

HOUSE BILL REPORT

HB 1540

As Reported by House Committee On:

Health Care

Title: An act relating to the establishment of a medicaid managed care contracting pilot project.

Brief Description: Creating a pilot project to provide health services to certain needy persons.

Sponsors: Representatives Kessler, Doumit, Hatfield and Darneille.

Brief History:

Committee Activity:

Health Care: 2/15/01, 2/22/01 [DP].

Brief Summary of Bill

- Exempts certain managed health care systems from statutory requirements related to uniform procedures for contracting and establishing financial integrity standards.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass. Signed by 14 members: Representatives Campbell, Republican Co-Chair; Cody, Democratic Co-Chair; Schual-Berke, Democratic Vice Chair; Skinner, Republican Vice Chair; Alexander, Ballasiotes, Conway, Darneille, Edmonds, Edwards, Marine, McMorris, Pennington and Ruderman.

Staff: Dave Knutson (786-7146).

Background:

Managed health care systems that seek to serve clients of the Department of Social and Health Services must meet certain statutory standards. They must follow uniform negotiation and contractual procedures. They also must meet financial integrity standards. Managed health care systems are regulated under Title 48 RCW.

Summary of Bill:

The Department of Social and Health Services is authorized to establish a pilot project to contract with health carriers, in partnership with managed health care systems that are not health carriers, for recipients of temporary assistance for needy families, for pregnant women, and for nondisabled children eligible under current categorically needy medical assistance programs. The pilot project must be for up to two years and in two counties, including one rural western Washington county. The managed health care system that is not a health carrier is financially responsible for maintaining adequate reserves. In the event of insolvency on the managed health care system that is not a health carrier, the partner health carrier is secondarily responsible for payment of any claims.

The activities of the Department of Social and Health Services and the managed health care system that is not a health carrier, are exempt from the provisions of Title 48 RCW, except those statutory provisions relating to the patients bill of rights (chapter 5, laws of 2000).

Appropriation: None.

Fiscal Note: Requested on February 13, 2001.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The Department of Social and Health Services should be given greater flexibility in working with managed health care systems in rural areas. Current statutory requirements make it difficult to organize and finance health care systems at the local level.

Testimony Against: The provisions of Title 48 RCW are designed to protect consumers and ensure financially viable managed health care systems. These provisions should not be waived as part of the pilot projects.

Testified: (In support) Representative Kessler, prime sponsor; Patrick Farwell and James Boora, Grays Harbor Regional Health System; Roger Gantz, Department of Social and Health Services; and Andrea Stephenson, Empower Alliance.

(In support w/amendment) Andrew Dolan, Washington State Medical Association.

(Against) Bill Hagens, Office of the Insurance Commissioner.