HOUSE BILL REPORT
HB 1854

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to the transition of medicaid enrollees to skilled nursing facility care.

Brief Description: Concerning the transition of medicaid enrollees to skilled nursing facility care.

Sponsors: Representatives Cody, Schmick and Tharinger.

Brief History:
Committee Activity:
Health Care & Wellness: 2/15/17, 2/17/17 [DPS].

Brief Summary of Substitute Bill

- Directs the Health Care Authority and the Department of Social and Health Services to establish a work group to identify barriers to timely and appropriate transfers of Medicaid enrollees from acute care hospitals to skilled nursing facilities.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Graves, Assistant Ranking Minority Member; Caldier, Clibborn, DeBolt, Harris, Jinkins, MacEwen, Maycumber, Riccelli, Robinson, Rodne, Slatter, Stonier and Tharinger.

Staff: Chris Blake (786-7392).

Background:

Medicaid Managed Care.
Managed care is a prepaid, comprehensive system of medical and health care delivery, including preventive, primary, specialty, and ancillary health services. Washington Apple Health (Apple Health) is the Medicaid managed care program for low-income people in

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Washington. Apple Health offers eligible families, children under age 19, pregnant women, certain blind or disabled persons, and low-income adults a complete medical benefits package.

The Health Care Authority (Authority) establishes standards for managed care organizations that seek to contract to provide services to clients in the Apple Health program. The standards include:

- obtaining a certificate of registration from the Office of the Insurance Commissioner to provide health care services;
- accepting the Authority's managed care contract;
- demonstrating the ability to meet the Authority's network and quality standards; and
- being awarded a contract through a competitive process or an application process.

Reimbursement for Inpatient Hospital Stays.
The Authority pays for the hospital stays of Apple Health enrollees if the attending physician orders admission and the admission and treatment meet coverage standards. Hospital services include: emergency room services; hospital room and board, including nursing care; inpatient services, supplies, equipment, and prescription drugs; surgery and anesthesia; diagnostic testing and laboratory work; and radiation and imaging services. The Authority only pays for medically necessary services that are the least costly and equally effective treatment for the client. Hospitals may receive an "administrative day rate" for days of a hospital stay when a client does not meet the medical necessity criteria for acute inpatient care, but is not discharged because an appropriate placement outside the hospital is not available.

Summary of Substitute Bill:

The Health Care Authority (Authority) and the Department of Social and Health Services must convene a work group of representatives of skilled nursing facilities, hospitals, and managed health care systems to identify barriers to the timely and appropriate transfer of Medicaid enrollees from acute care hospitals to skilled nursing facilities. The work group must consider what additional resources are needed to allow for faster transfers of enrollees, including those with complex needs. The Authority must report the work group's findings to the Governor and the health care committees of the Legislature by December 1, 2017.

Substitute Bill Compared to Original Bill:

The substitute bill removes the provisions relating to establishing incentives to assure timely and appropriate transfers from hospitals to skilled nursing facilities, considering a managed care organization's ability to provide timely and appropriate transitions to skilled nursing facilities when the Health Care Authority (Authority) is awarding contracts, and directing the Authority to conduct a survey of skilled nursing facilities regarding barriers to timely and appropriate transfers and issuing a report.

The substitute bill directs the Authority and the Department of Social and Health Services to convene a work group of representatives of skilled nursing facilities, hospitals, and managed

health care systems to identify barriers to the timely and appropriate transfer of Medicaid enrollees from acute care hospitals to skilled nursing facilities. The Authority must report the work group's findings to the Governor and the health care committees of the Legislature by December 1, 2017.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Hospitals face challenges with patients who have received acute care, but are not able to find a placement at the next level of care and have to stay in the hospital. The goal of this bill is to help patients get the right care at the right time in the right place.

When patients are delayed from being released from a hospital, this impacts patients who are waiting for care. Case managers and discharge planners have real problems when patients do not move to their next care setting. Skilled nursing facilities often do not accept Medicaid managed care rates or do not have the full skill set of services to care for some patients. Patients need adequate access to acute care so they do not get stuck in an emergency department. Critical access hospitals can only have 25 beds, so when patients stay after they are ready to be discharged, it creates problems for others who might need the limited beds. It is difficult to function as a Level I trauma center when many beds are occupied by people who do not need acute care and it has resulted in hospitals going on diversion status. Medicaid managed care organizations promise in their Washington Apple Health contracts to provide timely care and an adequate network.

In one case, case managers spent 16 hours contacting 74 different facilities to find an appropriate transfer. One hospital of 413 beds reports having 30 to 40 beds on any given day that are taken up by patients who are ready to be discharged to a skilled nursing facility.

(Opposed) Post-acute care patients should not be stranded in a hospital when placement in a long-term care facility would be better for them, however, the problem is not that Medicaid managed care organizations are interfering with appropriate discharges or refusing to pay. Punishing Medicaid managed care organizations with a financial penalty when a post-acute placement cannot be found is not the solution. The problem is that patients with a behavioral health disorder can be difficult to place. Many skilled nursing facilities do not have the training to take these patients. This is the problem of the Department of Social and Health Services, not the Medicaid managed care organizations. This bill will likely have a large cost because of the impact on Medicaid managed care organization rates. Many skilled nursing facilities will not take people who smoke because of the fire hazard or people who are overweight because they need to have specific lift equipment and staffing levels. The problem is that there are some very complex patients who have complex needs. Penalizing

Medicaid managed care organizations with a fine because they cannot find a bed that is not available only passes the financial obligation. Medicaid managed care organizations are currently taking steps to address the issue.

There needs to be a collaborative effort among stakeholders to solve these issues. There was stakeholder work on the issue last year, but this legislative approach was not one of the options. The study portion of the bill could be supported as long as the Medicaid managed care organization perspective is represented. The accountable communities of health could look at this issue under their discharge planning projects.

Persons Testifying: (In support) Zosia Stanley, Washington State Hospital Association; Geri Forbes, WhidbeyHealth; and Matt Lund, University of Washington Medicine.

(Opposed) Patty Seib, Molina Healthcare; Katie White Tudor, Community Health Plans of Washington; and Andrea Tull, Coordinated Care.

Persons Signed In To Testify But Not Testifying: None.