

53-4-1007. (Temporary) Program Structure - department may contract for administrative or health services. (1) In operating the program and providing health services, the department may:

(a) directly provide administrative services and pay providers on a fee for service basis from program funds;

(b) pay providers on a fee for service basis from program funds and contract with an insurance company or other entity to provide administrative services, including but not limited to processing and payment of claims with program funds;

(c) purchase health coverage for eligible children from an insurance company or other entity on a premium, capitation or other appropriate basis; or

(d) purchase health coverage as provided in subsection (c) for some types of health services and contract directly with providers for other types of health services on a fee for service basis from program funds.

(2) If the department contracts with an insurance company or other entity to provide administrative services, contractor compensation may be a monthly or yearly fee based on the number of participants in the program and the types of services provided or based on a fee for service as established by the department.

(3) Before the department may pay providers for health services on a fee for service basis from program funds, the department shall first offer insurance companies and other entities the opportunity to negotiate an agreement for the provision of health coverage for eligible children on a premium, capitation or other appropriate basis.

(4) If the department directly provides administrative services pursuant to subsection (1)(a) or contracts with an insurance company or other entity to provide administrative services pursuant to subsection (1)(b):

(a) not less than 88% of program funds may be used to pay claims and not more than 12% of program funds may be used for payment of direct and indirect expenses as specified in 33-22-1514;

(b) any program funds in excess of the incurred or estimated claims expenses and the operating and administrative expenses of the insurance company or other entity under the administrative services contract must be held at interest and used by the department to offset past losses or allocated to decrease or eliminate the number of children on any waiting list, to expand eligibility within the limits provided in 53-4-1004, or to reduce cost sharing.

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