

# SENATE BILL REPORT

## SB 6676

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As Reported by Senate Committee On:  
Ways & Means, February 10, 2020

**Title:** An act relating to reimbursement for primary care services for medicaid beneficiaries.

**Brief Description:** Concerning reimbursement for primary care services for medicaid beneficiaries.

**Sponsors:** Senators Frockt, Randall, Rolfes, Darneille, Braun, Billig, Salomon, Stanford, Dhingra, Van De Wege, Brown, Carlyle, Cleveland, Conway, Das, Hasegawa, Keiser, King, Kuderer, Liias, Lovelett, McCoy, Mullet, Nguyen, Pedersen, Wellman and Wilson, C.

**Brief History:**

**Committee Activity:** Ways & Means: 2/06/20, 2/10/20 [DPS, w/oRec].

**Brief Summary of First Substitute Bill**

- Requires the Medicaid payment for primary care providers be at least 15 percent above the medical assistance rates in effect January 1, 2019.
- Requires the Medicaid payment for pediatric critical care, neonatal critical care, and neonatal intensive care providers to be at least 21 percent above the medical assistance rates in effect January 1, 2019.
- Requires the Health Care Authority to direct Medicaid managed care plans to increase primary care rates through adoption of a uniform rate increase for network providers.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6676 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Pedersen, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

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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.*

**Minority Report:** That it be referred without recommendation.

Signed by Senator Liias.

**Staff:** Sandy Stith (786-7710)

**Background:** The federal Affordable Care Act (ACA) provided federal funding for payment increases for Medicaid primary care services at the Medicare rates for calendar years 2013 and 2014. The provision applied to fee-for-service and managed care providers for evaluation and management and vaccine administration services when delivered by a physician with a specialty designation of family medicine, general internal medicine, or pediatric medicine. Funding was also provided in the state budget to increase the reimbursement for nurse practitioners. The enhanced funding ended December 31, 2014.

Federal Medicaid rules allow for states to enter into specific contracting arrangements with managed care organizations. These rules include provisions that allow states to enter into contracts requiring managed care organizations to adopt minimum fee schedules for network providers that provide a particular service under the contract.

**Summary of Bill (First Substitute):** The Medicaid payment for primary care services furnished by a nurse practitioner or a physician with a specialty designation of family medicine, general internal medicine, or pediatric medicine, or a subspecialist within these primary specialties, must be at a rate not less than 75 percent of the Medicare payment rate for the same services and providers, for both fee-for-service and managed health care systems.

The Health Care Authority (HCA) must apply the reimbursement rates to payment codes in a manner consistent with the temporary rate increase that was provided under the ACA.

HCA must pursue a state plan amendment that directs Medicaid managed care plans to increase payments using a minimum fee schedule.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):** The Medicaid payment for primary care services furnished by a nurse practitioner, naturopath, physician assistant, osteopathic physician assistant, physician, or osteopathic physician must be at least 15 percent above medical assistance rates in effect on January 1, 2019, for both fee-for-service and managed health care systems.

The Medicaid payment for pediatric critical care, neonatal critical care, and neonatal intensive care services furnished by a nurse practitioner, naturopath, physician assistant, osteopathic physician assistant, physician, or osteopathic physician must be at least 21 percent above medical assistance rates in effect on January 1, 2019, for both fee-for-service and managed health care systems.

HCA must apply the reimbursement rates to payment codes in a manner consistent with the temporary rate increase that was provided under the ACA.

HCA must pursue a state plan amendment that directs Medicaid managed care plans to increase payments through adoption of a uniform rate increase.

**Appropriation:** None.

**Fiscal Note:** Requested on February 5, 2020.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony on Original Bill:** *The committee recommended a different version of the bill than what was heard.* PRO: Since 2014, increasing Medicaid reimbursement has been our top legislative priority. We have not seen that broadly in a legislative budget. There have been dedicated investments in pediatric primary care and behavioral health care. A broad investment in primary care would be very valuable to members of the Medical Association. This is especially important this year with the passage of the B&O tax given how this impacts independent physicians. These practices would be particularly helped by this type of reimbursement. We think this bill will have a positive impact on primary care reimbursement and services for patients of all ages across Washington. We believe this will improve access for patients of all ages. Evidence is clear that primary care availability has important benefits for people. This bill would be another step to improve care for the Medicaid population. Because of Apple Health, 97 percent of kids in Washington have health care coverage. This covers preventative care for kids, including well child visits, which allow kids to stay healthy and avoid more costly health issues. Kids with reliable medical care have fewer short term medical expenses and lower medical costs over their lifetimes. These children perform better in school, are more likely to graduate high school and college, and have lower rates of chronic disease as adults. We are concerned that as introduced this will not have the intended impact. We would like to work together to come up with the appropriate rates. Currently, primary care rates are only 5 percent of overall medical expenditures. Other high performing countries spend double or triple this. Higher primary care reimbursement is linked to better patient access and better outcomes. Closing the gap between Medicaid and private insurance would reduce the disparity in access for adults by two-thirds and would eliminate disparities for children. We have had a difficult time recruiting and retaining physicians. We have had vacancies in some of our positions for over two years. This makes access to care very difficult. This bill would significantly impact nurse practitioners. The language is unclear about whether the bill would pay nurse practitioners at the physician fee schedule or at a discounted rate. This is not the policy of Medicaid, which reimburses nurse practitioners at 100 percent.

**Persons Testifying:** PRO: Vicki Christopherson, Mednax; Sean Graham, Washington State Medical Association; Dr. Eddy Cates, M.D., Pioneer Family Practice; Jonathan Seib, Washington Academy of Family Physicians; Dr. Tom Long, M.D., Washington Chapter of the American Academy of Pediatrics; Louise Kaplan ARNP, ARNPs United of Washington State.

**Persons Signed In To Testify But Not Testifying:** No one.