

# FINAL BILL REPORT

## HB 2743

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Synopsis as Enacted

**Brief Description:** Changing provisions relating to health services provided by school districts.

By Representatives Sommers, Silver, Dorn and King; by request of Superintendent of Public Instruction and Office of Financial Management.

House Committee on Appropriations  
Senate Committee on Ways & Means

**Background:** The state provides funding to school districts for services to students with disabilities. School districts, in turn, provide special education and health services to students with disabilities. Many of the health services qualify for Medicaid reimbursement if the student is eligible for Medicaid.

The 1993 Legislature established a program requiring school districts to seek Medicaid reimbursement for covered services to eligible students. The purpose of the program is to use federal Medicaid funds to partially offset the state's increasing costs for education programs for students with disabilities. The 1993-95 budget projected \$14.4 million in savings to the state from school district participation in this program.

As an incentive for participation in the program, school districts are allotted 20 percent of the federal Medicaid moneys after billing costs are deducted. The 20 percent district share may be spent for any purpose. The state retains 80 percent of the federal Medicaid moneys after billing costs are deducted.

The process used to allocate state and federal Medicaid funds for each school district is complex compared to some other states. In this state, initial allocations are made to a school district based on enrollment of students with disabilities. Upon receipt of Medicaid funds by a school district, the state recovers state funds in the amount of 80 percent of the federal portion of the Medicaid funds less the billing agent's fees. Various other states use a less complex method. The method involves establishing a revolving fund to disburse the respective shares of Medicaid funds to the state and school districts. This avoids having

to take back state funds upon receipt of federal Medicaid funds.

The 1993 legislation provided for the hiring of a state billing agent to enroll all districts in the program and to aid districts in securing the federal Medicaid funds. For districts enrolled with the state billing agent, the state and federal shares of Medicaid funds are calculated after deducting for the state billing agent's costs.

A school district may act as its own billing agent and retain billing costs in an amount proportional to that charged by the state billing agent. Districts having contracted with a private contractor prior to April 30, 1993, could continue to use the services of the private contractor. The 80 percent state share of the federal Medicaid funds is calculated after the private contractor's billing fee is deducted.

Under current law, school districts are the only entities authorized to bill for Medicaid funds. Educational service districts or educational cooperatives which provide services to students with disabilities in many parts of the state are not authorized to bill for Medicaid funds.

Medicaid eligibility data in each school district is to be reported through educational service districts and then to the Superintendent of Public Instruction and the state billing agent.

Current law also authorizes school districts to bill an individual student's health insurance carrier if the student's parent or guardian consents.

**Summary:** For purposes of the act, "district" is defined as including a school district, educational service district or educational cooperative. The requirements and authorizations that the 1993 law imposed on school districts are extended to educational service districts and educational cooperatives.

Districts contracting with a private contractor may retain a billing fee equivalent to that of the state billing agent.

Districts must report Medicaid eligibility data to the Superintendent of Public Instruction (SPI).

The 20 percent local share of federal Medicaid funds must be spent for children with disabilities.

State and federal moneys received under Title XIX for medical services provided by districts shall be initially

channeled to the SPI. The SPI shall disburse funds as follows: (a) reimbursement to the Department of Social and Health Services for the state-funded portion of Medicaid; (b) payment of the state billing agent's fees or the equivalent for a district acting as its own billing agent or using a private contractor; and (c) payment of the 20 percent local share after billing fees are deducted.

**Votes on Final Passage:**

House	94	0	
Senate	49	0	(Senate amended)
House	89	0	(House concurred)

**Effective:** June 9, 1994