

SENATE BILL REPORT

SB 6507

**AS REPORTED BY COMMITTEE ON HEALTH & LONG-TERM CARE,
FEBRUARY 26, 1992**

Brief Description: Allowing deferred compensation for medicaid providers.

SPONSORS: Senators West, Wojahn, M. Kreidler, L. Smith, Sumner and Amondson

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6507 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chairman; M. Kreidler, Niemi, Sumner, and Wojahn.

Staff: Scott Plack (786-7409)

Hearing Dates: February 24, 1992; February 26, 1992

BACKGROUND:

The state medical assistance program, including Medicaid, provides health care services to low income medically and categorically needy persons. Medical care services are provided through health care professionals who contract with DSHS to accept medical assistance patients. DSHS reimburses these providers on average at about 50 percent of charges. This rate of reimbursement has made it difficult for the program to attract health care professionals to serve the medical assistance population. The problem is further exacerbated by the general shortage of primary care practitioners, particularly those available to provide care to medically underserved populations and people living in rural areas.

Incentives to attract health care professionals to provide health care to low income and rural patients is widely recognized as an effective tool. The state of Washington has enacted numerous measures that are intended to serve as incentives. These include enhanced reimbursement for low income maternity care and children services programs and scholarship and loan repayment programs to reduce the educational debts of health care professionals. These incentives seem to be having positive outcomes in attracting health care professionals.

The state deferred compensation plan is currently available to public employees for retirement investment purposes. Public employees may defer compensation up to the federally established legal limits. These are currently set at 25 percent of public employment income or \$7500 per year,

whichever is the lesser amount. The compensation deferred is taxable when paid to the participant. Currently, health care professionals who contract with DSHS to provide health care services to Medicaid clients are not eligible to participate in the deferred compensation plan.

SUMMARY:

Health care professionals who contract with DSHS to provide health care to Medicaid patients are eligible to defer income earned from the Medicaid program up to the federally established limits.

EFFECT OF PROPOSED SUBSTITUTE:

It is clarified that the health care providers who provide services to the medical assistance patients (including Medicaid) may participate in the state deferred compensation plan.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

The proposal will provide an additional incentives for health care providers to accept medical assistance patients.

TESTIMONY AGAINST: None

TESTIFIED: Jim Peterson, Assistant Secretary, Medical Assistance Admin. DSHS (pro); Len Eddinger, WA State Medical Assn. (pro)
Mary Bush, Committee for Deferred Compensation (pro)