# SENATE BILL REPORT
# SB 5703

As Reported By Senate Committee On:
Health & Long-Term Care, February 28, 2005

**Title:** An act relating to health care.

**Brief Description:** Regarding medical assistance and physician recruitment.

**Sponsors:** Senators Brandland, Spanel and Brown.

**Brief History:**
**Committee Activity:** Health & Long-Term Care: 2/14/05, 2/28/05 [DPS-WM, DNP, w/ oRec].

## SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5703 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.
Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Brandland, Franklin, Kastama, Kline and Poulsen.

**Minority Report:** Do not pass.
Signed by Senator Benson.

**Minority Report:** That it be referred without recommendation.
Signed by Senators Johnson and Parlette.

**Staff:** Stephanie Yurcisin (786-7438)

**Background:** The percentage of the population that is uninsured or insured by public programs is growing. Simultaneously, the number of private physicians open to accepting these patients is declining. There is evidence that private physicians are limiting or closing their practices to such patients because of the low level of reimbursement rates and the growing administrative burden associated with serving Medicaid patients.

The Department of Social and Health Services (DSHS) is the state agency responsible for the Medicaid program. The Medical Assistance Administration (MAA) within DSHS holds primary responsibility for day-to-day management, including payment and provider contracts, for Medicaid clients. The Medicaid management information system is a computer system that can handle the administrative work associated with the millions of dollars a day of Medicaid billings and payments.

While eligibility reverification cycles for Medicaid depend on the patient group, some of the groups are reverified on six month cycles. Each child enrolled in the children's health insurance program (CHIP) is charged a $15 per month premium, with a maximum of $45 per family. Washington has the authority to charge monthly premiums for children enrolled in

Medicaid but has not done so. Patients in certain Medicaid programs may be eligible for 3-month retroactive eligibility.

The Medically Indigent Program was a state-funded program for persons with an emergency medical condition requiring hospital services who were not eligible for cash benefits or for any other medical program. It covered emergency transportation services, hospital, and related physician services. The program was eliminated in 2003 and replaced with a grant system that directs funds only to the hospitals.

**Summary of Substitute Bill:** The Department of Social and Health Services (DSHS) will reverify eligibility for children's medical programs annually. DSHS may not charge copremiums for children's medical and dental coverage except for children participating in the CHIP program.
DSHS will require health care contractors to develop policies to support collaborative efforts to promote a new model of chronic disease management.

DSHS must require plans to have up-to-date eligibility information, including plan and primary care provider status, accessible to providers at all times. This information must be the basis for payment and authorization decisions.

DSHS must require that health care contractors have primary care and specialty care networks in place within the geographic service area, and that the contractors verify that the networks are up-to-date and that primary care providers can access the information.

The Health Care Authority is directed to coordinate state agency efforts to develop and implement administrative simplification procedures in the areas of claims processing, referrals and prospective review, and practitioner credentialing.

The Department of Revenue will consult and work with the Department of Health, the Department of Social and Health Services, and the Health Care Authority, to develop a program to offer business and occupation tax credits to physicians who serve uninsured and Medicaid patients in a private practice or reduced fee access program. The Department of Revenue must submit proposed legislation by December 15, 2005.

**Substitute Bill Compared to Original Bill:** The substitute bill clarifies that the annual review cycle applies to children's medical programs. It clarifies the section prohibiting the implementation of premiums for Medicaid-covered children; SCHIP children may still be charged a premium, but children at 200 percent of the federal poverty level or below may not be charged premiums. It deletes a provision requiring DSHS to provide retroactive payments and replaces it with provisions that require plans to have up-to-date eligibility information widely available that are the basis for payment and authorization decisions.

The substitute bill also deletes the section that directed DSHS to upgrade its Medicaid Management Information System, and it moves the section requiring support of collaborative efforts to promote a new model of chronic disease management to the correct statutory section. It modifies the provision requiring plans to have care networks in place by requiring verification that the networks are up-to-date and that primary care providers can access that information. It removes the provision that would have required DSHS to develop a grant program to reimburse providers who serve medically indigent patients. Finally, the substitute

bill directs additional agencies to be involved in the program that will develop the B&O tax credit.

**Appropriation:** None.

**Fiscal Note:** Requested on substitute bill February 22, 2005.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** The enormous administrative burden is limiting physicians from caring for Medicaid patients. The preauthorization requirement is overly burdensome. The specialty network is too small and the administrative burdens are way too high. The constant reassigning of Healthy Options patients to new primary care providers is frustrating and confusing for both patients and providers. The lack of healthcare access is an economic development issue. Hospitals are not charged the B&O tax, and physicians should be exempted from it, too.

**Testimony Against:** None.

Other: There are technical concerns with this bill, and many of the Governor's initiatives are already addressing some of these same areas.

**Who Testified:** PRO: Sue Sharpe, Whatcom Alliance for Healthcare Access; Erick Laine, Madrona Medical Group; Linda McCarthy, Mt. Baker Planned Parenthood; Pat Rowe, Bellingham Whatcom Chamber of Commerce; Holly Detlzer, Communities Connect; Susie Tracy, Washington State Medical Association. OTHER: Roger Gantz, Department of Social and Health Services.