

# FINAL BILL REPORT

## SSB 5626

---

C 318 L 99

Synopsis as Enacted

**Brief Description:** Changing disbursement of medicaid incentive payments to school districts.

**Sponsors:** Senate Committee on Education (originally sponsored by Senators Franklin, McAuliffe, Fairley, Kohl-Welles, Patterson, Costa, McCaslin, Kline, Wojahn and Rasmussen).

**Senate Committee on Education**

**House Committee on Education**

**House Committee on Appropriations**

**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 Department of Social and Health Services (DSHS) 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 DSHS. The OSPI divides the remaining 50 percent, sometimes called the net federal portion, between the state general fund and the school districts. The general fund receives 80 percent of the net 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. The money received by the school districts must be used for special education students.

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:** From the time the act takes effect until July 1, 1999, second class school districts receive 50 percent and first class school districts receive 20 percent of the net federal portion of Medicaid reimbursements. Beginning on July 1, 1999, all school districts have the potential to receive up to 50 percent if they bill for all Medicaid eligible students. The corresponding rate change is made regarding private insurer funds. If the school district does not bill all its Medicaid eligible students, then the district receives less than 50 percent reimbursement.

**Votes on Final Passage:**

Senate 47 1  
House 95 0 (House amended)  
Senate (Senate refused to concur)  
House (House refused to recede)  
Senate 45 1 (Senate concurred)

**Effective:** May 14, 1999 (Sections 1 and 3)  
July 1, 1999 (Sections 2 and 4)