SENATE BILL REPORT
SB 5927

As of April 12, 2011

Title: An act relating to limiting payments for health care services provided to low-income enrollees in state purchased health care programs.

Brief Description: Limiting payments for health care services provided to low-income enrollees in state purchased health care programs.

Sponsors: Senators Keiser and Pflug; by request of Health Care Authority and Department of Social and Health Services.

Brief History:
Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tim Yowell (786-7435)

Background: The state contracts with health insurance systems to deliver medical care services under the state Medicaid, Disability Lifeline, and Basic Health Plan programs. These systems contract with individual health care practitioners, group practices, clinics, hospitals, pharmacies, and other entities to participate in their network of providers. Persons enrolled in the managed care plan must typically obtain their medical care services from providers who participate in their plan's network in order for the service to be covered.

When they receive services at an in-network facility, managed care enrollees sometimes receive services from health care providers who have not contracted to participate in their managed care plan's network. For example, an enrollee may have surgery at a hospital that has contracted to participate in their managed care plans' network but receive anesthesia from a practitioner who has not.

Disputes have arisen about how much the managed care plan should pay the health care practitioner in such instances. A Snohomish County Superior Court judge has ruled that in such instances the managed care organizations should pay the non-contracted practitioner the full amount billed by the practitioner. Managed care organizations, the Department of Social and Health Services, and the Health Care Authority have expressed concern this will increase the cost of services delivered under state-purchased plans.

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.

Summary of Bill: A nonparticipating provider is defined as a health care practitioner or facility that does not have a written contract to participate in a managed health care system's provider network. Managed health care systems must pay a nonparticipating provider no more than the Medicaid fee-schedule rate for services delivered by the nonparticipating provider to a patient covered by the state Medicaid, medical care services, or Basic Health programs. Nonparticipating providers must accept the amount paid by the managed health care system as payment in full, except for any deductible, co-pay, or coinsurance that is due from the enrollee under the terms of the enrollee's coverage by the managed health care system.

Appropriation: None.

Fiscal Note: Requested on April 8, 2011.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.