

SENATE BILL REPORT

HB 2743

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 28, 1994

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

SPONSORS: 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

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Bauer, Bluechel, Gaspard, Hargrove, Hochstatter, Ludwig, McDonald, Moyer, Niemi, Owen, Pelz, Roach, Snyder, Spanel, Sutherland, Talmadge, Williams and Wojahn.

Staff: Bill Freund (786-7441)

Hearing Dates: February 28, 1994

BACKGROUND:

The 1993 Legislature created a program requiring school districts to seek Medicaid reimbursement for eligible special education services beginning with the 1993-94 school year. Under the 1993 law, school districts retain 20 percent of the federal Medicaid moneys after deduction for billing costs and the state retains 80 percent. The 20 percent district share may be expended for any purpose.

In the 1993-95 budget it is projected that the state's 80 percent share of federal Medicaid funds will amount to \$14.4 million. This amount was used to offset the increasing cost to the state of the special education program.

The process established under the 1993 law to allocate state and Medicaid funds to school districts is complex compared to some other states. In this state, initial allocations of state funds are made to a school district based on enrollment of students with disabilities. Upon receipt of Medicaid funds by a school district, state funds are recovered in an amount equivalent to 80 percent of the federal portion of the Medicaid funds less the billing agent's fees. A less complex method, used by three other states, involves establishing a revolving fund to disburse the respective shares of Medicaid funds to the state and school districts.

The 1993 law 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. School districts may opt to act as their own billing agent and to retain billing costs in an amount equivalent to that charged by the state billing agent. Districts having contracted with a private contractor prior to April 30, 1993 for billing services may continue in the contract. The 80 percent state share of the federal Medicaid funds is calculated after deduction for the private contractor's billing fee.

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

SUMMARY:

For purposes of the act, "district" is defined as including a school district, educational service district or educational cooperative.

The deduction for private contractor billing fees is limited to the amount charged by the state billing agent.

The 20 percent local share of federal Medicaid funds may only be expended for children with disabilities.

The Medicaid fund is established in the state treasury as a revolving fund. State and federal moneys received under Title XIX for medical services provided by school districts shall be paid into the fund. Moneys in the fund may be disbursed as follows: to reimburse the Department of Social and Health Services for the state-funded portion of Medicaid; for billing fees; for the district 20 percent local share after deduction for billing fees; and transfer to the general fund of 80 percent of the federal portion of Medicaid payments after deduction for billing fees.

SUMMARY OF PROPOSED COMMITTEE AMENDMENT:

"Medical services" is defined.

Creation of the Medicaid fund in the state treasury is eliminated, and instead the Medicaid funds are channelled through the Office of Superintendent of Public Instruction.

Technical amendments are made correcting internal references, and placing all the statutes pertaining to this program into the same chapter of law.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR COMPANION BILL (SB 6483):

The bill makes improvements in the program to make it more successful. It will simplify the Medicaid reimbursement process and improve the ability of school districts to participate in the program.

TESTIMONY AGAINST: None

TESTIFIED FOR COMPANION BILL (SB 6483): PRO: Mike Bigelow, Office of Financial Management; Ken Kanikeberg, Office of Superintendent of Public Instruction