

# SENATE BILL REPORT

## SB 6391

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As Reported By Senate Committee On:  
Health & Long-Term Care, January 31, 2000  
Ways & Means, February 8, 2000

**Title:** An act relating to primary health care providers.

**Brief Description:** Authorizing the disproportionate share study.

**Sponsors:** Senators Thibaudeau, Deccio and Kohl-Welles.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/20/2000, 1/31/2000 [DPS-WM].  
Ways & Means: 2/7/00; 2/8/00 [DPS HEA)].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 6391 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Thibaudeau, Chair; Wojahn, Vice Chair; Costa, Deccio, Franklin, Johnson and Winsley.

**Staff:** Rhoda Jones (786-7198)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6391 as recommended by Committee on Health & Long-Term Care be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Winsley, Wojahn and Zarelli.

**Staff:** Tim Yowell (786-7435)

**Background:** Currently the state and federal governments have health care payment programs which recognize hospitals and clinics whose client base is mostly low-income or elderly patients. The state's disproportionate share program pays out subsidies to hospitals that serve a disproportionate number of Medicaid and other low-income clients. The "Pro-share" program provides additional payments to public hospital districts that also run nursing homes with Medicaid beds.

The state also provides payment enhancements to 26 federally qualified health clinics and 50 rural health clinics to pay for the reasonable costs of these facilities. These clinics have a client base that is predominately low-income.

There is currently no similar program for primary care providers who may not qualify for any subsidies, but whose practices are predominantly low-income or elderly clients. These providers serve Medicaid and Basic Health Plan clients through contracts with private health plans. In recent years, the number of health plans has dropped off in rural counties, reducing competition, and some say further lowering rates to rural providers. Rural providers are reporting that the payments they currently receive for their low-income clients are threatening their financial viability.

**Summary of Substitute Bill:** The disproportionate share study is authorized. The department of social and health services (DSHS) and the health care authority (HCA) must jointly conduct a state-wide study to determine payment sources for primary care providers, and from this study determine what level of low-income clients constitutes a disproportionate share, and how this threatens the financial viability of these providers.

The agencies must report back to the legislature by December 2001 with recommendations on possible components of a disproportionate share program for primary care providers, including potential rate adjustments.

**Substitute Bill Compared to Original Bill:** The department and the HCA do not have to determine financial feasibility—when analyzing payment sources of primary care providers. Primary care providers in hospital emergency rooms are included. The department is required to report back to the Legislature by December 1, 2000.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For (Health & Long-Term Care):** This study will provide the state with valuable information about which primary care providers have medical practices with a high percentage of low-income clients.

**Testimony Against (Health & Long-Term Care):** None.

**Testified (Health & Long-Term Care):** Patty Hayes, DOH (pro concept); Tom Bedell, DSHS (pro concept); Dennis Martin (pro concept); Charlotte Hardt, Laurie Wylie, WRHA (pro).

**Testimony For (Ways & Means):** Many providers in rural areas and those serving low-income urban areas are finding that public payment rates don't cover their costs. The study is crucial to getting payment rates to the level they need to be to keep those systems intact.

**Testimony With Concerns (Ways & Means):** The bill would be strengthened if a task force were required to advise the agencies on study design and recommendations.

**Testified (Ways & Means):** Laurie Wylie, WA Rural Health Association; Phil Watkins, MultiCare Health System.