

HOUSE BILL REPORT

HB 1959

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to managed health care system rate review.

Brief Description: Concerning managed health care system rate review.

Sponsors: Representatives Schmick and Sutherland.

Brief History:

Committee Activity:

Health Care & Wellness: 1/27/22, 2/2/22 [DP].

Brief Summary of Bill

- Requires the Health Care Authority to submit final rates to a managed health care system for review at least 30 days prior to a contract signing deadline.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 15 members: Representatives Cody, Chair; Bateman, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Bronoske, Davis, Harris, Macri, Maycumber, Riccelli, Rude, Simmons, Stonier, Tharinger and Ybarra.

Staff: Emily Poole (786-7106).

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 medical coverage of eligible families, pregnant women, elderly

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and disabled adults, and other adults with varying income requirements.

The Health Care Authority (Authority) provides medical care services to eligible low-income state residents and their families, primarily through the Medicaid program. Coverage for medical services is primarily provided through managed health care systems. 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.

Under a managed care program, the Authority contracts with managed health care systems to provide a comprehensive set of medical care services to Medicaid enrollees pursuant to a capitated monthly premium for each covered individual. The managed health care systems contract with individual health care providers, group practices, clinics, hospitals, pharmacies, and other entities to participate in their Medicaid plan's network. In negotiating contracts with managed health care systems, the Authority is required to adopt a uniform procedure for entering into contractual arrangements, in which certain factors are considered, such as standards regarding the quality of services to be provided and the financial integrity of the responding managed health care system.

Summary of Bill:

Prior to the signing of a contract with a managed health care system, the Health Care Authority is required to submit final rates to the managed health care system for review at least 30 days prior to a contract signing deadline.

Appropriation: None.

Fiscal Note: Preliminary 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) This bill will help the managed health care systems have enough time to review contracts, and it will improve dialogue between the Health Care Authority and managed health care systems. In the last couple of years, managed health care systems were given too little time to review rates prior to signing a contract. Providing 30 days' notice will give each side time to review for actuarial soundness, update their systems to reflect new rates, and have a smooth transition. This requirement will move Washington closer to the federal standard of 90 days' notice.

(Opposed) None.

Persons Testifying: Representative Joe Schmick, prime sponsor; Chris Bandoli, Association of Washington Healthcare Plans; Kristen Federici, Molina Healthcare; and Catrina Lucero, Washington State Healthcare Authority.

Persons Signed In To Testify But Not Testifying: None.