

# FINAL BILL REPORT

## SHB 1240

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### FULL VETO

Synopsis as Enacted

**Brief Description:** Increasing medicaid reimbursements to second class school districts.

**Sponsors:** By House Committee on Education (Originally sponsored by Representatives McMorris, Quall, Sump, Haigh, Keiser and Kenney; by request of Superintendent of Public Instruction).

**House Committee on Education**  
**House Committee on Appropriations**  
**Senate Committee on Education**

#### **Background:**

Washington receives federal Medicaid funds to reimburse school districts for costs incurred in providing medical services to Medicaid eligible students. School districts pay for medical services with state funds. The state then bills Medicaid for covered services.

After administrative and billing fees are paid, the Office of the Superintendent of Public Instruction (OSPI) pays 50 percent of the Medicaid reimbursement to the Department of Social and Health Services. The OSPI divides the remaining 50 percent, sometimes called the net federal portion, between the state general fund and the school districts. The general fund receives 80 percent of the federal portion. The school districts receive 20 percent. Currently, a school district that bills Medicaid for \$100 would see \$10.37 returned to the district. That money must be used for students with disabilities.

The 1997-99 state budget was developed on the assumption that \$11.6 million in Medicaid funds will offset state general fund expenditures as a result of billings submitted by 264 school districts, including 201 districts with enrollments of fewer than 2,000 full time equivalent students (second class districts). The 1998 supplemental budget assumed the passage of legislation that would have increased the Medicaid reimbursement share of second class school districts. However, the legislation did not pass.

#### **Summary:**

A new Medicaid reimbursement formula is adopted for all school districts. The districts will receive one-half of the net federal share of the reimbursement amounts

the districts would receive if they billed for all Medicaid eligible students. The new reimbursement formula replaces the current formula that provides the districts with 20 percent of the federal portion of Medicaid recoveries after the deduction of billing fees.

The corresponding rate change is made for any reimbursements received from private insurers.

**Votes on Final Passage:**

House 96 0

Senate 47 0 (Senate amended)

House 96 0 (House concurred)