
SENATE BILL 5727

State of Washington 53rd Legislature 1993 Regular Session

By Senator Rinehart; by request of Office of Financial Management

Read first time 02/10/93. Referred to Committee on Ways & Means.

1 AN ACT Relating to health services provided by school districts;
2 amending RCW 28A.150.390 and 74.09.520; adding a new section to chapter
3 28A.155 RCW; adding new sections to chapter 74.09 RCW; creating new
4 sections; repealing RCW 74.09.524; providing an effective date; and
5 declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature finds that there is
8 increasing demand for medical services provided through the state's
9 special education programs and that many of these services qualify for
10 federal financial participation under Title XIX of the federal social
11 security act. The legislature further finds that these services may be
12 covered under private insurance policies. The legislature intends to
13 establish a state-wide system of billing medicaid and private insurers
14 for eligible medical services provided through special education
15 programs, in order that federal funding of medical services in special
16 education programs will be maximized and that additional revenue be
17 made available for the state's special education programs. It is the
18 further intent of the legislature that the program be administered by
19 a public or private agency in such a fashion as to ensure that the

1 additional administrative workloads for the districts and the health
2 practitioners in the schools are kept to a minimum.

3 NEW SECTION. **Sec. 2.** For the purposes of sections 1 through 8 of
4 this act, the terms "medical assistance" and "medicaid" mean medical
5 care provided under Title XIX of the federal social security act.

6 NEW SECTION. **Sec. 3.** The superintendent of public instruction
7 shall take necessary steps to establish a competitive bidding process
8 for a contract to act as the state's billing agent for medical services
9 provided through its special education programs. The process must be
10 open to private firms and public entities.

11 NEW SECTION. **Sec. 4.** This act does not apply to contracts between
12 individual school districts and private firms entered in to for the
13 purpose of billing either medicaid or private insurers, or both, for
14 health services and agreed to before the effective date of this act.

15 NEW SECTION. **Sec. 5.** (1) The agency awarded the contract under
16 section 3 of this act shall:

17 (a) Enroll all school districts in this state, except those with
18 preexisting contracts under section 4 of this act, as medicaid
19 providers by the beginning of the 1993-94 school year;

20 (b) Develop a state-wide system of billing the department and
21 private insurers for medical services provided in special education
22 programs;

23 (c) Train health care practitioners employed by or contracting with
24 school districts in medicaid and insurer billing;

25 (d) Verify the medicaid eligibility of students enrolled in special
26 education programs in each educational service district;

27 (e) Provide ongoing technical assistance to practitioners and
28 districts; and

29 (f) Process and forward all medicaid claims to the department and
30 all other claims to private insurers.

31 (2) For each student, individual school districts shall, in
32 consultation with the billing agent, deliver to the student's parent or
33 guardian a letter, prepared by the billing agent, requesting the
34 consent of the parent or guardian to bill the student's health
35 insurance carrier for services provided through the special education

1 program. The letter must be accompanied by a consent form, on which
2 the parent may identify the student's health insurance carrier so that
3 the billing agent may bill the carrier for medical services provided to
4 the student. The letter must clearly state the following:

5 (a) That the billing program is designed in part to raise
6 additional funds to improve special education services;

7 (b) That under no circumstances will the parent or guardian be
8 personally charged for any portion of the bill not paid by the insurer,
9 including copayments, deductibles, or uncovered services;

10 (c) That the amount of the billing will apply to the policy's
11 annual deductible even though the parent will not be billed for the
12 amount of the deductible;

13 (d) That the amount of the billing, will, however, apply towards
14 annual or lifetime benefit caps if these are included in the policy;

15 (e) That it is possible that their premiums would be increased as
16 a result of their consent;

17 (f) That if any of the possible negative consequences of consent
18 were to affect them, they are free to withdraw their consent at any
19 time; and

20 (g) That their consent is entirely voluntary and that the services
21 the student receives through the school will not be affected by their
22 willingness or refusal to consent to the billing of their private
23 insurer.

24 NEW SECTION. **Sec. 6.** The medical assistance administration in the
25 department of social and health services shall establish categories of
26 medical services, and costs and reimbursement rates for medical
27 services provided in special education programs.

28 NEW SECTION. **Sec. 7.** Each educational service district in the
29 state shall participate in the program of billing for medical services
30 under section 5 of this act and shall provide the billing agent with a
31 list, at the start of each academic quarter, of all students enrolled
32 in special education programs within the area served by the educational
33 service district, for purposes of verifying the medicaid eligibility of
34 the students.

35 NEW SECTION. **Sec. 8.** A new section is added to chapter 28A.155
36 RCW to read as follows:

1 (1) Of the projected federal and private insurance revenue
2 collected under section 5 of this act, the following incentive
3 payments, calculated after deduction of the agent's fees, shall remain
4 with the school districts: Twenty percent of the federal portion of
5 medicaid payments; and twenty percent of payments made by private
6 insurers. The billing agent shall periodically provide the office of
7 the superintendent of public instruction and each educational service
8 district with a report showing for each individual school district the
9 total amount of federal funds, less the billing agent's fee, realized
10 through medicaid billing and the total amount, less the billing agent's
11 fee, realized through the billing of private insurers. The
12 superintendent shall use the report to reduce allocations to the
13 districts by eighty percent of the total amount of medicaid and private
14 insurance payments received by each district, calculated after
15 deduction of the billing agent's fee.

16 (2) A firm that is a party to a preexisting contract under section
17 4 of this act shall, at times designated by the superintendent of
18 public instruction, provide the office of the superintendent of public
19 instruction and the appropriate educational service district with a
20 report indicating the total amount of federal money and private
21 insurance money, less the contractor's fee, earned by each district
22 through billing for health services. The superintendent shall reduce
23 allocations to the districts by eighty percent of the total amount of
24 medicaid and private insurance payments received by each district,
25 calculated after deduction of the contractor's fee.

26 (3) For the purposes of this section, "medicaid" means medical care
27 provided under Title XIX of the federal social security act.

28 **Sec. 9.** RCW 28A.150.390 and 1990 c 33 s 116 are each amended to
29 read as follows:

30 The superintendent of public instruction shall submit to each
31 regular session of the legislature during an odd-numbered year a
32 programmed budget request for handicapped programs. Funding for
33 programs operated by local school districts shall be on an excess cost
34 basis from appropriations provided by the legislature for handicapped
35 programs and shall take account of state funds accruing through RCW
36 28A.150.250, 28A.150.260, federal medical assistance and private funds
37 accruing under section 5 of this act, and other state and local funds,
38 excluding special excess levies. (~~Funding for local district programs~~

1 may include payments from state and federal funds for medical
2 assistance provided under RCW 74.09.500 through 74.09.910.) However,
3 the superintendent of public instruction shall reimburse the department
4 of social and health services from state appropriations for handicapped
5 education programs for the state-funded portion of any medical
6 assistance payment made by the department for services provided under
7 an individualized education program established pursuant to RCW
8 28A.155.010 through 28A.155.100. The amount of such interagency
9 reimbursement shall be deducted by the superintendent of public
10 instruction in determining additional allocations to districts for
11 handicapped education programs under this section.

12 **Sec. 10.** RCW 74.09.520 and 1991 sp.s. c 8 s 9 are each amended to
13 read as follows:

14 (1) The term "medical assistance" may include the following care
15 and services: (a) Inpatient hospital services; (b) outpatient hospital
16 services; (c) other laboratory and x-ray services; (d) nursing facility
17 services; (e) physicians' services, which shall include prescribed
18 medication and instruction on birth control devices; (f) medical care,
19 or any other type of remedial care as may be established by the
20 secretary; (g) home health care services; (h) private duty nursing
21 services; (i) dental services; (j) physical and occupational therapy
22 and related services; (k) prescribed drugs, dentures, and prosthetic
23 devices; and eyeglasses prescribed by a physician skilled in diseases
24 of the eye or by an optometrist, whichever the individual may select;
25 (l) personal care services, as provided in this section; (m) hospice
26 services; (n) other diagnostic, screening, preventive, and
27 rehabilitative services; and (o) like services when furnished to a
28 ((handicapped)) child by a school district ((as part of an
29 individualized education program established pursuant to RCW
30 28A.155.010 through 28A.155.100)) in a manner consistent with the
31 requirements of this chapter. For the purposes of this section, the
32 department may not cut off any prescription medications, oxygen
33 supplies, respiratory services, or other life-sustaining medical
34 services or supplies.

35 "Medical assistance," notwithstanding any other provision of law,
36 shall not include routine foot care, or dental services delivered by
37 any health care provider, that are not mandated by Title XIX of the
38 social security act unless there is a specific appropriation for these

1 services. ((Services included in an individualized education program
2 for a handicapped child under RCW 28A.155.010 through 28A.155.100 shall
3 not qualify as medical assistance prior to the implementation of the
4 funding process developed under RCW 74.09.524.))

5 (2) The department shall amend the state plan for medical
6 assistance under Title XIX of the federal social security act to
7 include personal care services, as defined in 42 C.F.R. 440.170(f), in
8 the categorically needy program.

9 (3) The department shall adopt, amend, or rescind such
10 administrative rules as are necessary to ensure that Title XIX personal
11 care services are provided to eligible persons in conformance with
12 federal regulations.

13 (a) These administrative rules shall include financial eligibility
14 indexed according to the requirements of the social security act
15 providing for medicaid eligibility.

16 (b) The rules shall require clients be assessed as having a medical
17 condition requiring assistance with personal care tasks. Plans of care
18 must be approved by a physician and reviewed by a nurse every ninety
19 days.

20 (4) The department shall design and implement a means to assess the
21 level of functional disability of persons eligible for personal care
22 services under this section. The personal care services benefit shall
23 be provided to the extent funding is available according to the
24 assessed level of functional disability. Any reductions in services
25 made necessary for funding reasons should be accomplished in a manner
26 that assures that priority for maintaining services is given to persons
27 with the greatest need as determined by the assessment of functional
28 disability.

29 (5) The department shall report to the appropriate fiscal
30 committees of the legislature on the utilization and associated costs
31 of the personal care option under Title XIX of the federal social
32 security act, as defined in 42 C.F.R. 440.170(f), in the categorically
33 needy program. This report shall be submitted by January 1, 1990, and
34 submitted on a yearly basis thereafter.

35 (6) Effective July 1, 1989, the department shall offer hospice
36 services in accordance with available funds. The hospice benefit under
37 this section shall terminate on June 30, 1993, unless extended by the
38 legislature.

1 NEW SECTION. **Sec. 11.** RCW 74.09.524 and 1990 c 33 s 595 & 1989 c
2 400 s 4 are each repealed.

3 NEW SECTION. **Sec. 12.** If any part of this act is found to be in
4 conflict with federal requirements that are a prescribed condition to
5 the allocation of federal funds to the state, the conflicting part of
6 this act is inoperative solely to the extent of the conflict and with
7 respect to the agencies directly affected, and this finding does not
8 affect the operation of the remainder of this act in its application to
9 the agencies concerned. The rules under this act shall meet federal
10 requirements that are a necessary condition to the receipt of federal
11 funds by the state.

12 NEW SECTION. **Sec. 13.** If any provision of this act or its
13 application to any person or circumstance is held invalid, the
14 remainder of the act or the application of the provision to other
15 persons or circumstances is not affected.

16 NEW SECTION. **Sec. 14.** Sections 2 through 7 of this act are each
17 added to chapter 74.09 RCW.

18 NEW SECTION. **Sec. 15.** (1) Sections 1 through 10 and 12 through 14
19 of this act are necessary for the immediate preservation of the public
20 peace, health, or safety, or support of the state government and its
21 existing public institutions, and shall take effect immediately.

22 (2) Section 11 of this act takes effect September 1, 1993.

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