
HOUSE BILL 1161

State of Washington

55th Legislature

1997 Regular Session

By Representatives Dyer, Cody and Mielke; by request of Department of Social and Health Services

Read first time 01/16/97. Referred to Committee on Health Care.

1 AN ACT Relating to statutory authority to revise medical assistance
2 managed care contracting under federal demonstration waivers granted
3 under section 1115; amending RCW 74.09.522; repealing RCW 48.46.150;
4 and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 74.09.522 and 1989 c 260 s 2 are each amended to read
7 as follows:

8 (1) For the purposes of this section, "managed health care system"
9 means any health care organization, including health care providers,
10 insurers, health care service contractors, health maintenance
11 organizations, health insuring organizations, or any combination
12 thereof, that provides directly or by contract health care services
13 covered under RCW 74.09.520 and rendered by licensed providers, on a
14 prepaid capitated (~~case management~~) basis and that meets the
15 requirements of section 1903(m)(1)(A) of Title XIX of the federal
16 social security act or federal demonstration waivers granted under
17 section 1115(a) of Title XI of the federal social security act.

18 (2) (~~No later than July 1, 1991,~~) The department of social and
19 health services shall enter into agreements with managed health care

1 systems to provide health care services to recipients of aid to
2 families with dependent children under the following conditions:

3 (a) Agreements shall be made for at least thirty thousand
4 recipients state-wide;

5 (b) Agreements in at least one county shall include enrollment of
6 all recipients of aid to families with dependent children;

7 (c) To the extent that this provision is consistent with section
8 1903(m) of Title XIX of the federal social security act or federal
9 demonstration waivers granted under section 1115(a) of Title XI of the
10 federal social security act, recipients shall have a choice of systems
11 in which to enroll and shall have the right to terminate their
12 enrollment in a system: PROVIDED, That the department may limit
13 recipient termination of enrollment without cause to the first month of
14 a period of enrollment, which period shall not exceed (~~six~~) twelve
15 months: AND PROVIDED FURTHER, That the department shall not restrict
16 a recipient's right to terminate enrollment in a system for good cause
17 as established by the department by rule;

18 (d) To the extent that this provision is consistent with section
19 1903(m) of Title XIX of the federal social security act, participating
20 managed health care systems shall not enroll a disproportionate number
21 of medical assistance recipients within the total numbers of persons
22 served by the managed health care systems, except (~~that this~~
23 ~~subsection (d) shall not apply to entities described in subparagraph~~
24 ~~(B) of section 1903(m)~~) as authorized by the department under federal
25 demonstration waivers granted under section 1115(a) of Title ((XIX)) XI
26 of the federal social security act;

27 (e) (~~Prior to negotiating with any managed health care system, the~~
28 ~~department shall estimate, on an actuarially sound basis, the expected~~
29 ~~cost of providing the health care services expressed in terms of upper~~
30 ~~and lower limits, and recognizing variations in the cost of providing~~
31 ~~the services through the various systems and in different project~~
32 ~~areas.)) In negotiating with managed health care systems the
33 department shall adopt a uniform procedure to negotiate and enter into
34 contractual arrangements, including standards regarding the quality of
35 services to be provided; and financial integrity of the responding
36 system;~~

37 (f) The department shall seek waivers from federal requirements as
38 necessary to implement this chapter;

1 (g) The department shall, wherever possible, enter into prepaid
2 capitation contracts that include inpatient care. However, if this is
3 not possible or feasible, the department may enter into prepaid
4 capitation contracts that do not include inpatient care;

5 (h) The department shall define those circumstances under which a
6 managed health care system is responsible for ~~((out-of-system))~~ out-of-
7 plan services and assure that recipients shall not be charged for such
8 services; and

9 (i) Nothing in this section prevents the department from entering
10 into similar agreements for other groups of people eligible to receive
11 services under this chapter ~~((74.09 RCW))~~.

12 ~~((The department shall seek to obtain a large number of
13 contracts with providers of health services to medicaid recipients.))~~
14 The department shall ensure that publicly supported community health
15 centers and providers in rural areas, who show serious intent and
16 apparent capability to participate ~~((in the project))~~ as managed health
17 care systems are seriously considered as ~~((providers in the project))~~
18 contractors. The department shall coordinate ~~((these projects with the
19 plans developed))~~ its managed care activities with activities under
20 chapter 70.47 RCW.

21 (4) The department shall work jointly with the state of Oregon and
22 other states in this geographical region in order to develop
23 recommendations to be presented to the appropriate federal agencies and
24 the United States congress for improving health care of the poor, while
25 controlling related costs.

26 NEW SECTION. Sec. 2. RCW 48.46.150 and 1975 1st ex.s. c 290 s 16
27 are each repealed.

28 NEW SECTION. Sec. 3. This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of the
30 state government and its existing public institutions, and takes effect
31 immediately.

--- END ---