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**Health Care & Wellness Committee**

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**HB 1738**

**Brief Description:** Changing the designation of the medicaid single state agency.

**Sponsors:** Representatives Cody and Jenkins; by request of Governor Gregoire.

**Brief Summary of Bill**

- Designates the Health Care Authority as the single state agency for purposes of the Medicaid program.
- Assigns all responsibilities of the Department of Social and Health Services for medical services programs to the Health Care Authority.

**Hearing Date:** 2/7/11

**Staff:** Chris Blake (786-7392).

**Background:**

State medical assistance programs pay for health care for low-income state residents, primarily through the Medicaid program. The majority of these programs are administered by the Department of Social and Health Services (DSHS). Most of these programs are jointly funded with state and federal matching funds. Federal law requires each state that participates in Medicaid must designate a single state agency responsible for administration and supervision of the state's Medicaid program. In Washington, that agency is the DSHS.

The Health Care Authority (Authority) administers state employee health benefit programs through the Public Employees Benefits Board as well as health care programs targeted at low-income individuals, such as the Basic Health Plan and the Community Health Services Grants. In addition, the Authority coordinates initiatives related to state purchased health care, such as the Prescription Drug Program and the Health Technology Assessment Program.

**Summary of Bill:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Health Care Authority (Authority) is designated as the single state agency for the administration and supervision of Washington's state Medicaid program. The Authority is to be led by a "director," rather than an "administrator." The Director is authorized to administer the medical assistance programs and State Children's Health Insurance Program and shall be responsible for the disbursement of funds that the state receives in relation to those programs. The Director may appoint any committees and commissions needed to comply with federal laws and funding requirements. All responsibilities related to the administration of the Medicaid program are transferred to the Authority. Several responsibilities that had been shared between divisions of the Department of Social and Health Services (DSHS) will be shared between the Authority and the DSHS.

All employees of the Medicaid Purchasing Administration (MPA) within the DSHS are transferred to the Authority. All rules, apportionments of budgeted funds, and pending business of the MPA are also transferred to the Authority.

The Authority is authorized to conduct adjudicative proceedings for (1) an applicant or enrollee who is aggrieved by a decision of the Authority or (2) a current or former enrollee who is aggrieved by a claim that he or she owes a debt for overpayment. This authority is substantially similar to the adjudicative proceeding authority of the DSHS.

The Authority is authorized to charge fees, collect overpayments, and file liens. In addition, the Authority may collect from tortfeasors or their insurer in any case in which assistance is paid due to negligent conduct toward an enrollee. This authority is substantially similar to the DSHS's authority to collect overpayments and secure reimbursements.

The Authority is authorized to collaborate with other state or local agencies and nonprofit entities to carry out its responsibilities.

It is specified that the Disproportionate Share Hospital payment methodology provisions do not create a right or entitlement for any hospitals.

It is specified that several health services continue subject to available funding, including medical assistance care and services and prostate cancer screenings.

References to several expired duties are eliminated, including reporting on children's Medicaid mental health benefits and amending the State Medicaid Plan to include personal care services in the categorically needy program.

The DSHS and the Authority must report to the Governor and the Legislature by December 10, 2011 with their recommendations regarding the role of the Authority in purchasing mental health treatment, substance abuse treatment, and long-term care services.

**Appropriation:** None.

**Fiscal Note:** Requested on February 1, 2011.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.