

# HOUSE BILL REPORT

## HB 2803

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### As Passed Legislature

**Title:** An act relating to limiting the rates paid to providers for medical services for incarcerated offenders, increasing the copay on medical services, and authorizing the department of corrections to submit medicaid applications on behalf of incarcerated offenders.

**Brief Description:** Concerning health care services for incarcerated offenders.

**Sponsors:** Representative Cody.

#### **Brief History:**

##### **Committee Activity:**

Ways & Means: 3/1/12, 3/3/12 [DP].

##### **Floor Activity:**

Passed House: 3/6/12, 93-0.

Senate Amended.

Passed Senate: 3/8/12, 46-1.

Passed House: 3/8/12, 98-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Requires providers of hospital services that are licensed with the Department of Health to contract with the Department of Corrections (DOC) for inpatient, outpatient, and ancillary services.
- Requires the DOC to use Provider One to pay outside hospital claims.
- Requires the DOC to reimburse hospital providers at no more than Medicaid rates plus a percentage increase that is determined in the operating budget for treatment of DOC offenders.

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### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass. Signed by 26 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh,

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Haler, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

**Staff:** Alex MacBain (786-7288).

**Background:**

Health Care Services for Offenders.

When an offender enters the custody of the Department of Corrections (DOC), a health profile for the offender must be prepared, including a financial assessment of the offender's ability to pay for all or a portion of the health care services received from personal resources or private insurance. Offenders are required to pay a co-pay of no less than \$3 per visit. The co-pay may be collected from the offender's institution account and is deposited into the General Fund. Offenders are not required to pay a co-pay for emergency treatment, visits initiated by health care staff, or treatment for a serious health care need.

The DOC has taken several steps over the past few years to contain health care costs. These steps include:

- payment of all eligible inpatient hospital and related services through Medicaid;
- utilizing a management team of nurses to monitor payments to outside providers as well as care provided within DOC facilities;
- contracting with the Washington State Health Care Authority pharmaceutical consortium to reduce the cost of prescription drugs in prisons; and
- implementing protocols and processes to ensure services are evidence-based and medically necessary.

Regulation of Hospitals.

Hospitals in Washington must be licensed by the Department of Health (DOH). The DOH establishes standards for the construction, maintenance, and operation of hospitals, including standards for the care and treatment of patients. The DOH issues, denies, and revokes licenses; conducts surveys and inspections of hospitals; determines sanctions for violations of DOH standards; and receives regular reports on each hospital's governance and finances, as well as certain patient care measures.

**Summary of Bill:**

Offenders must participate in the costs of their health care services by paying an amount that is commensurate with their resources as determined by the Department of Corrections (DOC) or a nominal amount no less than \$4 per visit. All co-payments collected must be used to reduce expenditures for offender health care at the DOC. An offender must make a co-payment even if the health care service is for emergency treatment, initiated by health care staff, or treatment for a serious health care need.

To the extent allowed by federal law and that federal financial participation is available, the DOC is authorized to act on behalf of an inmate for purposes of applying for Medicaid eligibility.

Providers of hospital services that are licensed with the Department of Health must contract with the DOC for inpatient, outpatient, and ancillary services, as a condition of licensure.

Payments to hospitals from the DOC for these services shall be:

- paid through the Provider One system operated by the Health Care Authority;
- reimbursed using the reimbursement methodology in use by the state Medicaid program; and
- reimbursed at a rate no more than the amount payable under the Medicaid reimbursement structure plus a percentage increase that is determined in the operating budget.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

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

**Staff Summary of Public Testimony:**

(In support) Currently, incarcerated individuals are not eligible to receive Medicaid unless they are admitted to community hospitals for inpatient services. The Department of Corrections (DOC) has been enrolling eligible offenders who receive inpatient services from hospitals for several years. This bill would expand current opportunities by allowing the DOC to act as the agent for the offender to sign them up for Medicaid when those payments are allowable. The bill also generally limits payments for health care services received by offenders to the Medicaid rates and moves billing to the Medicaid methodologies in the Provider One system which will allow for further cost containment in the future.

(Opposed) None.

**Persons Testifying:** Susan Lucas, Department of Corrections.

**Persons Signed In To Testify But Not Testifying:** None.