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SECOND SUBSTITUTE SENATE BILL 6121

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State of Washington

54th Legislature

1996 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Quigley, Smith, Fairley, Kohl, Bauer, Drew, Thibaudeau, Sheldon, Snyder, Rinehart, Franklin, Wojahn and Pelz)

Read first time 02/06/96.

1 AN ACT Relating to medicare supplemental insurance; amending RCW  
2 41.05.197; adding new sections to chapter 41.05 RCW; creating new  
3 sections; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 41.05.197 and 1993 c 492 s 223 are each amended to  
6 read as follows:

7 (1) If a waiver of the medicare statute, Title XVIII of the federal  
8 social security act, sufficient to meet the requirements of chapter  
9 492, Laws of 1993 is not granted on or before January 1, 1995, the  
10 medicare supplemental insurance policies authorized under RCW 41.05.195  
11 shall be made available to any resident of the state eligible for  
12 medicare benefits. Except for those retired state or school district  
13 employees eligible to purchase medicare supplemental benefits through  
14 the authority and as provided for under subsection (2) of this section,  
15 persons purchasing a medicare supplemental insurance policy under this  
16 section shall be required to pay the full cost of any such policy.

17 (2) Subject to the availability of appropriated funds, the funds  
18 shall be used to offset the premiums of persons purchasing a medicare  
19 supplemental insurance policy under this section for those persons

1 whose family income is less than two hundred percent of the federal  
2 poverty level and who are not otherwise eligible as qualified medicare  
3 beneficiaries under the medicaid program eligibility rules in effect  
4 January 1996. The administrator shall design and implement a structure  
5 of premiums due from persons receiving the offset that is based upon  
6 gross family income, giving appropriate consideration to family size.  
7 The premium structure shall be similar in concept to the basic health  
8 plan subsidy structure under chapter 70.47 RCW, but may recognize  
9 differences in: (a) The health care provided under the medicare  
10 supplemental insurance policies; (b) the population served under this  
11 section; and (c) other factors. The offset shall be available to  
12 eligible persons purchasing a medicare supplemental insurance policy  
13 beginning October 1, 1997.

14 NEW SECTION. Sec. 2. The legislature finds that rapid changes  
15 occurring in the provision of health insurance to our state's senior  
16 citizens through the federal medicare program may begin making  
17 prescription drugs more difficult to afford, especially for those  
18 living on fixed incomes near the poverty level. For this reason, the  
19 legislature determines there is need to move quickly and decisively to  
20 provide assistance to this vulnerable population so that new programs  
21 are in place as federal changes are implemented.

22 NEW SECTION. Sec. 3. A new section is added to chapter 41.05 RCW  
23 to read as follows:

24 (1) The administrator shall determine the activities required to  
25 establish a reasonable and cost-effective prescription drug insurance  
26 plan that would be made available to any state resident enrolled in  
27 medicare.

28 (2) Unless there is a specific federal statutory prohibition, or  
29 except as provided in section 5 of this act, the administrator shall  
30 implement a comprehensive prescription drug insurance plan that, by  
31 January 1, 1998, must be made available to any state resident enrolled  
32 in medicare.

33 (3) By December 1, 1996, the administrator shall report to the  
34 appropriate committees of the legislature and the health care policy  
35 board if, with the written advice of the attorney general, federal  
36 statutory prohibitions exist to implementation of this program, or if  
37 actual premium rates established following competitive bidding of the

1 prescription drug insurance plan substantially exceed expectations,  
2 creating questions regarding public interest in the program. The  
3 report shall include estimated premium costs, administrative costs to  
4 the state, and specific recommendations for removing any state or  
5 federal legislative or regulatory barriers to implementation of the  
6 insurance.

7 (4) The administrator shall use any funds appropriated for this  
8 section to implement this section, including to offset premiums of the  
9 persons purchasing prescription drug insurance under this section for  
10 those persons whose family income is at or below two hundred percent of  
11 the federal poverty level and who are not receiving prescription drug  
12 benefits as qualified medicare beneficiaries. The administrator shall  
13 design and implement a structure of premiums due from persons receiving  
14 the offset that is based upon gross family income, giving appropriate  
15 consideration to family size. The premium structure must be similar to  
16 the basic health plan subsidy structure under chapter 70.47 RCW, but  
17 may reflect differences in: (a) The limited benefits provided under  
18 this act; (b) the population served; and (c) other factors. The offset  
19 must be available to eligible persons beginning January 1, 1998.

20 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.05 RCW  
21 to read as follows:

22 The insurance commissioner shall adopt any rules needed to  
23 accommodate implementation of section 3 of this act. If timelines  
24 required under section 3 of this act require the adoption of rules on  
25 an emergency basis, the insurance commissioner shall do so.

26 NEW SECTION. **Sec. 5.** In the event funds are not appropriated to  
27 implement section 3 of this act, including funds for a premium offset,  
28 the prescription drug insurance plan under section 3 of this act shall  
29 not be implemented until such time as funding is appropriated to fund  
30 the plan.

31 NEW SECTION. **Sec. 6.** Sections 2 through 5 of this act are  
32 necessary for the immediate preservation of the public peace, health,  
33 or safety, or support of the state government and its existing public  
34 institutions, and shall take effect immediately.

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