

# SENATE BILL REPORT

## SB 6531

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As Reported by Senate Committee On:  
Human Services & Corrections, February 2, 2012  
Ways & Means, February 7, 2012

**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:** Senators Regala, Hargrove and Shin.

**Brief History:**

**Committee Activity:** Human Services & Corrections: 2/02/12 [DP-WM, DNP].  
Ways & Means: 2/06/12, 2/07/12 [DPS, w/oRec].

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### SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Hargrove, Chair; Regala, Vice Chair; Stevens, Ranking Minority Member; Carrell, Harper and McAuliffe.

**Minority Report:** Do not pass.

Signed by Senator Padden.

**Staff:** Shani Bauer (786-7468)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6531 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Brown, Conway, Fraser, Harper, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pridemore, Regala, Schoesler and Tom.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Padden.

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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.*

**Staff:** Richard Ramsey (786-7412)

**Background:** When an offender enters the custody of the Department of Corrections (DOC), DOC must prepare a health profile for the offender, 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. To discourage unwarranted use of health care services caused by unnecessary visits to health care providers, offenders are required to pay a nominal co-pay no less than \$3 dollars per visit. The co-pay may be collected from the offenders' institution account and 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. No offender may be refused health care service because of indigence.

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 (HCA) 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.

Provider One is the electronic payment and billing system utilized by HCA.

**Summary of Bill (Recommended Substitute):** Offenders must participate in the costs of their health care services by paying an amount that is commensurate with their resources as determined by DOC or a nominal amount no less than \$4 dollars per visit. All co-payments collected go to reduce expenditures for offender health care at 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, DOC is authorized to act on behalf of an inmate for purposes of applying for Medicaid eligibility.

DOC may enter into contracts with health care providers to provide behavioral health and chemical dependency treatment, in addition to medical care. Providers that contract with the state Medicaid program must contract with DOC for similar services. Payments to hospitals from DOC shall be:

- paid through the Provider One system operated by HCA;
- 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 that is determined in the operating budget.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** Specifies that the DOC will reimburse hospitals at the Medicaid rate, plus a percentage increase that is determined in the operating budget.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony (Human Services & Corrections):** PRO: DOC has worked to reduce its medical costs over the last few years and has been somewhat successful. However, cost containment is an ongoing effort. This bill will give DOC additional tools to continue that effort. The bill streamlines the co-pay process so there are fewer exceptions. It also allows DOC to apply for Medicaid on behalf of the offender. Currently about 20 percent of offenders refuse to enroll. Routing payments through Provider One will be extremely useful in giving DOC the ability to analyze and track payments. We understand that limiting payments to the Medicaid reimbursement rate is somewhat controversial. DOC has a difficult balancing act in containing health care costs.

CON: We are in support of this bill with the exception of the piece that limits payments to hospitals to the Medicaid reimbursement rate. This would put an additional burden on hospitals. Correctional facilities are generally located in smaller, rural communities that are already burdened by lower income populations. Current contracts with DOC are considered reasonable. While more than the Medicaid rate, they are less than paid by commercial providers. It is inappropriate to shift the cost burden of offender health care on to health care facilities. We are concerned with maintaining access to a sufficient number of providers. Physicians may pull out of Medicaid altogether if they are required to contract with DOC at the Medicaid rate. This tips the balance of capacity that providers are able to absorb.

**Persons Testifying (Human Services & Corrections):** PRO: Susan Lucas, DOC.

CON: Andrew Boos, WA State Hospital Assn.; Eric Moll and Bob Appel, Mason General Hospital; Katie Kolan, WA State Medical Assn.

**Staff Summary of Public Testimony on Original Bill (Ways & Means):** PRO: This bill provides additional tools for DOC to manage care and control costs – using the same reimbursement rate and the Provider One system and tied to the Medicaid program.

CON: There is no free lunch in health care. This bill attempts to gain Medicaid for offenders who don't qualify for Medicaid. Small communities with correctional institutions, Airway Heights, Walla Walla, Shelton, Aberdeen, and Port Angeles have small hospital facilities. You're asking private payer and insurers to cover the savings provided to the DOC and the state.

**Persons Testifying (Ways & Means):** PRO: Susan Lucas, DOC.

CON: Len McComb, WA State Hospital Assn.