
HOUSE BILL 2832

State of Washington

52nd Legislature

1992 Regular Session

By Representatives Casada, Bowman, Morris, Paris, Ludwig, Prentice, J. Kohl, McLean, Morton, Mitchell, Wilson, P. Johnson, Nealey, Hochstatter, May, Betrozoff, Miller, Forner, Brumsickle, Wynne, Brough, Fraser, Franklin, Chandler, Carlson, Grant, Sheldon, Day, Ferguson, Winsley, D. Sommers, Broback, Kremen, Rayburn, Horn, Wood, Tate and Moyer

Read first time 01/29/92. Referred to Committee on Health Care.

1 AN ACT Relating to studying cost shifts for health care purchasers;
2 and creating new sections.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that providers
5 shift costs from one group of health care purchasers to another group,
6 resulting in high rates for individual and small group health care
7 purchasers which makes health care much less affordable for them. It
8 further finds that a study completed by the Washington state health
9 care authority in 1990 identified a fee or rate markup above the actual
10 cost of providing service of twenty percent in 1988 and twenty-three
11 and four-tenths percent in 1989. The authority also reported that
12 charity care and government health care purchasers are the major users
13 who do not pay full costs. The legislature further finds that shifting
14 payment responsibilities from one purchaser to another has a direct

1 impact on access to health care. The legislature intends that the
2 Washington health care authority shall study further cost shifts and
3 present recommendations to the legislature about how this problem can
4 be best minimized, thereby removing the excess burden currently placed
5 on small or individual purchasers.

6 NEW SECTION. **Sec. 2.** (1) The Washington state health care
7 authority shall study the issue of health care providers charging some
8 purchasing groups more for services than other purchasing groups for
9 the purpose of recovering the full cost of doing business. The
10 authority shall determine the degree that some health care purchasers
11 underpay the cost for the health care services and the degree to which
12 others pay higher prices. To the extent reasonably possible the
13 authority shall conduct this review for hospitals, clinics, and private
14 physician practices.

15 (2) The authority shall review methods used by other state
16 governments to minimize the cost-shifting problem within a multipayer
17 system. In particular, the authority shall review or do the following:

18 (a) States that have implemented publicly funded uncompensated care
19 funds to reimburse providers. The authority shall ascertain the
20 benefits and drawbacks of these plans and identify the components of
21 the least burdensome to the taxpayer of these funds;

22 (b) The ability of state government agencies to fully reimburse
23 providers for the cost of doing business and what steps would be
24 required for them to do so;

25 (c) Determine if other government systems besides uncompensated
26 care funds are in place in other states to relieve the problems of cost
27 shifting. The authority shall identify the systems' key components,
28 benefits, and drawbacks;

1 (d) Identify recognized payment schedules or systems that would not
2 result in the need for cost shifting;

3 (e) Propose additional models to eliminate or minimize cost
4 shifting among health care purchasers which may not be in place
5 elsewhere.

6 (3) The authority shall submit a written report and recommendations
7 to the legislature by December 1, 1992, as to how the Washington
8 legislature can best address the cost-shifting problem.

9 NEW SECTION. **Sec. 3.** The Washington state health care
10 authority shall use the expertise of the department of social and
11 health services in studying, under section 2 of this act, the problems
12 of underpayment for health care services by government entities and in
13 making recommendations for eliminating cost shifts by providers.