

SENATE BILL REPORT

SSB 5626

As Passed Senate, March 9, 1999

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

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).

Brief History:

Committee Activity: Education: 2/1/99, 2/22/99 [DPS].
Passed Senate, 3/9/99, 47-1.

SENATE COMMITTEE ON EDUCATION

Majority Report: That Substitute Senate Bill No. 5626 be substituted therefor, and the substitute bill do pass.

Signed by Senators McAuliffe, Chair; Eide, Vice Chair; Bauer, Benton, Brown, Finkbeiner, Goings, Hochstatter, Kohl-Welles, Rasmussen, Sellar and Swecker.

Staff: Susan Mielke (786-7422)

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 the 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 of Bill: School districts receive one-half of their potential reimbursement rather than 20 percent of the federal portion of Medicaid recoveries after the deduction of billing fees. The corresponding rate change is made regarding private insurer funds.

Appropriation: None.

Fiscal Note: Requested on January 29, 1999.

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

Testimony For: This is a way to get additional dollars into the schools without taking from the state general fund. This bill provides an incentive for school districts to fully tap into federal assistance available.

Testimony Against: There is a concern that there should be a floor of 20 percent to protect districts from receiving less reimbursement than currently being received.

Testified: Senator Franklin, prime sponsor; Christie Perkins, Special Education Coalition (pro); Jennifer Priddy, OSPI (concerns).

House Amendment(s): From the time the bill takes effect until July 1, 1999, second class districts receive 50 percent and first class districts receive 20 percent of the net federal portion of Medicaid reimbursements. Beginning on July 1, 1999, all districts have the potential to receive up to 50 percent if they bill for all Medicaid eligible students.