SENATE BILL REPORT
SHB 1826

As Reported By Senate Committee On:
Health & Long-Term Care, March 19, 2007

Title: An act relating to medical benefits.

Brief Description: Modifying provisions affecting medical benefits.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Seaquist, Hinkle, Morrell, Moeller and Ormsby; by request of Department of Social and Health Services).

Brief History: Passed House: 3/10/07, 97-0.
Committee Activity: Health & Long-Term Care: 3/15/07, 3/19/07 [DP].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.
Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Carrell, Fairley, Kastama, Kohl-Welles, Marr and Parlette.

Staff: Mich'l Needham (786-7442)

Background: In January 2006, Congress passed the Deficit Reduction Act (DRA), which included many requirements for the Medicaid program. Among the requirements, the DRA directs states to enact provisions specific to third party recovery for individuals dually covered under state medical assistance and other health insurance, and to require health insurance carriers, as a condition of doing business, to: (1) provide information on enrollees; (2) respond to inquiries from the states; and (3) accept the state's right to recovery of claims payment when third party insurance payments have also been made. The DRA defines the impacted health insurers, and the time frames allowed for recovery of claims.

The DRA requires states put complying laws in place by the first calendar quarter after the close of the next legislative session following passage (2007 Legislative Session for Washington).

Summary of Substitute Bill: The provisions of the DRA are placed in state statute, and health insurers, as a condition of doing business, must accept the department's timely claims and share information with the Department of Social and Health Services (DSHS). Health insurers include a disability insurer, a health care service contractor, a health maintenance organization, self-insured employer or union plans, any private insurer, a group health plan, a

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service benefit plan, a pharmacy benefit manager, a managed care organization, and a third party administrator.

Insurers may not deny a claim submitted by the department solely on the basis of the date of submission of the claim, the type or format of the claim form, or failure to present proper documentation at the point of sale, if the claim is submitted within three years of the date of service. The department has up to six years to resolve procedural issues surrounding the claim.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2007.

Staff Summary of Public Testimony: PRO: The DRA of 2005 requires states to put language into statute impacting third party recovery. It will help Medicaid and the coordination of benefits.

Persons Testifying: PRO: Representative Seaquist, prime sponsor.