

SENATE BILL REPORT

SHB 1240

As Reported By Senate Committee On:
Education, April 1, 1999

Title: An act relating to medicaid reimbursements to school districts.

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

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

Brief History:

Committee Activity: Education: 3/24/99, 3/31/99, 4/1/99 [DPA].

SENATE COMMITTEE ON EDUCATION

Majority Report: Do pass as amended.

Signed by Senators McAuliffe, Chair; Eide, Vice Chair; Benton, Brown, Finkbeiner, Hochstatter, Kohl-Welles, Swecker and Zarelli.

Staff: Susan Mielke (786-7422)

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. 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.

Summary of Amended Bill: The potential reimbursement percent that school districts receive on Medicaid billings is increased. A school district could receive up to 50 percent if it bills for all Medicaid eligible students.

Amended Bill Compared to Substitute Bill: All districts have the potential to get reimbursement up to 50 percent instead of just second class districts automatically receiving 50 percent and first class districts automatically receiving 20 percent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The requirement to bill Medicaid for certain services provided by the schools almost amounts to an unfunded mandate from the state. It costs the schools more in administrative costs to seek reimbursement from Medicaid than the schools get to keep. The benefits do not outweigh the paperwork. Money was put in the supplemental budget last year to raise second class school districts to the 50 percent reimbursement level; however, the legislation was not passed. This bill could be passed for the current biennium so the second class districts could receive the funding appropriated last year and then after June 30, 1999, the Senate incentive version of the bill could take effect.

Testimony Against: None.

Testified: PRO: Representative McMorris, prime sponsor; Karen Davis, OSPI; Doug Nelson, PSE.