

HOUSE BILL REPORT

HB 1523

As Reported by House Committee On:
State Government & Tribal Affairs
Ways & Means

Title: An act relating to electronic transactions by state purchased social and health care programs.

Brief Description: Concerning electronic transactions by state purchased social and health care programs.

Sponsors: Representatives Carlyle and Hunter; by request of Health Care Authority and Department of Social and Health Services.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 2/14/11 [DPS];
Ways & Means: 2/23/11, 2/25/11 [DP2S(w/o sub SGTA)].

Brief Summary of Second Substitute Bill

- Requires that transactions relating to state-purchased health care programs be submitted and received electronically.
- Allows the Department of Labor and Industries to send correspondence and other legal notices by secure electronic means.
- Requires the Health Care Authority, the Department of Social and Health Services, and the Department of Labor and Industries to exempt providers from the electronic transaction requirements under certain circumstances.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Hunt, Chair; Darneille, Dunshee, Hurst, McCoy and Miloscia.

Minority Report: Do not pass. Signed by 3 members: Representatives Taylor, Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Alexander.

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: Marsha Reilly (786-7135).

Background:

The state is a major purchaser of health care services. The departments of Social and Health Services, Health, Corrections, Labor and Industries, and Veterans' Affairs; the Basic Health Plan; the Washington State Health Care Authority; and local school districts purchase medical and health care, pharmaceuticals, and medical equipment with state and federal funds.

Summary of Substitute Bill:

Transactions by the Washington State Health Care Authority (Authority), the Department of Social and Health Services (DSHS), and the Department of Labor and Industries (L&I) related to state-purchased social and health care programs must be done by electronic means. Implementation of electronic transactions generally may be done in phases and may, for good cause, temporarily or permanently be waived. Transactions not submitted electronically in the manner and format prescribed may be returned without processing.

The Authority, the DSHS, and the L&I must adopt rules to implement the provisions for electronic transactions, including criteria for good cause waivers and an administrative processing fee for any charge that is not submitted electronically in the manner and format specified.

"Transactions" for the Authority and the DSHS include, but are not limited to, authorization, billing, or receipt of payment for services. "Transactions" for the L&I include, but are not limited to, billing, receipt of payments and remittance advice documents, requests for authorization of medical services, and applications to be a provider who treats injured workers. In addition, the L&I may send correspondence and other legal notices by secure electronic means.

"Good cause" means a circumstance or condition that prevents a vendor or contractor from electronically submitting or receiving the transaction. Determinations made regarding good cause are not subject to review under the Administrative Procedure Act.

Substitute Bill Compared to Original Bill:

Transactions by the L&I related to state-purchased social and health care programs must be done by electronic means.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: 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 legislation is very simple and moves us toward a paperless model for billings. Stakeholders and agency people have worked very hard on this bill. It is a modest approach, but does require changes in the internal processes of the agencies. The agencies involved in this bill are interested in moving toward a paperless environment. The phased-in approach is good, as is the exception process.

(Opposed) None.

Persons Testifying: Representative Carlyle, prime sponsor; and Heidi Robbins Brown, Washington State Health Care Authority and Department of Social and Health Services.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on State Government & Tribal Affairs. Signed by 27 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

Staff: Erik Cornellier (786-7116).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On State Government & Tribal Affairs:

The Health Care Authority (Authority) and the Department of Social and Health Services (DSHS) must exempt providers, upon written request, from the electronic transaction requirements when:

- the providers deliver timely access to care in geographic areas where there are critical needs for their services;
- the providers' communities have inadequate internet service or service interruptions and the providers have low claims volumes; or
- the providers are new and need sufficient time to comply with the requirements.

The Department of Labor and Industries (L&I) is required, upon request, to exempt providers from the electronic transaction requirements when:

- the providers are within the first three months of their participation;
- there is a need to provide access to care when other options are unavailable or would cause substantial delays;

- the providers engage in minimal transactions with the L&I; or
- the providers' communities have inadequate internet service or service interruptions.

Determinations by the Authority and the DSHS regarding waivers of electronic transaction requirements are not exempted from review under the Administrative Procedures Act.

The Authority and the DSHS are not required to adopt rules for criteria for "good cause" waivers.

All three agencies must work in good faith with contractors, providers, and vendors that have not obtained waivers of the electronic transaction requirements to allow them to transition to electronic submissions considering their circumstances including size, transaction volume, and available financial and labor resources.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.