

**SENATE BILL REPORT**

**SB 5723**

**AS PASSED SENATE, APRIL 14, 1993**

**Brief Description:** Providing for revenue collection for the department of social and health services.

**SPONSORS:** Senator Rinehart

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass.

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

**Staff:** Tim Yowell (786-7715)

**Hearing Dates:** April 7, 1993; April 8, 1993

**BACKGROUND:**

People with mental illness, their estates, and their responsible relatives are liable for the cost of care in a state mental hospital. The state can only secure a debt for such care through civil action in superior court.

Many insurance carriers require prior authorization before payment for psychiatric hospitalization. It is often not feasible to obtain such prior authorization when a person is involuntarily hospitalized as a danger to himself or herself or others. Consequently, the state, rather than the private insurer, becomes responsible for the cost of the hospitalization.

When a Medicaid recipient over the age of 65 dies without a surviving spouse or dependent child, federal and state law allow the state to recover the cost of Medicaid care from the recipient's estate. If there are surviving adult children, the first \$50,000 of the estate and 65 percent of the remainder is exempt from recovery. Under these existing rules, the Department of Social and Health Services (DSHS) collects about \$1 million per year from the estates of elderly Medicaid recipients, primarily nursing home residents.

**SUMMARY:**

DSHS may recover from private parties the costs of mental health and long-term care by filing a lien to secure a debt for state hospital care without obtaining a superior court order. Insurance carriers, health care services contractors, and health maintenance organizations are required to waive preauthorizations in the case of involuntary commitments to

state mental hospitals. When an elderly Medicaid recipient dies without a surviving spouse or dependent child, the first \$50,000 of his or her estate and 65 percent of the balance is no longer exempt from recovery.

**Appropriation:** none

**Revenue:** yes

**Fiscal Note:** available

**TESTIMONY FOR:**

Legislation is included in Governor Lowry's budget and would save the state general fund about \$4.5 million in 1993-95. With the strains currently faced by the state Medicaid system, this bill is appropriate, as would be more stringent controls on asset transfers.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Dave Hogan, Department of Social and Health Services (pro); Scott Sigmon, Washington Health Care Association (pro)

**HOUSE AMENDMENT(S):**

Family heirlooms and personal effects are exempt from estate recovery, not to exceed a total value of \$2,000.