

# SENATE BILL REPORT

## HB 1652

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As Reported by Senate Committee On:  
Health Care, March 26, 2015  
Ways & Means, April 1, 2015

**Title:** An act relating to medicaid managed health care system payments for health care services provided by nonparticipating providers.

**Brief Description:** Concerning medicaid managed health care system payments for health care services provided by nonparticipating providers.

**Sponsors:** Representatives Cody and Harris; by request of Health Care Authority.

**Brief History:** Passed House: 3/09/15, 98-0.

**Committee Activity:** Health Care: 3/19/15, 3/26/15 [DPA-WM].  
Ways & Means: 3/31/15, 4/01/15 [DPA(HLTH)].

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### SENATE COMMITTEE ON HEALTH CARE

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

Signed by Senators Becker, Chair; Dammeier, Vice Chair; Frockt, Ranking Minority Member; Angel, Bailey, Brown, Cleveland, Conway, Jayapal, Keiser, Parlette and Rivers.

**Staff:** Mich'l Needham (786-7442)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended by Committee on Health Care.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hatfield, Hewitt, Kohl-Welles, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

**Staff:** Sandy Stith (786-7710)

**Background:** The 2011 Legislature passed SB 5927 to require the Medicaid-managed care plans to pay a nonparticipating provider no more than the lowest amount paid for that service under the managed care system's contracts with similar providers in the state.

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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.*

Nonparticipating providers must accept the amount paid by the managed care plan as payment in full, except for any deductible, co-insurance, or co-payment that is due from the enrollee.

The Medicaid-managed care plans must meet federal requirements to maintain a network of appropriate providers sufficient to provide adequate access to all covered services. The 2011 legislation required the Health Care Authority to monitor and report on the proportion of services provided by contracted providers and nonparticipating providers, by county, for each managed care plan to ensure the network adequacy requirements are met.

Prior to passage of the 2011 legislation, a Snohomish County Superior Court decision indicated a managed care plan should pay a non-contracted practitioner the full amount billed by the practitioner. There were estimates for significant impact to the managed care rates, and the state budget, if the ruling was applied statewide.

These provisions expire July 1, 2016.

**Summary of Bill (Recommended Amendments):** The expiration date is modified to July 1, 2021. The Medicaid-managed care plans must pay a nonparticipating provider no more than the lowest amount paid for that service under the managed care system's contracts with similar providers in the state if the managed care plan has made good faith efforts to contract with the nonparticipating provider.

**EFFECT OF CHANGES MADE BY HEALTH CARE COMMITTEE (Recommended Amendments):** The expiration date of July 1, 2021 is added.

**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 on House Bill (Health Care):** PRO: The 2011 bill tried to reach the necessary accommodation with access and fiscal control and that is why the sunset was included. We have had good experience with the language, and have accrued the savings, and now it is time to remove the sunset. This language provides the safeguards against the state having to pay the full billed charges of non-participating providers. This version includes an added incentive to ensure the managed care plans have approached a provider to contract as a participating provider.

**Persons Testifying (Health Care):** PRO: Kathryn Kolan, WA State Medical Assn.; Jonathan Seib, Molina Healthcare of WA; Preston Cody, WA State Health Care Authority.

**Persons Signed in to Testify But Not Testifying:** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This bill would allow the state to avoid costs in the 2015-17 budget. It helps maintain stable, affordable Medicaid plans. The agency has worked with parties on both sides of this issue to come to an agreement. Initially, there was concern with rates set in statute that there would be no incentive for carriers to arrive at a contracted rate. The amendatory language agreed upon by both parties states that both parties will negotiate in good faith. This amendatory language satisfies these concerns.

**Persons Testifying (Ways & Means):** PRO: Jonathan Seib, Molina Healthcare of WA; Dennis Martin, Health Care Authority; Katie Kolan, WA State Medical Assn.

**Persons Signed in to Testify But Not Testifying:** No one.