

# SENATE BILL REPORT

## SB 5590

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As of February 10, 2015

**Title:** An act relating to medicaid managed health care system payments for health care services provided by nonparticipating providers.

**Brief Description:** Concerning medicaid managed health care system payments for health care services provided by nonparticipating providers.

**Sponsors:** Senators Dammeier, Frockt and Keiser; by request of Health Care Authority.

**Brief History:**

**Committee Activity:** Health Care: 2/09/15.

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### SENATE COMMITTEE ON HEALTH CARE

**Staff:** Mich'l Needham (786-7442)

**Background:** The 2011 Legislature passed SB 5927 to require the Medicaid-managed care plans to pay a nonparticipating provider no more than the Medicaid fee-schedule rate for services delivered by the nonparticipating provider to a patient covered by Medicaid, medical care services, or Basic Health. Nonparticipating providers must accept the amount paid by the managed care plan as payment in full, except for any deductible, co-insurance or co-payment that is due from the enrollee.

The Medicaid-managed care plans must meet federal requirements to maintain a network of appropriate providers sufficient to provide adequate access to all covered services. The 2011 legislation required the Health Care Authority to monitor and report on the proportion of services provided by contracted providers and nonparticipating providers, by county, for each managed care plan to ensure the network adequacy requirements are met.

Prior to passage of the 2011 legislation, a Snohomish County Superior Court decision indicated a managed care plan should pay a non-contracted practitioner the full amount billed by the practitioner. There were estimates for significant impact to the managed care rates, and the state budget, if the ruling was applied statewide.

The provisions adopted in SB 5927 expire July 1, 2016.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:** The Medicaid-managed care plans must pay a nonparticipating provider no more than the Medicaid fee schedule if the managed care plan has made good faith efforts to contract with the nonparticipating provider.

The July 1, 2016, expiration is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

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

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

**Staff Summary of Public Testimony:** PRO: The 2011 bill ensured Medicaid enrollees had access to specialists that might not be contracted with Medicaid managed care plans and we included the five-year sunset to allow time for review. We have had time to see it is working and it is time to remove the sunset. This bill was developed with consensus that we did not have in 2011 initially. The change strikes a good balance. It wasn't clear that the 2011 bill had reached the appropriate balance so the sunset was added but this minor adjustment in language reflects a good balance that will also protect the budget from significant impact if the language does sunset. There was an epic battle with the medical association and Medicaid over the fee schedule reference but this new language on good-faith efforts to negotiate strikes the right balance.

**Persons Testifying:** PRO: Senator Dammeier, prime sponsor; Jonathan Seib, Molina Healthcare of WA; Nathan Johnson, Health Care Authority; Katie Kolan, WA State Medical Assn.; Lisa Thatcher, WA State Hospital Assn.