

# FINAL BILL REPORT

## HB 1162

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C 236 L 97

Synopsis as Enacted

**Brief Description:** Providing for delegation of lien and subrogation rights to medical health care systems by contract.

**Sponsors:** Representatives Dyer and Cody; by request of Department of Social and Health Services.

**House Committee on Health Care**

**Senate Committee on Health & Long-Term Care**

**Background:** The Department of Social and Health Services (DSHS) provides medical assistance (mostly Medicaid funded) through managed care organizations (MCOs). These MCOs are health insurance carriers such as health care service contractors and health maintenance organizations. The Medical Assistance Administration within the DSHS contracts with 19 MCOs to provide services to about 437,000 children, pregnant women, and income assistance recipients through a program widely known as *Healthy Options*.

Sometimes assistance under this program is furnished to a Medicaid beneficiary who has been injured by the wrongful act of another person. In such a case, the DSHS has certain express statutory rights regarding the recovery of payments it has made to the beneficiary. The DSHS is subrogated to the beneficiary's claim against the person who caused the injury, and the department also has a lien against payments the beneficiary may get from the wrongdoer or from an insurer. The statute that gives these subrogation and lien rights to the DSHS does not expressly allow for the use of these same rights by an MCO that has actually provided services under the program. Since Medicaid is, by federal law, the last-payer, it is necessary for the MCO to recover any payment due the beneficiary.

**Summary:** Express authority is given to the DSHS to delegate its powers of lien and subrogation to an MCO.

**Votes on Final Passage:**

House 95 0

Senate 47 0

**Effective:** July 27, 1997