services Transformation Act.

2       Sec. 10. The Department of Insurance shall provide a forum for  
3 discussion among insurers and self-insured businesses regarding alignment  
4 of payment reforms, quality improvement of health care services and  
5 health outcomes, price transparency, and data base collaboration. Since  
6 the transformation of health care services and reform of the payment  
7 mechanisms involved in payment for health care services are intricately  
8 linked, this forum may be provided in cooperation with the health care  
9 provider forums conducted by the Department of Health and Human Services  
10 under section 5 of this act.

11       Sec. 11. The Department of Insurance may develop and implement  
12 programs in which insurers collaborate on value-based payment mechanisms  
13 for patient-centered care, patient-centered medical homes, and other  
14 forms of safety and quality improvement initiatives for the delivery of  
15 health care services.

16       Sec. 12. The Department of Administrative Services may use  
17 insurance products for employees and retirees that incorporate patient-  
18 centered care, patient-centered medical homes, similar initiatives, and  
19 value-based payment mechanisms for health care services.

20       Sec. 13. The Division of Medicaid and Long-term Care of the  
21 Department of Health and Human Services may implement programs that use  
22 patient-centered care, patient-centered medical homes, chronic care  
23 initiatives, and similar quality and safety improvement initiatives and  
24 value-based payment mechanisms for health care services.

25       Sec. 14. The Health Care Services Transformation Cash Fund is  
26 created. The fund shall include money appropriated by the Legislature and  
27 any grant funds and donations. The fund shall be used for the  
28 implementation and administration of the Health Care Services  
29 Transformation Act. Any money in the fund available for investment shall  
30 be invested by the state investment officer pursuant to the Nebraska  
31 Capital Expansion Act and the Nebraska State Funds Investment Act.

1       It is the intent of the Legislature to appropriate one hundred fifty  
2 thousand dollars from the General Fund for each of the initial two fiscal  
3 years to the Department of Health and Human Services to enable the  
4 Division of Public Health and the Office of Rural Health of the  
5 department to carry out the duties and purposes of the Health Care  
6 Services Transformation Act, which may include expenditures for  
7 personnel.