

HOUSE BILL REPORT

SSB 5377

As Reported By House Committee On:
Health Care

Title: An act relating to physician referral.

Brief Description: Modifying physician self-referral provisions.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Quigley and Fairley; by request of Department of Social and Health Services).

Brief History:

Committee Activity:

Health Care: 3/16/95 [DPA].

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass as amended. Signed by 12 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Hymes, Vice Chairman; Dellwo, Ranking Minority Member; Cody, Assistant Ranking Minority Member; Campbell; Casada; Conway; Crouse; Kessler; Sherstad and Skinner.

Staff: Bill Hagens (786-7131).

Background: In the Omnibus Budget Reconciliation Act of 1993 (OBRA), Congress included provisions that prohibit physicians from referring Medicaid patients to health care services in which they (or an immediate family member) have a financial interest. Physicians were already prohibited from self-referring Medicare patients for clinical laboratory services under previous federal legislation. The OBRA expansion of the ban went into effect on January 1, 1995.

Summary of Amended Bill: The state Medicaid program is brought into compliance with federal OBRA requirements. Physicians are prohibited from self-referring Medicaid clients to medical facilities or services in which the physician or his/her family has a financial interest. These services include: clinical laboratory, physical therapy, occupational therapy, radiology, magnetic resonance imaging, computerized axial tomography, ultra sound, or other diagnostic services, durable medical equipment, parenteral and enteral nutrients equipment, prosthetics, orthotics and

prosthetic devices, home health, outpatient prescription drugs, inpatient and outpatient hospital services, radiation therapy and supplies.

Several exemptions to the self-referral ban include group practices, in-office ancillary services, physicians practicing in rural communities, and certain designated hospital services.

This legislation incorporates the exceptions by reference to the applicable federal law and permits the Department of Social and Health Services to adopt rules to explicitly address the exceptions.

Amended Bill Compared to Substitute Bill: Corrects listing of services to be affected by self-referral prohibition; clarifies that prohibition does not apply to staff model HMO's, certain rural health facilities; and other services expressly exempt by federal law.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Bill is necessary to comply with federal Medicaid law.

Testimony Against: None.

Testified: Diane Weeden, Department of Health and Social Services (pro); and Ken Bertrand, Group Health Cooperative (pro).