

SENATE BILL REPORT

SB 5727

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 18, 1993

Brief Description: Financing school district health services.

SPONSORS: Senator Rinehart; by request of Office of Financial Management

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5727 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Bauer, Bluechel, Gaspard, Hargrove, Jesernig, Moyer, Quigley, Snyder, Sutherland, Williams, and Wojahn.

Staff: Bill Freund (786-7441)

Hearing Dates: February 24, 1993; March 18, 1993

BACKGROUND:

The 1989 Legislature enacted legislation to establish a process to obtain Medicaid reimbursement for covered services provided by schools to handicapped children. The purpose of the legislation was to use state dollars as matching funds for Medicaid funds thereby increasing the overall level of resources available to school districts. School districts were allowed to retain 100 percent of the federal Medicaid funds.

The billing system for school districts to receive Medicaid payments was started in 1990 as a pilot program through the Vancouver Educational Service District (ESD). Currently 59 districts are participating through the Vancouver ESD, and an additional number of districts are either serving as their own billing agents or have hired a private contractor.

Governor Gardner in his 1993-95 budget proposed expansion of the program to include all the school districts of the state, and assumed that \$14.4 million could be shifted from current state funded special education medical services to federal and private insurance funding.

SUMMARY:

The Superintendent of Public Instruction must establish a competitive bidding process for a contract to act as the state's billing agent for medical services provided through special education programs. School districts are precluded from acting as their own billing agent.

The agency awarded the contract is required to perform various task including: enrolling all school districts; developing a statewide billing system; training school health care practitioners in Medicaid and insurer billing; providing ongoing technical assistance; and processing Medicaid and private insurer claims.

School districts are required to deliver a letter and a consent form to the parents of each student requesting consent to bill the student's health insurance carrier for services provided through the special education program. Required contents of the letter are specified, including that: the billing program is designed to raise additional funds to improve special education services; consent is voluntary; and that refusal to consent will not affect services provided to the student by the school.

The Department of Social and Health Services must establish categories of medical services and costs and medical reimbursement rates for medical services provided by schools.

To verify Medicaid eligibility, Educational Service Districts are required to participate in the billing program and provide the billing agency with lists of students enrolled in special education programs.

As incentive payments, school districts may retain 20 percent of the federal portion of Medicaid payments and payments made by private insurers. School districts which entered into a contract with a private firm prior to the effective date of this act may continue to receive reimbursement under those contracts, but may only retain 20 percent of the funds.

EFFECT OF PROPOSED SUBSTITUTE:

School districts may act as their own billing agent and retain the fees that would have been charged by the state billing agent.

Sending a letter to the parents of each student in the Special Education Program is optional. If a letter is sent, the letter must state that the billing program is designed to raise additional funds to improve education services.

The Department of Social and Health Services must establish a reimbursement system based on the costs of providing the services.

The Superintendent of Public Instruction must submit an annual report to the Legislature regarding school district participation in the billing program. The Superintendent may require a letter of explanation from any school district whose receipts under the program in the judgment of the Superintendent indicate nonparticipation or under-participation.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: Immediately upon passage; Section 11,
September 1, 1993.

TESTIMONY FOR:

This is part of the effort in the Governor's budget to maximize the use of federal funds to help solve the state's budget deficit.

TESTIMONY AGAINST: None

TESTIFIED: Mike Bigelow, Rob Hill, Office of Financial Management
(pro); Perry Keithley, Cathy Fromme, SPI