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HOUSE BILL 2743

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State of Washington

53rd Legislature

1994 Regular Session

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

Read first time 01/21/94. Referred to Committee on Appropriations.

1 AN ACT Relating to health services provided by school districts;  
2 amending RCW 74.09.5243, 74.09.5247, 74.09.5249, 74.09.5253,  
3 28A.155.150, and 28A.150.390; adding a new section to chapter 74.09  
4 RCW; and creating a new section.

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

6 **Sec. 1.** RCW 74.09.5243 and 1993 c 149 s 2 are each amended to read  
7 as follows:

8 ((For the purposes of)) Unless the context clearly requires  
9 otherwise, the following definitions apply throughout RCW 74.09.5241  
10 through 74.09.5253 and 28A.155.150((, the terms)).

11 (1) "District" means a school district, educational service  
12 district, or educational cooperative.

13 (2) "Medical assistance" and "medicaid" mean medical care provided  
14 under Title XIX of the federal social security act.

15 **Sec. 2.** RCW 74.09.5247 and 1993 c 149 s 4 are each amended to read  
16 as follows:

17 (1) Chapter 149, Laws of 1993 does not apply to contracts between  
18 individual ~~((school))~~ districts and private firms entered into for the

1 purpose of billing either medicaid or private insurers, or both, for  
2 health services and agreed to before April 30, 1993, except as provided  
3 in RCW 28A.155.150(2).

4 (2) A (~~school~~) district may elect to act as its own billing agent  
5 as of the start of any school year. For a (~~school~~) district being  
6 served by the state-wide billing agent, the district shall notify the  
7 billing agent in writing, no less than thirty days before the start of  
8 the school year, of its intent to terminate the agency relationship.  
9 A district that acts as its own billing agent or a district with a  
10 preexisting contract under subsection (1) of this section may retain an  
11 administrative fee proportional to that of the state-wide billing  
12 agent.

13 **Sec. 3.** RCW 74.09.5249 and 1993 c 149 s 5 are each amended to read  
14 as follows:

15 (1) The agency awarded the contract under RCW 74.09.5245 shall:

16 (a) Enroll all (~~school~~) districts in this state, except those  
17 with preexisting contracts under RCW 74.09.5247, as medicaid providers  
18 (~~by~~) effective the beginning of the 1993-94 school year;

19 (b) Develop a state-wide system of billing the department and  
20 private insurers for medical services provided in special education  
21 programs;

22 (c) Train health care practitioners employed by or contracting with  
23 (~~school~~) districts in medicaid and insurer billing;

24 (d) Verify the medicaid eligibility of students enrolled in special  
25 education programs in each (~~educational-service~~) district;

26 (e) Provide ongoing technical assistance to practitioners and  
27 districts; and

28 (f) Process and forward all medicaid claims to the department and  
29 all other claims to private insurers.

30 (2) For each student, individual (~~school~~) districts may, in  
31 consultation with the billing agent, deliver to the student's parent or  
32 guardian a letter, prepared by the billing agent, requesting the  
33 consent of the parent or guardian to bill the student's health  
34 insurance carrier for services provided through the special education  
35 program. If a district chooses to do this, the letter must be  
36 accompanied by a consent form, on which the parent may identify the  
37 student's health insurance carrier so that the billing agent may bill

1 the carrier for medical services provided to the student. The letter  
2 must clearly state the following:

3 (a) That the billing program is designed in part to raise  
4 additional funds to improve education services;

5 (b) That under no circumstances will the parent or guardian be  
6 personally charged for any portion of the bill not paid by the insurer,  
7 including copayments, deductibles, or uncovered services;

8 (c) That the amount of the billing will apply to the policy's  
9 annual deductible even though the parent will not be billed for the  
10 amount of the deductible;

11 (d) That the amount of the billing, will, however, apply towards  
12 annual or lifetime benefit caps if these are included in the policy;

13 (e) That it is possible that their premiums would be increased as  
14 a result of their consent;

15 (f) That if any of the possible negative consequences of consent  
16 were to affect them, they are free to withdraw their consent at any  
17 time; and

18 (g) That their consent is entirely voluntary and that the services  
19 the student receives through the school will not be affected by their  
20 willingness or refusal to consent to the billing of their private  
21 insurer.

22 **Sec. 4.** RCW 74.09.5253 and 1993 c 149 s 7 are each amended to read  
23 as follows:

24 (1) Each ((~~educational service~~)) district in the state shall  
25 participate in the program of billing for medical services under RCW  
26 74.09.5249 and shall provide the ((~~billing agent~~)) superintendent of  
27 public instruction with a list, at the start of each academic quarter,  
28 of all students enrolled in special education programs within the area  
29 served by the ((~~educational service~~)) district, for purposes of  
30 verifying the medicaid eligibility of the students.

31 (2) A person employed by or contracting with a ((~~school~~)) district  
32 who provides services within the categories established by the medical  
33 assistance administration under RCW 74.09.5251 shall provide the  
34 billing agent with information necessary to promptly complete monthly  
35 billings for each medicaid-eligible student he or she serves.

36 (3) The superintendent of public instruction shall submit to the  
37 legislature at the beginning of each legislative session a report  
38 indicating the district-by-district participation and the medicaid and

1 private insurance payment receipts during the preceding fiscal year.  
2 The report must further indicate for each district the total number of  
3 special education students, and the medicaid ((~~eligibility rate~~))  
4 eligibles, as determined by the medical assistance administration. The  
5 superintendent may require a letter of explanation from any district  
6 whose receipts under the program, in the judgment of the  
7 superintendent, indicate nonparticipation or underparticipation.

8 **Sec. 5.** RCW 28A.155.150 and 1993 c 149 s 8 are each amended to  
9 read as follows:

10 (1) Of the projected federal and private insurance revenue  
11 collected under RCW 74.09.5249, the following incentive payments,  
12 calculated after deduction of the agent's fees, shall remain with the  
13 ((~~school~~)) districts: Twenty percent of the federal portion of  
14 medicaid payments; and twenty percent of payments made by private  
15 insurers. The amount remaining with the district shall only be used  
16 for children with disabilities. The billing agent shall periodically  
17 provide the office of the superintendent of public instruction and each  
18 educational service district with a report showing for each individual  
19 school district the total amount of federal funds, less the billing  
20 agent's fee, realized through medicaid billing and the total amount,  
21 less the billing agent's fee, realized through the billing of private  
22 insurers. The superintendent shall use the report to reduce  
23 allocations to the districts by eighty percent of the total amount of  
24 ((~~medicaid and~~)) private insurance payments received by each district,  
25 calculated after deduction of the billing agent's fee.

26 (2) A firm that is a party to a preexisting contract under RCW  
27 74.09.5247(1) shall, at times designated by the superintendent of  
28 public instruction, provide the office of the superintendent of public  
29 instruction and the appropriate educational service district with a  
30 report indicating the total amount of federal money and private  
31 insurance money, less the ((~~contractor's~~)) billing fee, earned by each  
32 district through billing for health services. The superintendent shall  
33 reduce allocations to the districts by eighty percent of the ((~~total~~  
34 ~~amount of medicaid and~~)) private insurance payments received by each  
35 district, calculated after deduction of the ((~~contractor's~~)) billing  
36 fee.

37 (3) A school district that has elected to act as its own billing  
38 agent under RCW 74.09.5247(2) shall, at times designated by the

1 superintendent of public instruction, provide the office of the  
2 superintendent of public instruction and the appropriate ((educational  
3 service)) district with a report indicating the total amount of  
4 ((federal money and)) private insurance money received by the district.  
5 The superintendent shall reduce allocations to the district by eighty  
6 percent of the total amount of ((medicaid and)) private insurance  
7 payments received by the district, calculated after deduction of  
8 ((administrative fees retained by the district)) an amount equal to the  
9 state-wide billing agent's fee.

10 ((~~(4) For the purposes of this section, "medicaid" means medical~~  
11 ~~care provided under Title XIX of the federal social security act.~~))

12 **Sec. 6.** RCW 28A.150.390 and 1993 c 149 s 9 are each amended to  
13 read as follows:

14 The superintendent of public instruction shall submit to each  
15 regular session of the legislature during an odd-numbered year a  
16 programmed budget request for handicapped programs. Funding for  
17 programs operated by local school districts shall be on an excess cost  
18 basis from appropriations provided by the legislature for handicapped  
19 programs and shall take account of state funds accruing through RCW  
20 28A.150.250, 28A.150.260, federal medical assistance and private funds  
21 accruing under RCW 74.09.5249, and other state and local funds,  
22 excluding special excess levies. However, the superintendent of  
23 public instruction shall reimburse the department of social and health  
24 services from state appropriations for handicapped education programs  
25 for the state-funded portion of any medical assistance payment made by  
26 the department for services provided under an individualized education  
27 program established pursuant to RCW 28A.155.010 through 28A.155.100.  
28 ((The amount of such interagency reimbursement shall be deducted by the  
29 superintendent of public instruction in determining additional  
30 allocations to districts for handicapped education programs under this  
31 section.))

32 NEW SECTION. **Sec. 7.** A new section is added to chapter 74.09 RCW  
33 to read as follows:

34 The medicaid fund is hereby established in the state treasury. The  
35 fund shall receive payments from the department of social and health  
36 services for all state and federal moneys under Title XIX of the  
37 federal social security act due to school districts for medical

1 services provided under an individualized educational program  
2 established under RCW 28A.155.010 through 28A.155.100.

3 Moneys in the fund may only be disbursed by the office of the  
4 superintendent of public instruction for the following purposes:

5 (1) Reimbursement to the department of social and health services  
6 for the state-funded portion of medical assistance payments provided  
7 under RCW 28A.155.010 through 28A.155.100;

8 (2) Reimbursement to the state-wide billing agent for the state-  
9 wide billing agent's fee;

10 (3) Making incentive payments to school districts equal to twenty  
11 percent of the federal portion of medicaid payments after deduction for  
12 the billing agent's fee;

13 (4) Reimbursement to districts that act as their own billing agent  
14 or contract with a firm that is not the state-wide billing agent an  
15 amount equal to the billing agent's fee; and

16 (5) Transfer to the state general fund an amount equal to eighty  
17 percent of the federal portion of medicaid payments after deduction for  
18 the billing agent's fee.

19 The fund is subject to chapter 43.88 RCW, but no appropriation or  
20 allotment is required.

21 NEW SECTION. **Sec. 8.** If any part of this act is found to be in  
22 conflict with federal requirements that are a prescribed condition to  
23 the allocation of federal funds to the state, the conflicting part of  
24 this act is inoperative solely to the extent of the conflict and with  
25 respect to the agencies directly affected, and this finding does not  
26 affect the operation of the remainder of this act in its application to  
27 the agencies concerned. The rules under this act shall meet federal  
28 requirements that are a necessary condition to the receipt of federal  
29 funds by the state.

30 NEW SECTION. **Sec. 9.** If any provision of this act or its  
31 application to any person or circumstance is held invalid, the  
32 remainder of the act or the application of the provision to other  
33 persons or circumstances is not affected.

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