H-1927.1

HOUSE BILL 2122

State of Washington 58th Legislature 2003 Regular Session

By Representatives Schual-Berke, Benson, Cody, Campbell and Kenney

Read first time 02/26/2003. Referred to Committee on Health Care.

AN ACT Relating to simplifying administrative procedures for state-purchased health care programs; and creating new sections.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** (1) The legislature finds that there have been strong calls for simplifying the administration of state-purchased health care programs from health care providers and managed health care plans that contract with the state. These calls take on even more importance during a period of budgetary shortfalls when increases in provider payment rates under state-purchased health care programs will be minimal at best. In these difficult times, the state should maximize opportunities to decrease provider and health plan administrative burdens, and the costs associated with those burdens, for providers and plans participating in department of social and health services medical assistance programs, the department of labor and industries medical aid program, the basic health plan, and the state employees health benefit program.

(2) The legislature intends that state agency efforts to reduce administrative burdens on health care providers and managed health care

plans that contract to provide services through state-purchased health care programs focus upon:

(a) Performing core business functions of state-purchased health care programs in an efficient and effective manner so as not to introduce administrative and fiscal burdens on providers and health plans;

(b) Identifying ways to eliminate operational problems experienced by providers and managed health care plans;

(c) Clearly defining operational expectations of managed health care plans;

(d) Following existing industry standards, where applicable, rather than creating their own; and

(e) Where state-purchased health care programs have similar functions, carrying out those functions in similar ways.

NEW SECTION. **Sec. 2.** (1) The administrator of the health care authority, the assistant secretary for the medical assistance administration of the department of social and health services, and the director of the department of labor and industries shall collectively:

(a) Assess each of the strategies in subsection (2) of this section;

(b) Take steps to implement by December 31, 2004, those strategies in subsection (2) of this section that are feasible to implement, taking into consideration fiscal constraints, federal statutory or regulatory barriers, and state statutory barriers;

(c) To the extent that a strategy in subsection (2) of this section cannot be implemented by December 2004, identify the specific fiscal constraints, or the specific federal statutory, federal regulatory, or state statutory barriers that prevent its implementation; and

(d) On or before December 1, 2003, provide a progress report to the relevant policy and fiscal committees of the legislature on the activities provided in (a) through (c) of this subsection.

(2) The strategies to be assessed under subsection (1) of this section include:

(a) Improvement of core services:

(i) Significantly increasing the timeliness of claims payments for medical assistance programs and the medical aid program;

(ii) Increasing the response times and capacity of the department of social and health services' provider assistance and claims payments telephone lines;

(iii) Distributing medical assistance program fee schedules to avoid time consuming reprocessing of claims;

(iv) With respect to medical assistance program managed care contracting, clearly defining scope of coverage under managed care contracts, eliminating conflicts between department of social and health services billing instructions and managed care contracts, and developing mechanisms to ensure consistent communication with contracting health plans when the department of social and health services is asked to interpret the scope of benefits under the contracts;

(v) Improving the accuracy and timeliness of medical assistance eligibility information by reducing the number of retroactive eligibility termination notices to contracting managed health care plans;

(b) Streamline current administrative practices:

(i) Maximizing the capacity for electronic billing and claims submission for medical assistance programs, the medical aid program, and the basic health plan through modifications such as: Implementation of electronic claims adjustment forms by the department of social and health services and the department of labor and industries; recognition of multiple surgeons on the same medical claim form for the department of labor and industries medical aid program; elimination of requirements for paper attachments to claims; and allowing electronic billing capability for managed care contractors under medical assistance and the basic health plan; and

(ii) Providing electronic access to eligibility, benefits exclusion, and authorization information for medical assistance programs and the department of labor and industries medical aid program;

(c) Establish clear expectations:

(i) Developing, in rule or through guidelines, clear auditing and data requirements for contracting managed health care plans under medical assistance programs, the basic health plan, and state employee health benefits; and

(ii) Improving consistency between edits in claims processing systems and published fee schedules for medical assistance programs and the department of labor and industries medical aid program;

(d) Consistency with national and regional standards:

(i) Eliminating "local" codes wherever possible within the department of labor and industries medical aid claims processing system;

(ii) Adopting medicare's ambulatory patient classification system for outpatient hospital payments under medical assistance and medical aid programs; and

(iii) Increasing the extent to which the office of the insurance commissioner, the department of social and health services, and the health care authority accept compliance with standards adopted by national managed care accreditation organizations, such as the national committee for quality assurance, as meeting agency requirements for the same subject areas covered under accreditation by these organizations; and

(e) Standardize similarities between agencies:

(i) Using the same denial codes and applying codes consistently across state-purchased health care programs;

(ii) Eliminating burdensome data collection by having state agencies collect data that is available from other state agencies rather than imposing that burden on contracting managed health care plans;

(iii) Coordinating audits by the department of social and health services, the department of labor and industries, and the health care authority; and

(iv) Where state-purchased health care programs cover similar services, standardizing definitions and interpretations of services.

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