

HOUSE BILL ANALYSIS

HB 1242

Title: An act relating to medicaid reimbursement payments to school districts.

Brief Description: Increasing medicaid reimbursement payments for first and second class school districts.

Sponsors: Representatives Linville, Carlson, Keiser, Schual-Berke and Haigh; by request of Superintendent of Public Instruction.

HOUSE COMMITTEE ON EDUCATION

Meeting Date: February 1, 1999.

Bill Analysis Prepared by: Susan Morrissey (786-7111).

Background: Washington receives federal Medicaid funds to reimburse school districts for costs incurred in providing medical services to special education students. School districts pay for medical services with state funds. The state then bills Medicaid for covered services.

After administrative and billing fees are paid, the Office of the Superintendent of Public Instruction (OSPI) pays 50 percent of the medicaid reimbursement to the Department of Social and Health Services. The OSPI divides the remaining 50 percent, sometimes called the federal portion, between the state general fund and the school districts. The general fund receives 80 percent of the federal portion. The school districts receive 20 percent. Currently, a school district that bills medicaid for \$100 would see \$10.37 returned to the district. That money must be used for special education programs.

The 1997-99 state budget was developed on the assumption that \$11.6 million in Medicaid funds will offset state general fund expenditures as a result of billings submitted by 264 school districts, including 201 districts with enrollments of fewer than 2,000 full time equivalent students (second class districts). The 1998 supplemental budget assumed the passage of legislation that would have increased the medicaid reimbursement share of second class school districts. However, the legislation did not pass.

Summary of Bill: School districts will receive 50 rather than 20 percent of the federal portion of Medicaid recoveries after the deduction of billing fees.

(Staff Note: OSPI is suggesting an amendment that would make the bill effective immediately for second class districts, but delay the effective date for first class districts to the beginning of the next biennium.)

Appropriation: None.

Fiscal Note: Requested on January 19, 1999.

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