

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2743**

53rd Legislature  
1994 Regular Session

Passed by the House March 6, 1994  
Yeas 89 Nays 0

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**Speaker of the  
House of Representatives**

Passed by the Senate March 3, 1994  
Yeas 49 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2743** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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HOUSE BILL 2743

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AS AMENDED BY THE SENATE

Passed Legislature - 1994 Regular Session

State of Washington                      53rd Legislature                      1994 Regular Session

By Representatives Sommers, Silver, Dorn and King; by request of Superintendent of Public Instruction and Office of Financial Management

Read first time 01/21/94. Referred to Committee on Appropriations.

1            AN ACT Relating to health services provided by school districts;  
2 amending RCW 74.09.5243, 74.09.5247, 74.09.5249, 74.09.5253, and  
3 28A.150.390; adding new sections to chapter 74.09 RCW; creating a new  
4 section; and repealing RCW 28A.155.150.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            **Sec. 1.** RCW 74.09.5243 and 1993 c 149 s 2 are each amended to read  
7 as follows:

8            ~~((For the purposes of))~~ Unless the context clearly requires  
9 otherwise, the following definitions apply throughout RCW 74.09.5241  
10 through 74.09.5253 ((and 28A.155.150, the terms)) and sections 5  
11 through 7 of this act.

12            (1) "District" means a school district, educational service  
13 district, or educational cooperatives offering special education  
14 services under chapter 28A.155 RCW.

15            (2) "Medical assistance" and "medicaid" means federal and state-  
16 funded programs under which medical ((care)) services are provided  
17 under Title XIX of the federal social security act.

18            (3) "Medical services" means district services that qualify for  
19 medicaid funding.

1       **Sec. 2.** RCW 74.09.5247 and 1993 c 149 s 4 are each amended to read  
2 as follows:

3       (1) Chapter 149, Laws of 1993 does not apply to contracts between  
4 individual (~~school~~) districts and private firms entered into for the  
5 purpose of billing either medicaid or private insurers, or both, for  
6 (~~health~~) medical services and agreed to before April 30, 1993, except  
7 as provided in RCW 28A.155.150(2).

8       (2) A (~~school~~) district may elect to act as its own billing agent  
9 as of the start of any school year. For a (~~school~~) district being  
10 served by the state-wide billing agent, the district shall notify the  
11 billing agent in writing, no less than thirty days before the start of  
12 the school year, of its intent to terminate the agency relationship.  
13 A district that acts as its own billing agent (~~may retain~~) or a  
14 district with a preexisting contract under subsection (1) of this  
15 section is entitled to an administrative fee (~~proportional~~)  
16 equivalent to that of the state-wide billing agent.

17       **Sec. 3.** RCW 74.09.5249 and 1993 c 149 s 5 are each amended to read  
18 as follows:

19       (1) The agency awarded the contract under RCW 74.09.5245 shall:

20       (a) Enroll all (~~school~~) districts in this state, except those  
21 with preexisting contracts under RCW 74.09.5247, as medicaid providers  
22 (~~by~~) effective the beginning of the 1993-94 school year;

23       (b) Develop a state-wide system of billing the department and  
24 private insurers for medical services provided in special education  
25 programs;

26       (c) Train health care practitioners employed by or contracting with  
27 (~~school~~) districts in medicaid and insurer billing;

28       (d) Verify the medicaid eligibility of students enrolled in special  
29 education programs in each (~~educational-service~~) district;

30       (e) Provide ongoing technical assistance to practitioners and  
31 districts; and

32       (f) Process and forward all medicaid claims to the department and  
33 all other claims to private insurers.

34       (2) For each student, individual (~~school~~) districts may, in  
35 consultation with the billing agent, deliver to the student's parent or  
36 guardian a letter, prepared by the billing agent, requesting the  
37 consent of the parent or guardian to bill the student's health  
38 insurance carrier for services provided through the special education

1 program. If a district chooses to do this, the letter must be  
2 accompanied by a consent form, on which the parent may identify the  
3 student's health insurance carrier so that the billing agent may bill  
4 the carrier for medical services provided to the student. The letter  
5 must clearly state the following:

6 (a) That the billing program is designed in part to raise  
7 additional funds to improve education services;

8 (b) That under no circumstances will the parent or guardian be  
9 personally charged for any portion of the bill not paid by the insurer,  
10 including copayments, deductibles, or uncovered services;

11 (c) That the amount of the billing will apply to the policy's  
12 annual deductible even though the parent will not be billed for the  
13 amount of the deductible;

14 (d) That the amount of the billing, will, however, apply towards  
15 annual or lifetime benefit caps if these are included in the policy;

16 (e) That it is possible that their premiums would be increased as  
17 a result of their consent;

18 (f) That if any of the possible negative consequences of consent  
19 were to affect them, they are free to withdraw their consent at any  
20 time; and

21 (g) That their consent is entirely voluntary and that the services  
22 the student receives through the (~~school~~) district will not be  
23 affected by their willingness or refusal to consent to the billing of  
24 their private insurer.

25 **Sec. 4.** RCW 74.09.5253 and 1993 c 149 s 7 are each amended to read  
26 as follows:

27 (1) Each (~~educational service~~) district (~~in the state~~) shall  
28 participate in the program of billing for medical services (~~under RCW~~  
29 ~~74.09.5249 and~~) provided in the district's special education program.  
30 Each participating district shall provide the (~~billing agent~~)  
31 superintendent of public instruction with a list, (~~at the start of~~  
32 each academic quarter) as of the first school day in October,  
33 December, and May of each year, of all students enrolled in special  
34 education programs within the area served by the (~~educational~~  
35 ~~service~~) district, for purposes of verifying the medicaid eligibility  
36 of the students.

37 (2) A person employed by or contracting with a (~~school~~) district  
38 who provides (~~services within the categories established by the~~)

1 medical (~~(assistance administration under RCW 74.09.5251)~~) services  
2 shall provide the billing agent with information necessary to promptly  
3 complete monthly billings for each medicaid-eligible student he or she  
4 serves as part of the district's special education program.

5 (3) The superintendent of public instruction shall submit to the  
6 legislature at the beginning of each legislative session a report  
7 indicating the district-by-district participation and the medicaid and  
8 private insurance payment receipts during the preceding fiscal year.  
9 The report must further indicate for each district the total number of  
10 special education students, and the number eligible for medicaid  
11 (~~(eligibility rate)~~), as determined by the medical assistance  
12 administration. The superintendent may require a letter of explanation  
13 from any district whose (~~(receipts)~~) billings for medical assistance  
14 under the program, in the judgment of the superintendent, indicate  
15 nonparticipation or underparticipation.

16 NEW SECTION. Sec. 5. A new section is added to chapter 74.09 RCW  
17 to read as follows:

18 (1) Each district that has elected to act as its own billing agent  
19 under RCW 74.09.5247(2) and each firm that is a party to a preexisting  
20 contract under RCW 74.09.5247(1) shall, at times designated by the  
21 superintendent of public instruction, provide the office of the  
22 superintendent of public instruction with a report indicating the total  
23 amount of medicaid and private insurance moneys billed by the district.

24 (2) The state billing agent shall, at times designated by the  
25 superintendent of public instruction, provide the superintendent of  
26 public instruction with a report for each district enrolled by the  
27 billing agent, indicating the total amount of medicaid and private  
28 insurance moneys billed through medicaid and private insurer billing.

29 NEW SECTION. Sec. 6. A new section is added to chapter 74.09 RCW  
30 to read as follows:

31 Of the projected federal medicaid and private insurance revenue  
32 collected under RCW 74.09.5249, twenty percent, after deduction for  
33 billing fees, shall be for incentive payments to districts. Incentive  
34 payments shall only be used by districts for children with  
35 disabilities.

1        NEW SECTION.    **Sec. 7.**    A new section is added to chapter 74.09 RCW  
2 to read as follows:

3        (1) Districts shall reassign medicaid payments to be received under  
4 RCW 74.09.5249 through 74.0.5253, sections 5 and 6 of this act, and  
5 this section to the superintendent of public instruction.

6        (2) The superintendent of public instruction shall receive medicaid  
7 payments from the department of social and health services for all  
8 state and federal moneys under Title XIX of the federal social security  
9 act due to districts for medical assistance provided in the district's  
10 special education program.

11       (3) The superintendent shall use reports from the department of  
12 social and health services, the state billing agent, districts acting  
13 as their own billing agent, and firms to calculate the appropriate  
14 amounts of incentive payments and state special education program  
15 moneys due each district.

16       (4) Moneys received by the superintendent of public instruction  
17 shall be disbursed for the following purposes:

18       (a) Reimbursement to the department of social and health services  
19 for the state-funded portion of medicaid payments;

20       (b) Reimbursement for billing agent's fees, including those of  
21 districts acting as their own agent and billing fees of firms;

22       (c) Incentive payments to school districts equal to twenty percent  
23 of the federal portion of medicaid payments after deduction for billing  
24 fees; and

25       (d) The remainder shall be distributed to districts as part of  
26 state allocations for the special education program provided under RCW  
27 28A.150.390.

28       (5) With respect to private insurer funds received by districts,  
29 the superintendent of public instruction shall reduce state special  
30 education program allocations to the districts by eighty percent of the  
31 amount received, after deduction for billing fees.

32       **Sec. 8.**    RCW 28A.150.390 and 1993 c 149 s 9 are each amended to  
33 read as follows:

34       The superintendent of public instruction shall submit to each  
35 regular session of the legislature during an odd-numbered year a  
36 programmed budget request for handicapped programs.    Funding for  
37 programs operated by local school districts shall be on an excess cost  
38 basis from appropriations provided by the legislature for handicapped

1 programs and shall take account of state funds accruing through RCW  
2 28A.150.250, 28A.150.260, federal medical assistance and private funds  
3 accruing under RCW 74.09.5249 through 74.09.5253 and sections 5 through  
4 7 of this act, and other state and local funds, excluding special  
5 excess levies. (~~((However, the superintendent of public instruction  
6 shall reimburse the department of social and health services from state  
7 appropriations for handicapped education programs for the state-funded  
8 portion of any medical assistance payment made by the department for  
9 services provided under an individualized education program established  
10 pursuant to RCW 28A.155.010 through 28A.155.100. The amount of such  
11 interagency reimbursement shall be deducted by the superintendent of  
12 public instruction in determining additional allocations to districts  
13 for handicapped education programs under this section.))~~)

14 NEW SECTION. **Sec. 9.** RCW 28A.155.150 and 1993 c 149 s 8 are each  
15 repealed.

16 NEW SECTION. **Sec. 10.** If any part of this act is found to be in  
17 conflict with federal requirements that are a prescribed condition to  
18 the allocation of federal funds to the state, the conflicting part of  
19 this act is inoperative solely to the extent of the conflict and with  
20 respect to the agencies directly affected, and this finding does not  
21 affect the operation of the remainder of this act in its application to  
22 the agencies concerned. The rules under this act shall meet federal  
23 requirements that are a necessary condition to the receipt of federal  
24 funds by the state.

25 NEW SECTION. **Sec. 11.** If any provision of this act or its  
26 application to any person or circumstance is held invalid, the  
27 remainder of the act or the application of the provision to other  
28 persons or circumstances is not affected.

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