

House Bill 638

By: Representative Holmes of the 53<sup>rd</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 31 of the Official Code of Georgia Annotated, relating to health, so as to  
2 provide a short title; to provide for legislative intent and findings; to provide for definitions;  
3 to create the Georgia health care corporation; to provide for the governance of such  
4 corporation by a board of governors; to provide for the appointment and terms of members  
5 of the board of governors; to provide for ex officio members; to provide for meetings, voting,  
6 compensation, powers, duties, and responsibilities of the board of governors; to provide for  
7 the Georgia health plan; to provide for elements of the Georgia health plan; to provide for  
8 the establishment of a state health care budget; to provide that health care services provided  
9 in the Georgia health plan shall not be insured by, contracted for, or provided by insurers; to  
10 provide exceptions; to provide for the development of payment plans; to authorize the  
11 creation of health care regions within the state; to provide for the implementation of the  
12 Georgia health plan in developmental phases; to provide for a transitional team to assist in  
13 such implementation; to provide for reports and recommendations; to provide for the  
14 development of the health plan benefits and coverages; to provide for matters relative to the  
15 administration and operation of the health plan; to establish the health care trust fund; to  
16 provide for accounts within the health care trust fund; to provide for rules and regulations;  
17 to provide for reservation of rights; to provide for statutory construction; to provide effective  
18 dates and conditions thereto; to repeal conflicting laws; and for other purposes.

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

20 **SECTION 1.**

21 Title 31 of the Official Code of Georgia Annotated, relating to health, is amended by adding  
22 at the end a new chapter to read as follows:

## "CHAPTER 46

31-46-1.

This chapter shall be known and may be cited as the 'Georgia Health Care Act.'

31-46-2.

(a) The General Assembly finds that the health care crisis in Georgia and in the United States so threatens the public health and welfare and undermines economic prosperity that state action is necessary. Reliance on a combination of private insurance and public coverage for personal health care has proved inequitable, grossly expensive, inefficient, and inadequate to meet the needs of the people. This chapter is enacted to provide comprehensive health care coverage for every Georgian and to maximize health care quality, freedom of choice, and cost effectiveness. These goals shall be achieved through creation of a publicly financed, single-payer, single-budget health insurance coverage system to replace the current mix of public and private payment methods.

(b) Georgians suffer poor health status. The infant mortality rate, a standard measure of overall quality of life, is now the worst among the states. The United States rate is higher than those of 20 other nations. Some rural counties have infant death rates that are higher than in developing countries. Citizens of 11 other countries live longer than people in the United States despite their often higher rates of smoking, alcohol consumption, and other health risks. Residents of 46 other states live longer than Georgians. Our child immunization rates are lower than in much of the rest of the world. Access to necessary health care is declining. People with serious conditions are seeing doctors less often than in previous years.

(c) Lack of health insurance is a major reason for this suffering. People without insurance are less likely to see doctors, more likely to be ill or to have debilitating conditions, more likely to miss work or school, more likely to get care only episodically in a hospital emergency room after a condition has become more expensive to treat, and more likely to die prematurely of treatable disorders. Added to the health risk from inability to get regular care is the threat of financial ruin in the event of illness or accident. Medical bills are the leading cause of personal bankruptcy.

(d) Over one million Georgians and 35 million people in the United States have no public or private insurance coverage. In Georgia, the risk of being uninsured crosses demographic and occupational categories. Among our uninsured people are children, families with only one parent at home, people in rural areas, urban dwellers, personal service workers, construction workers, those working in agriculture, and professionals. Many uninsured Georgians are in working families. More Americans are losing coverage daily. While

1 people with low incomes are most likely to be uninsured, with over half of Georgians with  
2 incomes between 50 percent and 100 percent of the national poverty level lacking  
3 insurance, a growing number of people with higher incomes are losing their coverage. Of  
4 the 1.3 million Americans who lost insurance in 1991, almost 75 percent had incomes of  
5 over \$25,000.00 and a third had incomes of over \$50,000.00.

6 (e) Paradoxically, while many people suffer poor health, shortened life, and financial  
7 insecurity because of medical expenses, annual personal health spending for Georgians has  
8 now reached nearly \$6,000.00 per family. Families pay 72 percent of this cost through  
9 insurance premiums, taxes, and out-of-pocket expenditures while businesses pay 28 percent  
10 through insurance, taxes, and other means. National health spending now exceeds  
11 \$2,500.00 per person. We spend a third more per person than do Canadians and twice as  
12 much as do Japanese and Germans despite the fact that they cover virtually all of their  
13 citizens and experience better health. Health costs now exceed 13 percent of our gross  
14 national product and double digit annual health care inflation persists. Besides taking an  
15 unacceptable human toll, disproportionately high spending in the health industry also saps  
16 the country's economic strength and contributes to trade deficits.

17 (f) The financing system is inefficient. With hundreds of different insurers and public  
18 programs making payments to health care providers, it is impossible to plan a budget using  
19 available funds to achieve specified goals as any family or business must do. Each insurer  
20 competes with the others to minimize costs and maximize earnings from premium income  
21 or simply to minimize expenditures while individual and institutional health care providers  
22 attempt to maximize revenues. The result is a shell game in which:

23 (1) Costs are shifted from one payor to another;

24 (2) Decisions by patients and their doctors are scrutinized and overridden by insurers;

25 (3) Benefits are uneven and unclear to patients, doctors, and hospitals, subject to  
26 cancellation or restriction, and may have exclusions or dollar maximums resulting in  
27 noncoverage of needed care;

28 (4) People are forced increasingly to use designated providers, which is not the case in  
29 Canada, Japan, or Germany;

30 (5) Employers wishing to avoid insurance premium increases or loss of coverage have  
31 an incentive to avoid hiring or to discharge otherwise valuable employees with health  
32 problems;

33 (6) Nearly a quarter of every health dollar is spent on coverage verification, utilization  
34 review, and billing related administration; and

35 (7) High technology care, although unquestionably beneficial when used appropriately,  
36 gets disproportionate emphasis because it is more profitable than primary care. Studies

1 show that many expensive and dangerous procedures performed on well-insured people  
2 are unnecessary.

3 (g) Private health insurance provided through employers' group plans and individual  
4 policies covers a decreasing share of health care costs. Nationally, private insurance pays  
5 for only 33 percent of personal health expenses today, down from 44 percent in 1975. The  
6 majority of such costs are paid by government and by patients out of pocket. Only about  
7 23 percent of Georgians' personal health bills are paid through employment based  
8 insurance, and these percentages include the employee's share of premiums. Georgians  
9 pay more out of pocket than the national average. The number of Medicaid enrollees has  
10 also increased dramatically in the last year so that about 750,000 Georgians are now  
11 covered.

12 (h) A major reason for the declining role of private coverage is the erosion of the  
13 traditional basis of insurance: to spread risk over a large group so that no individual has  
14 to pay too much for protection. Increasingly, private insurers seek to avoid risk, rather than  
15 to spread it, by using underwriting and risk-rating procedures to deny coverage or charge  
16 prohibitively high premiums for people with conditions such as high blood pressure,  
17 asthma, cancer, AIDS, or birth defects. It is estimated that a third of the population has  
18 conditions that would now subject them to exclusion or high rates if they had to seek  
19 insurance outside of a large group. Increasingly sophisticated genetic testing will  
20 compound this problem. Thousands of Georgians also experience 'job lock' because they  
21 fear being unable to obtain new insurance.

22 (i) In addition, some private insurance may not be reliable because of financial instability  
23 of the companies. Nationally, liquidations of life or health insurers occurred at a rate of  
24 about 19 per year from 1984 to 1990, with a high of 43 in 1989, up from an average of five  
25 per year from 1975 to 1983. Georgia was fourth in the nation among states reporting dollar  
26 value of unpaid claims by multiple employer welfare associations from 1988 to 1990.

27 (j) Almost 60 percent of employment based health coverage is now provided through  
28 employers that self-insure. This is a dramatic increase from the 5 percent of companies  
29 that self-insured in 1970. Like private companies, self-insured plans may not provide  
30 security for a person who requires health services. Employers may cancel them, and courts  
31 have allowed such plans arbitrarily to reduce benefits based on the nature and expense of  
32 an enrollee's condition.

33 (k) Although public subsidy of health care for low-income people figures prominently in  
34 a discussion of health care costs, 79 percent of all federal health care expenditures are for  
35 the nonpoor. Federal expenditures include medicare, the federal share of Medicaid,  
36 benefits for employees and public officials, veterans' and other health programs, a tax  
37 benefit for employees whose employer paid health insurance premiums are not counted as

1 taxable income to them, corporate tax deductions, and hospital tax exemptions. State and  
2 local governments provide similar benefits and tax subsidies. This variety of on-budget  
3 and off-budget revenue streams and the plethora of private insurers create a wasteful,  
4 inequitable health care payment system which defies any attempt to budget and plan  
5 rationally.

6 (l) Limited reorganization of health care financing under the rubric of 'managed  
7 competition' has been proposed. The United States Congressional Budget Office has  
8 testified that this approach will neither save money nor assure coverage of the population  
9 within five years.

10 (m) The United States General Accounting Office, on the other hand, has determined that  
11 administrative efficiencies achieved by combining dollars expended on personal health  
12 services from all sources and using them to devise a single-budget, single-payor plan would  
13 finance uniform coverage for the entire population and would allow reduction or  
14 elimination of copayments and deductibles. Current revenue sources include medicare,  
15 Medicaid, other government programs, private health insurance premiums paid by  
16 employers and individuals, tax subsidies, and out-of-pocket payments. A progressive tax  
17 system to replace what individuals now pay through current revenue streams would assure  
18 that payment is based on ability to pay throughout the life span, rather than penalizing  
19 people when they are ill.

20 (n) In light of the foregoing, the General Assembly rejects proposals such as tax credits,  
21 'pay or play' employer plans, rationing schemes, managed competition, and other forced  
22 managed care systems that continue reliance on the fragmented public and private payment  
23 system because it finds that system to be inherently inequitable and inefficient. The  
24 General Assembly adopts the approach of this chapter in order to secure as a right equitable  
25 access to comprehensive, high-quality, cost-effective health care with freedom of choice  
26 for all Georgians.

27 31-46-3.

28 As used in this chapter, the term:

29 (1) 'Board of governors' or 'board' means the Georgia health care corporation board of  
30 governors created under Code Section 31-46-4 or the successor body, if any.

31 (2) 'Consumer' means a person who is not employed by any health care facility or  
32 provider and who has no financial or fiduciary interest in any health care facility or  
33 provider.

34 (3) 'Critical health care services' means services identified through the process  
35 established in Code Section 31-46-10 and addressed in the improper queuing provisions  
36 set forth in Code Section 31-46-13.

1 (4) 'Enrollee' means any person who is a resident of Georgia and who is enrolled in the  
2 Georgia health plan.

3 (5) 'Executive officer' means the executive officer of the Georgia health care service  
4 corporation created under Code Section 31-46-4 or the successor body, if any.

5 (6) 'Georgia health care corporation' or 'corporation' means the public corporation  
6 established under Code Section 31-46-4.

7 (7) 'Georgia health plan,' 'health care plan,' 'health plan,' or 'plan' means the health plan  
8 provided under Code Section 31-46-4.

9 (8) 'Health care facility' or 'facility' means a hospital licensed under Chapter 7 of this title  
10 or other institutions licensed by the state under that chapter that the board of governors  
11 identify as appropriate to provide health care plan services.

12 (9) 'Health care provider,' 'provider,' or 'practitioner' means a physician licensed under  
13 Chapter 34 of Title 43 or other licensed health professionals regulated under Chapter 9,  
14 11, 26, 28, 29, 30, 33, 35, 39, or 44 of Title 43 and whom the board of governors identify  
15 as appropriate to provide services through the health care plan.

16 (10) 'Health care services' means a set of comprehensive basic health care services  
17 defined under Code Section 31-46-10 and provided by the Georgia health plan.

18 (11) 'Improper queuing' means the waiting period to receive critical health care services  
19 in excess of acceptable standards and guidelines as established by the board of governors  
20 under Code Section 31-46-10.

21 (12) 'Insurer' means an accident and sickness insurer, a health care plan, a health  
22 maintenance organization, a fraternal benefit society, a nonprofit medical service  
23 corporation, or a nonprofit hospital service corporation authorized pursuant to Title 33  
24 to sell accident and sickness insurance policies, subscriber certificates, or other contracts  
25 of insurance by whatever name called.

26 (13) 'Nonmedical services' means services that are not necessarily provided by a provider  
27 or facility but are deemed by the board of governors as critical for the efficient and  
28 effective delivery of health care services and may include, but are not limited to,  
29 transportation and language translation services.

30 (14) 'Resident' means a person who is domiciled in this state.

31 (15) 'State health care budget' or 'health care budget' means a budget that finances the  
32 total amount of health care services provided in the health care plan with funds  
33 enumerated in Code Section 31-46-7.

34 31-46-4.

35 (a) The Georgia health care corporation is created as a public corporation in this state to  
36 implement and administer the Georgia health plan. The corporation shall be governed by

1 a board of governors composed of 19 members, 15 of whom shall be appointed by the  
2 Governor with the advice and consent of the Senate and four of whom shall be the  
3 following voting ex officio members who shall serve on the board during the time they  
4 hold the following offices: the commissioner of the Department of Human Resources, the  
5 Commissioner of Insurance, the commissioner of the community health, and the state  
6 revenue commissioner. Of the 15 appointed members, ten members shall represent  
7 consumers, including representatives of individuals with special health care needs and  
8 access problems, and five shall represent providers and facilities.

9 (b) Of the initial appointments made by the Governor, three shall be for a term ending July  
10 1, 2004; three shall be for a term ending July 1, 2005; three shall be for a term ending July  
11 1, 2006; three shall be for a term ending July 1, 2007; and three shall be for a term ending  
12 July 1, 2008. Thereafter, terms of office shall be for five years, each term ending on the  
13 first day of July.

14 (c) Each appointed member shall hold office from the date of that person's appointment  
15 until the end of the term for which the person was appointed. Any member appointed to  
16 fill a vacancy occurring prior to the expiration of the term for which that person's  
17 predecessor was appointed shall hold office for the remainder of that term. Each member  
18 shall continue in office subsequent to the expiration date of that person's term until that  
19 person's successor takes office or until a period of 60 days has elapsed, whichever occurs  
20 first.

21 (d) The Governor annually shall appoint the chairperson, vice chairperson, and secretary  
22 of the board from among the membership of the board.

23 (e) Meetings shall be held upon the call of the chairperson and as may be provided by  
24 procedures prescribed by the board.

25 (f) Ten members of the board constitute a quorum and the affirmative vote of ten members  
26 shall be necessary for any action to be taken by the board.

27 (g) The Governor, at any time after notice and opportunity for hearing, may remove for  
28 cause any member appointed by the Governor.

29 (h) The members of the board shall serve without compensation but shall be reimbursed  
30 for their expenses incurred while engaged in the business of the board. Appointed  
31 members of the board shall receive the expenses and allowances authorized for legislative  
32 members of interim legislative committees. Members of the board who are officers or  
33 employees of the state shall receive no compensation for their services on the board, but  
34 they shall be reimbursed for expenses incurred by them in the performance of their duties  
35 as members of the board in the same manner as they are reimbursed for expenses incurred  
36 in the performance of their duties as officers or employees of the state. The funds  
37 necessary for the reimbursement of the expenses of any such state officer or employee shall

1 come from funds appropriated to or otherwise available to the respective department of that  
2 officer or employee. All other funds necessary to carry out the provisions of this resolution  
3 shall come equally from the funds appropriated to the Georgia health care service  
4 corporation.

5 31-46-5.

6 The board shall have all the powers necessary or convenient to carry out and effectuate the  
7 purposes and provisions of this chapter, including, but without limiting the generality of  
8 the foregoing, the following powers:

9 (1) To sue and be sued;

10 (2) To have a seal and alter the same;

11 (3) To make and execute contracts and other instruments necessary to exercise the  
12 powers of the board;

13 (4) To acquire, accept, or retain equitable interests, security interests, or other interests  
14 in any property, real or personal, by mortgage, assignment, security agreement, pledge,  
15 conveyance, contract, lien, loan agreement, or other consensual transfer in order to secure  
16 the repayment of any moneys loaned or credit extended by the board;

17 (5) To accept gifts, grants, or devises of any property;

18 (6) To exchange, transfer, assign, pledge, mortgage, or dispose of any real or personal  
19 property or interest therein;

20 (7) To mortgage, pledge, or assign any revenue, income, tolls, charges, or fees received  
21 by the board;

22 (8) To borrow money for any corporate purpose;

23 (9) To appoint officers, agents, and employees; and

24 (10) To make use of any facilities afforded by the federal government or any agency or  
25 instrumentality thereof.

26 31-46-6.

27 (a) Notwithstanding other provisions of law, it is the responsibility of the board of  
28 governors to implement the provisions of this chapter so that all residents shall be enrolled  
29 in the health care plan by July 1, 2006. The plan shall incorporate the following elements:

30 (1) All residents of Georgia shall have the right to participate in the Georgia health care  
31 plan regardless of age, sex, marital status, ethnicity, race, health condition, geographic  
32 location, employment, or economic status;

33 (2) A uniform set of appropriate health care services, developed under Code Section  
34 31-46-10, that adhere to the principles set forth in Code Section 31-46-2 shall be

1 available to all enrollees. Such health care services shall be provided in an efficient and  
2 timely manner;

3 (3) The Georgia health care corporation shall be developed based on the concept of a  
4 unified administrative organizational structure having complete operational control over  
5 all aspects of the health plan, including budgeting, health plan benefit design, data  
6 collection, negotiation, contracting, and payment. The board of governors may, but is not  
7 required to, contract with insuring entities or other appropriate organizations to act as  
8 regional administrative entities or provide other administrative services;

9 (4) A state health care budget, as defined in Code Section 31-46-3, derived from sources  
10 identified in Code Section 31-46-7 shall be established;

11 (5) Health care facilities that provide health care services through the plan shall be  
12 funded by an annual health care facility operating budget negotiated by the executive  
13 officer, reflecting the total cost of health care services provided through the plan, which  
14 is based on data adjusted for patient characteristics and other factors, updated at least  
15 annually, and considers regional variations, if any. Capital expenditures and health care  
16 provider education costs shall be paid separately by the plan;

17 (6) Each health care provider shall have the option of payment that is negotiated on the  
18 basis of fee for service, annual budget, or capitation. Payments shall be set within each  
19 specialty or scope of practice in the manner prescribed by the board of governors. These  
20 fees shall be computed taking into consideration the principles set forth in the federal  
21 resource based relative value scale, incentives to provide wellness services, and the least  
22 intrusive procedures appropriate for the prevention or treatment of illnesses or injuries.  
23 The board may establish incentives to ensure that needed providers are available in  
24 traditionally underserved areas. Except for regional variations authorized under Code  
25 Section 31-46-8 or other actuarially based variations, capitation rates shall be uniformly  
26 based on the number of enrollees served by the provider. If such provider chooses to be  
27 reimbursed through an annual budget, the amount shall be determined in a manner similar  
28 to a health care facility annual budget. The board of governors shall develop incentives  
29 for health care providers to participate in service organizations that are cost effective;

30 (7) The board of governors may contract directly with local health departments or  
31 districts, public or private not-for-profit health centers, health care facilities, or other  
32 appropriate governmental agencies to provide health plan services;

33 (8) No health care facility, health care provider, or insurer may charge any additional  
34 fees or balance bills for services included in the health plan that are provided to enrollees;

35 (9) The plan shall include necessary nonmedical services to eliminate barriers to needed  
36 health care services;

1 (10) The plan shall include portability provisions whereby an enrollee traveling out of  
2 state continues to be covered under the plan. The board shall establish a payment  
3 schedule for payment of out-of-state services. The board shall also endeavor to ensure  
4 that enrollees do not use out-of-state health care providers as regular sources of health  
5 care services but may permit reasonable exceptions; and

6 (11) The plan shall provide for an explicit grievance and complaint procedure whereby  
7 an enrollee may file a complaint or grievance regarding any aspect of the plan and the  
8 filing shall be addressed expeditiously.

9 (b) As of July 1, 2006, no insurer may independently insure, contract for, or provide those  
10 health care services provided through the Georgia health plan. Nothing in this chapter shall  
11 preclude such an insurer from insuring, providing, or contracting for health services not  
12 included in the health plan nor restrict the right of an employer to offer, or employee  
13 representative from negotiating for, services not included in the plan. Facilities and  
14 practitioners may offer enhanced benefits not included in the plan if, through organizational  
15 and administrative efficiencies, plan services can be provided for less than the contracted  
16 amount. However, additional payment shall not be required of nor permitted by an enrollee  
17 receiving such enhanced service.

18 (c) Initially, any benefits for health care services provided under any policy of workers'  
19 compensation insurance or a self-insured workers' compensation program, state and federal  
20 veterans health care program, and the civilian health and medical program of the uniformed  
21 services (CHAMPUS) of the United States Department of Defense shall not be included  
22 in the health plan but shall be studied for future inclusion.

23 (d) The board shall develop payment schedules for persons from out of state who receive  
24 services through the plan. Such schedules shall reflect the total cost of the health care  
25 service provided.

26 (e) In developing the plan, the board of governors should consider the likelihood of the  
27 establishment of a national health care plan adopted by the federal government and its  
28 implications.

29 (f) The board shall consider implementing a publicly operated liability insurance plan for  
30 providers who provide Georgia health plan services. The board shall report, as necessary,  
31 its determination as to the necessity or desirability of such plan to the General Assembly  
32 by December 1, 2003.

33 31-46-7.

34 (a) The state health care budget shall reflect the total expenditure of the plan. The board  
35 of governors shall develop the state health care budget based on state economic and  
36 revenue indicators and other forecasting methods. The state health care budget shall be

1 comprised of the sources identified in subsection (b) of this Code section. The board of  
 2 governors shall submit the state care health budget, which shall include estimated amounts  
 3 of each trust fund account as set forth in Code Section 31-46-11, as part of the Governor's  
 4 annual budget request. The General Assembly may adopt, reject, or reduce the budget so  
 5 submitted and advise the board regarding individual amounts in each trust fund account.

6 (b) The state health care budget shall include funds to be obtained from the following  
 7 sources:

8 (1) Medicare, Parts A and B, Title XVIII of the federal Social Security Act, as amended;

9 (2) Medicaid, Title XIX of the federal Social Security Act, as amended;

10 (3) Such other federal funds as may be made available;

11 (4) Gifts, grants, or donations from private sources; and

12 (5) State appropriations for the plan derived from progressive personal and corporate  
 13 income taxes and such other revenue sources as the General Assembly authorizes.

14 (c) Health care budget funds shall be deposited in the Georgia health care trust fund  
 15 created in Code Section 31-46-11.

16 31-46-8.

17 The board of governors may create Georgia health care regions upon the determination that  
 18 differences in demographics, geography, population density, cost of living, economic  
 19 status, availability of health care facilities and health care providers, or other relevant  
 20 factors require some variation in the administration and service delivery of the Georgia  
 21 health plan. In such case, the board of governors shall designate regional boundaries that  
 22 best reflect the differences and may appoint a regional administrative entity to operate the  
 23 plan within the designated region. All organizational and service delivery variations must  
 24 be consistent with the Georgia health plan elements set forth in Code Section 31-46-6.

25 31-46-9.

26 The Georgia health plan shall be implemented in developmental phases as follows:

27 (1) By March 1, 2003, the director of the Office of Planning and Budget shall establish  
 28 a transitional team composed of staff of the commissioners of the Department of  
 29 Community Health, Department of Human Resources, Department of Revenue, and  
 30 Department of Insurance. The director may request participation of the appropriate  
 31 legislative committee staff. The transitional team shall conduct analyses and identify:

32 (A) The necessary transfer and consolidation of responsibilities among state agencies  
 33 to implement fully this chapter;

34 (B) State and federal laws that would need to be repealed, amended, or waived to  
 35 implement this chapter; and

- 1 (C) Appropriate guidelines for the administrative cost of the plan.  
2 The transitional team shall report its findings to the director and board by October 1,  
3 2003, and on that date be disbanded;
- 4 (2) By July 1, 2003, the board of governors shall be appointed. As soon as possible  
5 thereafter, the board shall:
- 6 (A) Appoint the executive officer;
  - 7 (B) Hire the necessary staff;
  - 8 (C) Develop necessary data sources; and
  - 9 (D) Develop the necessary methods to establish the state health care budget;
- 10 (3) By December 1, 2003, the board of governors shall submit to the appropriate  
11 committees of the General Assembly an agency transfer and consolidation report, which  
12 shall address staffing, equipment, facilities, and funds, along with drafts of any necessary  
13 legislation. It shall also recommend appropriate cost guidelines for the administration of  
14 the plan;
- 15 (4) By December 1, 2003, the board shall:
- 16 (A) Report to the Governor and the appropriate committees of the General Assembly  
17 the extent that statutory revisions are needed;
  - 18 (B) Report its recommendations regarding medical malpractice as required in  
19 subsection (f) of Code Section 31-46-6; and
  - 20 (C) Submit requests for necessary federal waivers to implement this chapter;
- 21 (5) By July 1, 2004, the board shall report to the Governor and the appropriate  
22 committees of the General Assembly, if necessary, regarding implementation of the plan  
23 without federal waivers;
- 24 (6) By September 1, 2004, the board shall have:
- 25 (A) Established health care regions if deemed necessary;
  - 26 (B) Determined plan benefits;
  - 27 (C) Identified strategies addressing improper queuing;
  - 28 (D) Developed procedures regarding enrollment and facility and provider negotiations  
29 and payments; and
  - 30 (E) Defined a list of critical health care services;
- 31 (7) By October 1, 2004, consistent with the executive budget process, the board of  
32 governors shall submit the first proposed state health care budget to the Governor;
- 33 (8) During its 2005 session, the General Assembly should consider the material  
34 submitted to it pursuant to this Code section in an expeditious manner; and
- 35 (9) By July 1, 2006, consistent with specific appropriations, all provisions of this chapter  
36 shall be in full effect of law.

- 1 31-46-10.
- 2 (a) The board of governors shall define the health care plan benefits which shall include  
3 those health care and related services which promote and maintain the highest attainable  
4 health and quality of life for all Georgians at a reasonable cost achieved through system  
5 efficiencies and appropriate care.
- 6 (b) The health plan shall include, at least, the following categories of coverage:
- 7 (1) Clinical and community based primary and preventive health care;
- 8 (2) Health care practitioner services;
- 9 (3) Inpatient and outpatient hospital services;
- 10 (4) Testing and diagnostic services;
- 11 (5) Prescription drugs;
- 12 (6) Dental services;
- 13 (7) Mental health services;
- 14 (8) Long-term services, including attendant services, assistive technology, home and  
15 community based services and living alternatives, limited institutional beds, and respite  
16 care; and
- 17 (9) Certain auxiliary services, such as transportation necessary to facilitate use of health  
18 care services.
- 19 (c) Health plan benefits shall not include:
- 20 (1) Cosmetic surgery except medically necessary reconstructive surgery and related  
21 services; and
- 22 (2) Examinations associated with life insurance or legal proceedings.
- 23 (d) The health plan may include other coverage determined by the board of governors to  
24 be effective, necessary, and consistent with the principles set forth in Code Section  
25 31-46-2.
- 26 (e) The specific schedule of health care services associated with the categories of coverage  
27 authorized by this Code section shall be developed by the board of governors under  
28 subsection (f) of this Code section.
- 29 (f)(1) The board of governors shall establish procedures to determine what specific  
30 schedule of health care services shall be covered in the plan and to assure that such  
31 services are provided in a timely and appropriate manner.
- 32 (2) The board of governors shall monitor developments in establishment of standards of  
33 care and standards for appropriate use of technology, including national practice  
34 guidelines, and shall incorporate into the health plan such standards and guidelines as the  
35 board deems appropriate.
- 36 (3) The board of governors shall develop a schedule of critical, high priority health care  
37 services and related time guidelines for delivery of such services or treatment. The

1 schedules and guidelines shall be the basis for expending funds from the improper  
2 queuing reserve account established in Code Section 31-46-11.

3 (4) Recognizing that some providers have significant financial interests in major  
4 diagnostic equipment, surgical facilities, and laboratories through which their patients  
5 receive services and recognizing that such financial interests may create unusual  
6 incentives to order use of tests and treatment, the board of governors shall identify and  
7 monitor utilization of these services. The board shall conduct studies to determine if  
8 excess utilization is occurring and shall take appropriate steps to curb any excess  
9 utilization attributable to financial incentives.

10 (5) The board of governors shall monitor utilization generally to determine whether  
11 aspects of the payment system create incentives for underuse or overuse of certain  
12 services detrimental to cost-effective attainment of optimal health and functional ability  
13 for all Georgians and shall take appropriate steps to correct any adverse incentives.

14 (6) The board of governors shall develop and implement health care quality assurance  
15 programs.

16 (7) To carry out the requirements of this subsection, the board of governors shall  
17 periodically establish a health care service review panel, including consumers and  
18 providers, to review information on need, efficacy, and cost effectiveness of specific  
19 services and treatments and to recommend standards, guidelines, and methods. The  
20 board of governors shall also consult with the public and with appropriate professional  
21 and regulatory bodies and other state agencies in carrying out the requirements of this  
22 subsection.

23 31-46-11.

24 (a) The health care trust fund is established in the state treasury. All funds enumerated in  
25 Code Section 31-46-7 shall be deposited in the health care trust fund and shall be expended  
26 in a manner consistent with rules adopted by the board of governors. The trust fund shall  
27 consist of five accounts:

28 (1) The health care account from which funds shall be expended for health plan services  
29 in accordance with rates, budgets, and contracts negotiated with health care facilities and  
30 health care practitioners; payments for remnant uncompensated care; and nonmedical  
31 services;

32 (2) The capital development account from which funds shall be expended, as determined  
33 necessary by the board in consultation with other affected agencies and the public, for  
34 expansion and improvement of health facilities and the acquisition of major medical  
35 equipment as defined by the board of governors by rule. The board shall establish  
36 categories of capital expenditures that do not require board approval;

1 (3) The public health account from which funds shall be expended for health promotion  
 2 and illness and injury prevention services and other public health services in a manner  
 3 that addresses priority health goals. Funds from this account shall be allocated to public  
 4 and private entities in a manner prescribed by the board of governors by rule;

5 (4) The improper queuing reserve account from which funds shall be expended to reduce  
 6 unacceptable delays in the delivery of critical health care services as set forth in Code  
 7 Section 31-46-12; and

8 (5) The health professional education and research account from which funds shall be  
 9 expended to:

10 (A) Train or retain needed health care providers;

11 (B) Conduct research relative to the operation of the plan consistent with the principles  
 12 set forth in this chapter; and

13 (C) Compensate facilities for their costs in training or retraining providers.

14 (b) The board shall not expend or encumber for an ensuing year amounts exceeding 95  
 15 percent of the amount anticipated to accrue in the account during the year.

16 31-46-12.

17 It is the intent of the General Assembly that all enrollees receive necessary health care  
 18 services in a timely manner and that every effort be made to avoid delays in service that  
 19 could be detrimental to enrollee health. The board of governors shall develop strategies  
 20 that will reduce or prevent improper queuing for critical health care services, as defined in  
 21 Code Section 31-46-3. Upon the development of such strategies and the adoption of  
 22 related rules, funds from the improper queuing reserve account of the Georgia health care  
 23 trust fund may be used to implement such strategies.

24 31-46-13.

25 (a) The board of governors shall develop the health data sources necessary to implement  
 26 and operate efficiently the Georgia health plan. The board of governors shall publish such  
 27 data as is necessary to assure quality care and to promote public health and appropriate use  
 28 of services. To the extent feasible, the board of governors shall use existing data systems  
 29 and coordinate among existing agencies. The following sources shall be developed or  
 30 made available:

31 (1) The board of governors shall coordinate with appropriate agencies to utilize data  
 32 collected regarding health facilities and practitioners, rural health data, epidemiological  
 33 data, ethnicity data, social and economic status data, and other data relevant to the  
 34 board's responsibilities;

1 (2) The board of governors, in coordination with appropriate agencies and academic  
 2 institutions shall develop procedures to analyze clinical and other service outcome data  
 3 and conduct other research necessary for the specific purpose of assisting in the design  
 4 of the health plan benefits under Code Section 31-46-10; and

5 (3) The board of governors shall require each insurer, provider, and facility to provide  
 6 the board with patient care and cost information, to include at least:

7 (A) Patient identifier, including date of birth, sex, and ethnicity;

8 (B) Provider identifier;

9 (C) Diagnosis;

10 (D) Health care services or procedures provided;

11 (E) Provider charges; and

12 (F) Amount paid.

13 (b) The board shall establish by rule confidentiality standards to safeguard the information  
 14 from inappropriate use or release.

15 31-46-14.

16 The board of governors shall adopt rules consistent with this chapter for the administration  
 17 of the plan. All rules shall be adopted in accordance with Chapter 13 of Title 50, the  
 18 'Georgia Administrative Procedure Act.'

19 31-46-15.

20 The General Assembly reserves the right to amend or repeal all or any part of this chapter  
 21 at any time and there shall be no vested private right of any kind against such amendment  
 22 or repeal. All rights, privileges, or immunities conferred by this chapter on any act done  
 23 pursuant thereto shall exist subject to the power of the General Assembly to amend or  
 24 repeal this chapter at any time.

25 31-46-16.

26 The enactment of this chapter shall not terminate or modify any obligation or liability, civil  
 27 or criminal, which was in effect when this chapter first becomes effective."

## 28 SECTION 2.

29 (a) Subject to the conditions provided in subsection (b) of this section, those provisions of  
 30 this Act necessary for making initial appointments to the board of governors and necessary  
 31 for establishment of the transitional team shall become effective upon January 1, 2003, and  
 32 the remaining provisions of this Act shall become effective July 1, 2003.

1 (b) This Act shall become effective only if a resolution proposing an amendment to the  
2 Constitution of this state so as to authorize by general law the establishment and operation  
3 of a comprehensive system, utilizing state funds and other available funds, to finance and  
4 assist in the provision of health care services for all residents of this state is duly ratified by  
5 the voters at the general election conducted in 2002 and becomes effective January 1, 2003.  
6 If such a constitutional amendment is not ratified by the voters at the general election  
7 conducted in 2002, this Act shall be void and of no effect and shall stand repealed in its  
8 entirety on January 1, 2003.

9

**SECTION 3.**

10 All laws and parts of laws in conflict with this Act are repealed.