

# SENATE BILL REPORT

## SSB 5377

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As Passed Senate, March 7, 1995

**Title:** An act relating to physician referral.

**Brief Description:** Modifying physician self-referral provisions.

**Sponsors:** Senate Committee on Health & Long-Term Care (originally sponsored by Senators Quigley and Fairley; by request of Department of Social and Health Services).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/2/95, 2/7/95 [DPS].  
Passed Senate, 3/7/95, 49-0.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5377 be substituted therefor, and the substitute bill do pass.

Signed by Senators Quigley, Chair; Wojahn, Vice Chair; C. Anderson, Deccio, Fairley, Franklin, Moyer, Winsley and Wood.

**Staff:** Rhoda Jones (786-7198)

**Background:** In the Omnibus Budget Reconciliation Act of 1993 (OBRA), Congress included provisions that prohibit physicians from referring Medicaid patients to health care services in which they (or an immediate family member) have a financial interest. Physicians were already prohibited from self-referring Medicare patients for clinical laboratory services under previous federal legislation. The OBRA expansion of the ban went into effect on January 1, 1995.

**Summary of Bill:** The state Medicaid program is brought into compliance with federal OBRA requirements. Physicians are prohibited from self-referring Medicaid clients to medical facilities or services in which the physician or his/her family has a financial interest. These services include: clinical laboratory, physical therapy, occupational therapy, radiology, magnetic resonance imaging, computerized axial tomography, ultra sound, or other diagnostic services, durable medical equipment, parenteral and enteral nutrients equipment, prosthetics, orthotics and prosthetic devices, home health, outpatient prescription drugs, inpatient and outpatient hospital services, radiation therapy and supplies.

Several exemptions to the self-referral ban include group practices, in-office ancillary services, physicians practicing in rural communities, and certain designated hospital services.

This legislation incorporates the exceptions by reference to the applicable federal law and permits the Department of Social and Health Services to adopt rules to explicitly address the exceptions.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The language is needed to comply with federal Medicaid regulations.

**Testimony Against:** None.

**Testified:** PRO: Jane Beyer, DSHS, MAA; Ken Bertrand, Group Health.