

# HOUSE BILL REPORT

## HB 1162

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### As Passed Legislature

**Title:** An act relating to delegation of lien and subrogation rights to medical health care systems by contract.

**Brief Description:** Providing for delegation of lien and subrogation rights to medical health care systems by contract.

**Sponsors:** By House Committee on Health Care (originally sponsored by Representatives Dyer and Cody; by request of Department of Social and Health Services).

**Brief History:**

**Committee Activity:**

Health Care: 1/31/97 [DP].

**Floor Activity:**

Passed House: 3/7/97, 95-0.

Passed Legislature.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass. Signed by 11 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Skinner, Vice Chairman; Cody, Ranking Minority Member; Murray, Assistant Ranking Minority Member; Anderson; Conway; Parlette; Sherstad; Wood and Zellinsky.

**Staff:** Bill Hagens (786-7131).

**Background:** As early as 1983, the Department of Social and Health Services (DSHS) was strongly encouraged by the Legislature to provide medical assistance (mostly Medicaid funded) through managed care organizations (MCO), i.e., health insurance carriers, e.g., health care service contractors and health maintenance organizations. Presently, the Medical Assistance Administration (MAA) within the DSHS contracts with 19 MCOs to provide services to about 437,000 children, pregnant women, and income assistance recipients. The program is widely known as *Healthy Options*. As it is necessary for these carriers to assume financial risk, the DSHS believes it is equally important for them to be fully empowered to secure appropriate recovery through lien and subrogation powers. Presently, such powers lie statutorily with the DSHS.

A typical case example is where a Medicaid beneficiary is injured in an accident and is due payment of care from another third party payer. Since Medicaid is, by federal law, the –last– payer, it is necessary for the MCO to recover any payment due the beneficiary.

**Summary of Bill:** Current law is amended to clarify that the DSHS may, by contract, extend its powers of lien and subrogation to a MCO.

**Appropriation:** None.

**Fiscal Note:** Requested on January 30, 1997.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The bill is necessary to fully comply with the Legislature’s requirement that medical assistance be provided through managed care organizations.

**Testimony Against:** None.

**Testified:** Jane Beyer, Medical Assistance Administration, Department of Social & Health Services.