

# HOUSE BILL REPORT

## HB 1652

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### As Passed Legislature

**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:** Representatives Cody and Harris; by request of Health Care Authority.

#### **Brief History:**

##### **Committee Activity:**

Appropriations: 2/18/15, 2/25/15 [DP].

##### **Floor Activity:**

Passed House: 3/9/15, 98-0.

Senate Amended.

Passed Senate: 4/3/15, 48-1.

House Concurred.

Passed House: 4/20/15, 95-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Moves the July 1, 2016, expiration of provisions requiring Medicaid managed health care systems to maintain adequate provider networks and to pay nonparticipating providers no more than the lowest amount paid for the same services under contracts with similar providers in the state to July 1, 2021.
- Requires managed health care systems to make good faith efforts to contract with nonparticipating providers before paying the lowest amount paid for the same services under contracts with similar providers in the state.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 33 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Cody, Condotta, Dent, Dunshee, Fagan, Haler, Hansen, Hudgins, G. Hunt, S. Hunt, Jinkins, Kagi,

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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.*

Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Taylor, Tharinger, Van Werven and Walkinshaw.

**Staff:** Erik Cornellier (786-7116).

**Background:**

Medicaid is a federal-state partnership with programs established in the federal Social Security Act, and implemented at the state level with federal matching funds. Federal law provides a framework for coverage of children, pregnant women, parents, elderly and disabled adults, and other adults with varying income requirements.

Managed care is a prepaid, comprehensive system of medical and health care delivery, including preventive, primary, specialty, and ancillary health services through a network of providers. Healthy Options (HO) is the Health Care Authority's Medicaid managed care program for low-income people in Washington. Healthy Options offers eligible clients a complete medical benefits package.

Managed care systems serving HO clients are required to pay nonparticipating providers the lowest amounts the systems pay for the same services under the systems' contracts with similar providers in the state. Nonparticipating providers must accept those rates as payment in full, in addition to any deductibles, coinsurance, or copayments due from the patients. Enrollees are not liable to nonparticipating providers for covered services, except for amounts due for any deductibles, coinsurances, or copayments.

Managed care systems must maintain networks of appropriate providers sufficient to provide adequate access to all services covered under their contracts with the state, including hospital-based services. The Department of Social and Health Services and the Health Care Authority must monitor and periodically report to the Legislature on the proportion of services provided by contracted providers and nonparticipating providers for each of their managed care systems.

These requirements expire on July 1, 2016.

**Summary of Bill:**

The July 1, 2016, expiration of the requirements for Medicaid managed health care providers to maintain adequate provider networks and to pay nonparticipating providers the lowest amounts the systems pay for the same services with similar providers is moved to July 1, 2021.

Managed health care systems must make good faith efforts to contract with nonparticipating providers before paying the lowest amount paid for the same services under contracts with similar providers in the state.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The Legislature needs to pass this bill so the state does not have to pay more for health care costs. The bill prevents adverse fiscal impacts from future court rulings requiring full billed charges for nonparticipating providers. It provides protections to providers by requiring good faith efforts to contract with them.

When this bill passed originally it was unclear if it reached a proper balance. This bill shows that the goal has been met and it continues the law as it is. It strikes a good compromise.

(Opposed) None.

**Persons Testifying:** Representative Cody, prime sponsor; Preston Cody, Washington Health Care Authority; Jonathan Seib, Molina Healthcare of Washington; and Sean Graham, Washington State Medical Association.

**Persons Signed In To Testify But Not Testifying:** None.