

# HOUSE BILL REPORT

## HB 1155

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### As Passed Legislature

**Title:** An act relating to billing for medical services provided through special education programs.

**Brief Description:** Concerning billing for medical services provided through special education programs.

**Sponsors:** Representatives Hinkle, Green, Cody and Wallace; by request of Department of Social and Health Services.

#### **Brief History:**

##### **Committee Activity:**

Health Care & Wellness: 2/5/09, 2/6/09 [DP].

##### **Floor Activity**

Passed House: 2/23/09, 96-0.

Passed Senate: 4/3/09, 46-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Repeals provisions relating to billing for medical services provided through special education programs.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass. Signed by 10 members: Representatives Cody, Chair; Ericksen, Ranking Minority Member; Bailey, Campbell, Clibborn, Green, Kelley, Moeller, Morrell and Pedersen.

**Staff:** Jim Morishima (786-7191)

#### **Background:**

School districts are eligible to receive Medicaid reimbursement for medical services they provide to special education students. In 1993 the Legislature created a system through

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which school districts could seek this Medicaid reimbursement. Key components of this system included:

- establishing a statewide billing agent to act as the state's billing agent for medical services provided through special education programs;
- allowing school districts to act as their own billing agents; and
- requiring the Department of Social and Health Services (DSHS) to establish a reimbursement system based on the costs of medical services in special education programs.

Under the system, all Medicaid payments would be made directly to the Office of the Superintendent of Public Instruction (OSPI). The OSPI would then disburse the funds, including reimbursement to the DSHS for the state-funded portion of the Medicaid payments, reimbursement for the billing agent's fees, incentive payments to school districts, and disbursements to school districts for special education programs.

As a consequence of a federal audit, the Centers for Medicare and Medicaid Services (CMS) found several problems with this system of reimbursement including the fact that services were being reimbursed on a cost-basis (rather than at a uniform rate) and the OSPI's role in the disbursement system. The CMS ordered the DSHS to change the way in which it calculates reimbursement rates, reimburse the school districts directly, and to end the involvement of the OSPI. In September of 2007 the DSHS complied with the directive, thereby abandoning the 1993 statutory system.

**Summary of Bill:**

Statutory provisions relating to billing for medical services provided through special education programs are repealed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill brings us into compliance with federal law. This bill will have no adverse effect on schools since the state has been doing this since 2007.

(Opposed) None.

**Persons Testifying:** (In support) Roger Gantz and Chris Bess, Department of Social and Health Services.

**Persons Signed In To Testify But Not Testifying:** None.