

# SENATE BILL REPORT

## SB 6322

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As Reported by Senate Committee On:  
Law & Justice, February 3, 2016  
Ways & Means, February 9, 2016

**Title:** An act relating to the payment of health services by hospitals for inmates.

**Brief Description:** Concerning the payment of health services by hospitals for inmates.

**Sponsors:** Senators Pearson and Hewitt.

**Brief History:**

**Committee Activity:** Law & Justice: 1/21/16, 2/03/16 [DPS-WM, DNP, w/oRec].  
Ways & Means: 2/08/16, 2/09/16 [DP2S, DNP, w/oRec].

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### SENATE COMMITTEE ON LAW & JUSTICE

**Majority Report:** That Substitute Senate Bill No. 6322 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Padden, Chair; O'Ban, Vice Chair; Pearson and Roach.

**Minority Report:** Do not pass.

Signed by Senator Darneille.

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

Signed by Senators Pedersen, Ranking Minority Member; Frockt.

**Staff:** Lindsay Erickson (786-7465)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 6322 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Bailey, Becker, Brown, Conway, Hasegawa, Hewitt, Nelson, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

**Minority Report:** Do not pass.

Signed by Senators Darneille and Pedersen.

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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 Senators Ranker, Ranking Minority Member, Operating; Billig.

**Staff:** Travis Sugarman (786-7446)

**Background:** The Department of Corrections may enter into contracts with health care practitioners, health care facilities, and other entities or agents as may be necessary to provide medical, behavioral health, and chemical dependency treatment care to inmates. Under current law, the Department of Corrections must only reimburse a provider of hospital services to a hospital patient at a rate no more than the amount payable under the Medicaid reimbursement structure, plus a percentage increase that is determined in the operating budget.

Health care providers and health care facilities may disclose health care information without a patient's consent to certain persons and entities, including, among others, previous and successor providers, immediate family members, emergency personnel and law enforcement in certain circumstances, and institutions to which the patient is detained. Permitted disclosure does not include disclosure of information related to sexually transmitted diseases or mental health services. In some instances, information may not be shared if the patient has instructed against disclosure in writing.

**Summary of Bill (Recommended Second Substitute):** The Department of Corrections must pay an enhanced rate of 150 percent of the amount payable under the Medicaid reimbursement structure to hospitals that meet all of the following criteria:

- The hospital is an acute care hospital in Washington that does not receive cost-based payment as a critical access hospital under the state Medicaid program.
- The hospital receives at least 1.5 percent of its net patient revenues from services paid by DOC.
- The hospital receives at least 35 percent of its total net patient revenues from a combination of Medicare and Medicaid net patient revenues.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute):** Makes implementation of the bill subject to appropriations in the enacted budget.

**EFFECT OF CHANGES MADE BY LAW & JUSTICE COMMITTEE (Recommended Substitute):** Removes language that required DOC to reimburse hospitals at the Washington State Labor & Industries rate.

Adds provision that the DOC must pay an enhanced rate of 150 percent of the amount payable under the Medicaid reimbursement structure for hospitals meeting specific revenue criteria.

**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 on Original Bill (Law & Justice):** PRO: There are times when prisoners require more extensive health care than what is provided at the correctional facility. For smaller rural hospitals caring for a disproportional number of DOC inmates, the reimbursement of services at the Medicaid rate makes it difficult for them to operate. In order to achieve licensure, hospitals must accept Medicaid payments for DOC patients. Medicaid pays 80% of the cost for inpatient services and less than 50% of the cost for outpatient services. The L&I rate pays a higher percentage rate. The current structure is not necessarily saving DOC any money because they are having to transport inmates to these hospitals with guards, which is costly.

**Persons Testifying on Original Bill (Law & Justice):** PRO: Senator Pearson, prime sponsor; Len McComb, WA State Hospital Assoc.; Eric Jensen, CEO of Evergreen Health Monroe.

**Persons Signed In to Testify But Not Testifying on Original Bill:** No one.

**Staff Summary of Public Testimony on First Substitute (Ways & Means):** PRO: In 2012, legislation was passed that made accepting Corrections patients at the Medicaid rate a requirement of their licensure. So, hospitals have no choice. Currently on inpatient, which is paid by Medicaid, it is 82 percent of cost. For outpatient, they are not eligible for Medicaid, that is about 40 percent of cost. So, you have Corrections being subsidized by rate-payers and taxpayers in the affected jurisdictions. Evergreen Health in Monroe was particularly hard hit by the legislation in 2012. This hospital serves a disproportionate share of Corrections patients compared to other hospitals due to their vicinity to Monroe Correction Complex. This bill would move us toward covering our costs. Local taxes are subsidizing the cost of care for inmates.

**Persons Testifying on First Substitute (Ways & Means):** PRO: Len Mc Comb, Washington State Hospital Association; Eric Jensen, Evergreen Health Monroe.

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