

# HOUSE BILL REPORT

## HB 2007

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### As Reported by House Committee On: Appropriations

**Title:** An act relating to reimbursement to eligible providers for medicaid ground emergency medical transportation services.

**Brief Description:** Concerning reimbursement to eligible providers for medicaid ground emergency medical transportation services.

**Sponsors:** Representatives Zeiger, Sullivan, Stambaugh, Van De Wege, Riccelli and Ormsby.

#### **Brief History:**

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

Appropriations: 2/24/15, 2/27/15 [DP].

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

- Requires the Health Care Authority (HCA) to implement a certified public expenditure program to fund supplemental payments for public ground emergency transportation (EMT) providers.
- Requires the HCA to implement an intergovernmental transfer program to fund increased managed care payments for public ground EMT services.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 29 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Carlyle, Cody, Dent, Dunshee, Fagan, Haler, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Tharinger, Van Werven and Walkinshaw.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Buys, Condotta, G. Hunt and Taylor.

**Staff:** Erik Cornellier (786-7116).

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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.*

## **Background:**

### Medicaid.

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. Federal law provides a framework for coverage of children, pregnant women, parents, elderly and disabled adults, and other adults with varying income requirements. Medicaid includes coverage for emergency transportation services.

### Supplemental Payments and Certified Public Expenditure Programs.

In addition to reimbursement for Medicaid services, states can make supplemental payments to certain providers that are separate from and in addition to reimbursements made at standard payment rates. Supplemental payments are eligible for federal matching dollars if aggregate payments to the providers receiving the supplemental payments are less than what Medicare would pay for the same services.

Certified Public Expenditure (CPE) programs allow public providers of medical services to certify their expenses as the non-federal share in order to receive Medicaid matching dollars, which means that the state does not have to contribute the matching share of these expenditures. These CPE programs can be combined with supplemental payments to provide additional funding to public providers without incurring additional state costs.

### Managed Care.

Managed care is a prepaid, comprehensive system of medical and health care delivery, including preventive, primary, specialty, and ancillary health services through a network of providers. Healthy Options (HO) is the Health Care Authority's (HCA) Medicaid managed care program for low-income people in Washington. Healthy Options offers eligible clients a complete medical benefits package. Medicaid clients that are not enrolled in managed care receive coverage directly from the HCA, which reimburses contracted providers on a fee-for-service basis.

### Intergovernmental Transfer Programs.

Intergovernmental transfers (IGT) are transfers of public dollars between governmental entities. Localities and other public entities may transfer their own tax revenues to the state to help fund the state's Medicaid program.

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## **Summary of Bill:**

### Certified Public Expenditure Program for Emergency Ground Transportation.

The Health Care Authority (HCA) must provide supplemental payments for publicly provided Medicaid ground emergency medical transportation (EMT) services to the extent

allowed by law. The supplemental payments, combined with other sources of reimbursement from the HCA, may not exceed the actual costs of providing the services.

The HCA will implement a certified public expenditure (CPE) program to support the supplemental payments. Public EMT providers receiving the payments must certify their expenses as the non-federal share of the supplemental payments. The Legislature intends to provide the supplemental payments without any expenditure from the State General Fund, and providers must agree to reimburse the HCA for the costs of administering the CPE program.

The HCA must seek federal approval for the CPE program and supplemental payments, and the HCA may not implement those changes without federal approval.

The CPE program and supplemental payments are inoperative if an appellate court or the federal Centers for Medicare and Medicaid Services (CMS) makes a final determination that the supplemental payments must be made to any providers other than public EMT providers.

Participating EMT providers must provide evidence supporting their certifications and submit data specified by the HCA to determine the appropriate amounts of federal matching dollars to claim. The providers must keep records specified by the HCA to fully disclose reimbursement amounts that they are entitled to and any other records required by the CMS.

Participation in the CPE program is voluntary.

#### Intergovernmental Transfer Program for Emergency Ground Transportation.

The HCA must design and implement an intergovernmental transfer (IGT) program to support increased payments to managed care systems for public ground EMT services. The public ground EMT providers will provide the non-federal share for the increased payments. The managed care payments must be at least actuarially equivalent to the supplemental payments provided under the CPE program. Managed care systems must pay all of the increased payments to the participating EMT providers.

The HCA must only implement the IGT program if federal matching dollars are available and if the HCA has received the necessary federal approvals. The HCA may return, refuse to accept, or adjust IGT payments as necessary to comply with federal Medicaid requirements.

The HCA must implement the IGT program on the date that federal approval is obtained, and it may be implemented retroactively to the extent allowed by federal law. If federal approval has been obtained, the HCA may start paying the increased managed care payments for dates of service on or after January 1, 2015.

The HCA may not use State General Fund dollars to implement the IGT program. Participating EMT providers must agree to reimburse the HCA for implementation costs. The IGT payments are also subject to a 20 percent administration fee on the non-federal share paid to the HCA, which can count as a cost of providing the services.

Managed care systems and participating public ground EMT providers must comply with requests for information or data requirements imposed by the HCA for the purposes of claiming federal matching dollars or obtaining federal approvals.

Participating in the IGT program is voluntary.

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**Appropriation:** None.

**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) This bill allows public ambulance providers to receive increased federal reimbursement. As the cost has grown, this bill will come as a relief to emergency medical services (EMS) agencies and the state.

This program has been used in a number of states. It is legitimate and legal. It does not use state dollars.

This program does not solve the overarching problem with Medicaid. The fee schedule has not been reviewed and adjusted for ambulance providers in 15 years. The 20 percent beyond the state share should be earmarked to increase the ambulance fee schedule in Medicaid. It is found money, so instead of it being absorbed in rounding errors it should go towards the rest of the ambulance industry. Other than emergency room doctors, EMS agencies are the only providers that cannot say no to patients. Other providers get their payment increases by denying service. The EMS providers cannot say no so they have no leverage with the Health Care Authority.

This is a mutually beneficial solution to the problem of rising EMS costs and stagnating rates that burden taxpayers. The City of Pasco can only recoup 47 percent of its total EMS costs. Most of the bills must be written off. The City of Pasco is forced to increase ambulance availability charges, which impacts taxpayers. The average cost per transport is near the nationwide average of \$700. This is sufficiently covered with charges to Pasco residents, but Medicaid only pays \$168 so taxpayers must pay 76 percent of the costs. This bill would increase revenue for local governments and the state.

There is a strong benefit from fire services in the state as it relates to Medicaid patients. When responding to a person with a heart attack, the cost of fuel, medications, and staff are mostly recovered through insurance. With a Medicaid patient, the fire department only gets about 20 percent of cost recovery with the same expenses. Under the Affordable Care Act, Medicaid will increase in future years. The state has already seen a 43 percent increase in Medicaid patients. That will create a financial impact to the fire services. This program

helps by federally funding a portion of the costs at no impact to the state budget. Fire services cannot say no to 911 calls no matter what the reason or cost.

This program will greatly support the state and private companies that contract with the state. Fire services are trying to keep at the same level after the recession. Implementing this program will help departments recover costs from the recession, increase service levels, and serve clients appropriately.

This bill follows the actions of the State of California, which has brought in money that is coming from additional revenue for EMS from certified public expenditures and the wonderful intergovernmental transfer. California is using the supplemental Medicaid revenue in the public agencies. It is difficult to give an accurate number. After comparing Washington's EMS agencies to California, it appears that significant revenue will come in. Washington's public hospitals also have the same program. This will generate positive impacts to EMS agencies and the state.

Local governments see declining revenues from the 101 percent cap and the recession. Fire services continue to make cutbacks. This will help diversify income and create stable and secure income.

(Opposed) None.

**Persons Testifying:** Representative Zeiger, prime sponsor; Bob Berschauer, Washington Ambulance Association; Alex Soldano, City of Pasco; Keith Wright, Central Pierce Fire and Rescue; Ed Grubbs, E.F. Recovery and Washington State Fire Council; and Michael White, Washington State Council of Fire Fighters.

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