

Title 10. Investment  
Chapter 5.5. Major Risk Medical Insurance Board  
Article 6. Pilot Program Payments  
Section 2698.602

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**§ 2698.602. Annual Reconciliation Reporting and Payment Process for Pilot Program Health Plans.**

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(b) In order to qualify for annual reconciliations, a Pilot Program health plan shall submit an annual report for each calendar year by December 31 of the following year, starting with a December 31, 2004 due date for calendar year 2003.

(1) For reconciliations addressing calendar years 2003 through 2007 inclusive, Pilot Program health plans that submit these reports by the December 31 due date will be given priority for reconciliation and any resulting payments. Pilot Program health plans that submit reports after the established due dates will be reconciled, and any resulting payments made from available funds, in order of the day of receipt of the report.

(2) For reconciliations addressing calendar year 2008 and all subsequent calendar years, a Pilot Program health plan that submits the required report after the December 31 due date shall not be entitled to be paid any amount pursuant to this section for the applicable calendar year and shall refund to the board, within thirty-five days of notification by the board, any amount previously paid to the plan for the applicable calendar year pursuant to section 2698.600.

(3) Notwithstanding paragraphs (1) and (2) or subsection (d), the following rules apply effective January 1, 2014:

(A) The Board shall not provide any payment to any Pilot Program health plan for health care expenses incurred on or after January 1, 2014 and shall not provide the aggregate standard monthly administrative fee for any month after December 2013.

(B) As a condition of receiving payment for a reporting period pursuant to this section, a Pilot Program health plan shall provide the Board with a complete, final annual reconciliation report for that period by the earlier of December 31, 2014 or the date the report is otherwise due pursuant to paragraphs (1) and (2). If the Board receives a complete, final reconciliation report for a reporting period by the date required pursuant to this subparagraph, the Board shall complete reconciliation with the pilot program health plan for that reporting period within six months of receiving the report.

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(d) Except as provided in paragraph (3) of subsection (b), the The-Board will review and reconcile each annual complete report within 120 days of receipt to the Pilot Program health plan of the findings based on the following formula:

one half (aggregate claims plus aggregate standard monthly administrative fee minus aggregate premiums) minus semiannual interim payments paid for that reporting period equals Final Payment.

In order to determine an aggregate monthly administrative fee for individuals in the Pilot Program, the Board will use a weighted average, weighted by plan population and adjusted by a factor of the number of dependents in the Program, of the current administrative fees for plans participating in the Program.

(1) The Board may make adjustments in determining the final payment to any Pilot Program health plan as follows:

(A) to delete any payments for persons who cannot be determined to be a Program Graduate or Program Graduate dependent during the reporting period,

(B) to delete expenses for services beyond the date of disenrollment during a reporting period for a Program Graduate or Program Graduate dependent,

(C) to delete expenses for services for the Program Graduate or Program Graduate dependent beyond the date of eligibility for Medicare Part A and Medicare Part B, and who are not in Medicare solely because of end stage renal disease,

(D) to delete expenses that occurred for services outside of the reporting period, and

(E) to delete all expenses beyond the \$200,000 annual and \$750,000 lifetime benefit limits for each individual in a Pilot Program standard benefit plan.

(2) If the current reconciliation indicates that further payment is owed to the Pilot Program health plan, the payment shall be made 30 days after notification of the reconciliation results. If the annual reconciliation indicates that an overpayment has been made through the semiannual interim payment process, the Pilot Program health plan shall pay the overpayment to the Board within 35 days after the notification of reconciliation.

(e) The annual reconciliation, reporting and payment process shall be subject to review and/or audit by the Board or its authorized representatives, for a period of four years after a reconciliation payment by either the Board or a Pilot Program health plan has been made.

Note: Authority cited: Section 1373.62, Health and Safety Code; and Sections 10127.15, 12711 and 12712, Insurance Code. Reference: Sections 1373.62 and 1373.622, Health and Safety Code; and Sections 10127.15, 12711 and 12712, Insurance Code.