
Health Care & Wellness Committee

E2SSB 5596

Brief Description: Requiring the department of social and health services to submit a demonstration waiver request to revise the federal medicaid program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Parlette, Zarelli, Becker and Hewitt).

Brief Summary of Engrossed Second Substitute Bill

- Requires the Department of Social and Health Services to request federal approval to manage the state's Medicaid program within a targeted rate for each eligibility category.
- Includes cost containment elements in the request such as modified benefit design, enrollee cost sharing, streamlined eligibility, innovative reimbursement, and enrollment in health insurance exchanges and employer-sponsored insurance.

Hearing Date: 3/17/11

Staff: Chris Blake (786-7392).

Background:

Medicaid is a federal-state partnership with programs established in the federal Social Security Act, and implemented at the state level with federal matching funds. The federal law has provided a framework for coverage for children, pregnant women, some families, and elderly and disabled adults, with varying income requirements. The Patient Protection and Affordable Care Act (PPACA) creates a new mandatory eligibility category for non-elderly, non-pregnant adults with income at or below 133 percent of the federal poverty level (FPL), beginning January 1, 2014. States have the option to provide Medicaid coverage to all non-elderly individuals above 133 percent of FPL through a state plan amendment.

The PPACA requires states to maintain the Medicaid eligibility income standards that were in place in March 2010 through December 31, 2013, for all adults. The maintenance of effort

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requirement extends through September 30, 2019, for all children covered in Medicaid or the Children's Health Insurance Programs. States may be exempt from the maintenance of effort requirement for optional, non-pregnant, non-disabled, adult populations whose income is above 133 percent of FPL if the state certifies it is currently experiencing a budget deficit or projects to have a budget deficit in the following fiscal year.

The Secretary of the federal Department of Health and Human Services has some authority to grant waivers from certain requirements to allow states to demonstrate innovative approaches in their Medicaid programs. Washington recently received approval for a bridge demonstration waiver to allow early federal Medicaid match for the new eligibles (adults that will be eligible for Medicaid in 2014) that are enrolled through our state funded Basic Health and medical care services programs.

Summary of Bill:

The Department of Social and Health Services (DSHS) must submit a request for a demonstration project to the Innovation Center at the federal Centers for Medicare and Medicaid Services' (CMS) to revise the state's Medicaid program to allow for the broadest federal financial participation. The DSHS may submit a waiver request if it is necessary to implement any of the goals of the demonstration project.

The demonstration project, named the "Medicaid Modernization" demonstration, shall include several identified components.

- Payments levels shall be established at a targeted level for each eligibility group in the Medicaid program and the state shall be provided with maximum flexibility to manage the health care trend. Expenditures below the targeted rate shall be shared with the federal government.
- The state shall have flexibility in developing the benefit design for the eligibility categories. Benefit design must align with the essential health benefits design under the Patient Protection and Affordable Care Act and provide additional benefits as clinically indicated for certain populations.
- Cost sharing and premiums may be imposed upon all categories of enrollees to encourage informed consumer behavior and reduced utilization, while not excluding access to preventive and primary care.
- The ability to streamline eligibility determinations and conduct more frequent eligibility verifications.
- Innovative reimbursement methods may be adopted to support health homes and promote effective purchasing and efficient use of health services.
- Enrollees in Medicaid and the Children's Health Insurance Program shall be able to voluntarily enroll in the health insurance exchange or employer-sponsored insurance programs as available and cost-effective.
- A process shall be adopted for the state to receive responses from CMS within 45 days when requesting changes needed to allow the state to manage eligibility groups within payment levels.
- An alternative payment methodology shall be established for federally qualified health centers and rural health clinics.

The DSHS must evaluate the merits of establishing an insurance subsidy model for certain Medicaid populations. The DSHS must report to the Joint Select Committee on Health Reform Implementation on the proposed waiver provisions. Stakeholder comment must be received during the development of the waiver. The Legislature must authorize any demonstration project prior to implementation.

Legislative findings are made regarding the need for a more sustainable approach to managing the state's Medicaid program using elements of consumer participation, and benefit and payment design flexibility.

Appropriation: None.

Fiscal Note: Available.

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