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**Ways & Means Committee**

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**HB 2057**

**Brief Description:** Limiting payments for health care services provided to low-income enrollees in state purchased health care programs.

**Sponsors:** Representatives Cody, Hinkle and Hunter; by request of Health Care Authority and Department of Social and Health Services.

**Brief Summary of Bill**

- Managed care systems serving Basic Health Plan (BHP) and Healthy Options (HO) enrollees are required to pay nonparticipating providers no more than the amount paid for the same services under Washington's Medicaid fee-for-service program.
- Nonparticipating providers must accept those rates as payment in full in addition to any deductibles, coinsurance, or copayments due from the patients.
- Enrollees in the BHP and HO are not liable to nonparticipating providers for covered services except for required deductibles, coinsurance, or copayments.
- Attempts by nonparticipating providers to recover funds beyond the Medicaid fee-for-service rates constitute unprofessional conduct.

**Hearing Date:** 4/13/11

**Staff:** Erik Cornellier (786-7116).

**Background:**

The Health Care Authority (Authority) administers the Basic Health Plan (BHP), which is a health care insurance program that assists enrollees by providing a state subsidy to offset the costs of premiums.

Medicaid is a federal-state partnership with programs established in the federal Social Security Act, and implemented at the state level with federal matching funds. The federal law has

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provided a framework for coverage for children, pregnant women, some families, and elderly and disabled adults, with varying income requirements.

Managed care is a prepaid, comprehensive system of medical and health care delivery, including preventive, primary, specialty, and ancillary health services through a network of providers. The BHP provides coverage through managed care plans. Healthy Options (HO) is the Department of Social and Health Services' Medicaid managed care program for low-income people in Washington. Healthy Options offers eligible families, children under 19, and pregnant women a complete medical benefits package.

Disputes have arisen when HO or BHP enrollees receive covered services at in-network hospital from nonparticipating health care providers. The nonparticipating providers maintain that they should receive their billed charges for the services provided, while the HO and BHP contracted carriers hold that the payments should be consistent with rates paid to network providers.

In the 2009-11 biennial operating budget, the Legislature addressed this issue by requiring HO carriers to limit reimbursements made to non-network providers to no more than the Medicaid fee-for-service rates for comparable services. The Snohomish County Superior Court ruled that a contracted HO and BHP carrier must pay the nonparticipating providers their billed rates despite the restriction in the 2009-11 biennial operating budget. The Washington State Supreme Court declined a request for an expedited review and sent the case to the Court of Appeals for consideration. Two similar lawsuits have been filed.

Credentialed health care providers are subject to professional discipline under the Uniform Disciplinary Act (UDA). Under the UDA, the disciplining authority may take action against a provider for a variety of reasons, including unprofessional conduct, unlicensed practice, and the mental or physical inability to practice skillfully or safely.

#### **Summary of Bill:**

Managed care systems serving the Basic Health Plan (BHP) and Healthy Options (HO) are required to pay nonparticipating providers no more than the amount paid for the same services under Washington's Medicaid fee-for-service program. Nonparticipating providers must accept those rates as payment in full in addition to any deductibles, coinsurance, or copayments due from the patients.

Enrollees in the BHP and HO are not liable to nonparticipating providers for covered services except for required deductibles, coinsurance, or copayments.

Attempts by nonparticipating providers to recover funds beyond the Medicaid fee-for-service rates constitute unprofessional conduct under the Uniform Disciplinary Act.

**Appropriation:** None.

**Fiscal Note:** Requested on April 9, 2011.

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