

HOUSE BILL REPORT

ESHB 3048

As Passed House:
March 16, 2010

Title: An act relating to administration of the medicaid program.

Brief Description: Concerning administration of the medicaid program.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Cody, Armstrong and Pettigrew; by request of Governor Gregoire).

Brief History:

Committee Activity:

Ways & Means: 2/1/10, 2/8/10 [DPS].

Floor Activity:

Passed House: 2/15/10, 79-19.

First Special Session

Floor Activity:

Passed House: 3/16/10, 75-18.

Brief Summary of Engrossed Substitute Bill

- Directs the Governor to submit a report to the Legislature by December 1, 2010, identifying the agency designated by the Governor as the single state Medicaid agency and a plan for transferring functions related to that designation from the Department of Social and Health Services to the designated agency.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Linville, Chair; Ericks, Vice Chair; Sullivan, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Schmick and Seaquist.

Minority Report: Do not pass. Signed by 1 member: Representative Hinkle.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Erik Cornellier (786-7116).

Background:

The Department of Social and Health Services (DSHS or Department) was statutorily created in 1970. Current law specifies that the DSHS administers state medical assistance programs that pay for health care for low-income state residents. Medical assistance is delivered primarily through the Medicaid program.

Washington's medical assistance programs provide health coverage for more than 1,000,000 individuals through fee-for-service and managed care plans. In Fiscal Year 2010 this includes:

- approximately 680,000 children under the Apple Health for Kids program;
- more than 210,000 aged, blind, and disabled individuals; and
- more than 21,000 individuals under the General Assistance Unemployable program and the Alcoholism and Drug Addiction Treatment and Support Act.

Most of these programs are jointly funded with state and federal matching funds. The 2009-11 budget includes approximately \$3.6 billion in state funds and \$5.2 billion in federal funds for medical assistance programs.

Federal law requires each state that participates in Medicaid must designate a single state agency responsible for administration and supervision of the state's Medicaid program.

Summary of Engrossed Substitute Bill:

The Governor must submit a report to the Legislature by December 1, 2010, identifying the agency designated by the Governor as the single state Medicaid agency and a plan for transferring functions related to that designation from the DSHS to the designated agency.

In preparing the plan, the Governor must consider the terms and conditions of any federal Medicaid waiver related to financing the Basic Health Plan granted as a result of the request submitted by the DSHS on January 19, 2010.

The Governor must also consider the goal of integrating medical, behavioral health, and long-term care services for individuals with co-occurring disorders or complex health needs.

The Governor must consider the need for uniform policies, based on the best available scientific and medical evidence, across state-purchased health care programs.

Finally, the Governor must consider the labor impacts, including the transfer of employees and the effect on current bargaining units and collective bargaining agreements.

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 reflects the Governor's desire to streamline purchasing for health care and prepare Washington for federal health reform. Washington will spend more than \$9 billion on health care in this biennium. This bill brings Washington's health care purchasing power under one agency which should generate administrative efficiencies. The Governor intends to move the Medicaid program to the Health Care Administration with the Basic Health Plan. This will be a two stage process. First, the Governor is asking for authority to make the transition. Then the Governor will work with stakeholders to determine which functions would transfer and identify administrative efficiencies. The Governor would come back with details of the transition as part of 2011-13 budget process.

(With concerns) Separating medical assistance from the long-term care system would have serious implications. The movement in health care has been to integrate services, and the centralized approach breaks down stovepipes and coordinates care. This proposal would create new silos and bureaucratic boundaries. This bill also does not protect collective bargaining employees in the transfer process.

(Opposed) None.

Persons Testifying: (In support) Robin Arnold-Williams, Governor's Executive Policy Office.

(With concerns) Charles Reed; Misha Werschkul, Service Employees International Union Healthcare 775 Northwest; and Alia Griffing, Washington Federation of State Employees.

(Opposed) None.

Persons Signed In To Testify But Not Testifying: None.