

2 SB 6089 - S AMD TO WM COMM AMD (S-4141.1/92)
3 By Senator Bailey

4 WITHDRAWN 3/5/92

5 On page 64, after line 21, insert the following:

6 "Sec. 53. RCW 41.05.011 and 1990 c 222 s 2 are each amended to
7 read as follows:

8 Unless the context clearly requires otherwise, the definitions in
9 this section shall apply throughout this chapter.

10 (1) "Administrator" means the administrator of the authority.

11 (2) "State purchased health care" or "health care" means medical
12 and health care, pharmaceuticals, and medical equipment purchased with
13 state and federal funds by the department of social and health
14 services, the department of health, the basic health plan, the state
15 health care authority, the department of labor and industries, the
16 department of corrections, the department of veterans affairs, and
17 local school districts.

18 (3) "Authority" means the Washington state health care authority.

19 (4) "Insuring entity" means an insurance carrier as defined in
20 chapter 48.21 or 48.22 RCW, a health care service contractor as defined
21 in chapter 48.44 RCW, or a health maintenance organization as defined
22 in chapter 48.46 RCW.

23 (5) "Flexible benefit plan" means a benefit plan that allows
24 employees to choose the level of health care coverage provided and the
25 amount of employee contributions from among a range of choices offered
26 by the authority.

27 (6) "Employee" includes all full-time and career seasonal employees
28 of the state, whether or not covered by civil service; elected and

1 appointed officials of the executive branch of government, including
2 full-time members of boards, commissions, or committees; and includes
3 any or all part-time and temporary employees under the terms and
4 conditions established under this chapter by the authority; justices of
5 the supreme court and judges of the court of appeals and the superior
6 courts; and members of the state legislature or of the legislative
7 authority of any county, city, or town who are elected to office after
8 February 20, 1970. "Employee" also includes employees of a county,
9 municipality, or other political subdivision of the state if the
10 legislative authority of the county, municipality, or other political
11 subdivision of the state seeks and receives the approval of the
12 authority to provide any of its insurance programs by contract with the
13 authority, as provided in RCW 41.04.205, and employees of a school
14 district if the board of directors of the school district seeks and
15 receives the approval of the authority to provide any of its insurance
16 programs by contract with the authority as provided in RCW 28A.400.350.

17 (7) "Board" means the state employees' benefits board established
18 under RCW 41.05.055.

19 (8) "Organized delivery system" means a health care organization,
20 composed of health care providers, health care facilities, insurers,
21 health care service contractors, health maintenance organizations, or
22 a combination thereof, that provides directly or by contract, an
23 employee health benefits plan under this chapter to a defined group of
24 employees, for a prepaid, capitated rate on or after July 1, 1992.
25 Health care practitioners participating in an organized delivery system
26 shall be financially at risk for health care services by the patients
27 of such system, or the employer of such health care practitioners shall
28 be financially at risk for such services."

1 "NEW SECTION. **Sec. 54.** A new section is added to chapter 41.05
2 RCW to read as follows:

3 LEGISLATIVE INTENT. The legislature finds that:

4 (1) The rising costs of state purchased health care is an
5 unsustainable burden to state government;

6 (2) State employee health benefits comprise a substantial portion
7 of state health care expenditures;

8 (3) There are financial incentives that can be implemented to
9 encourage prudent patient utilization of health care services; and

10 (4) Organized delivery system health care can be an effective way
11 to efficiently and cost-effectively deliver health care services.

12 The legislature declares additional incentives should be developed
13 to encourage state employees to enroll in organized delivery systems."

14 "**Sec. 55.** RCW 41.05.065 and 1988 c 107 s 8 are each amended to
15 read as follows:

16 (1) The board shall study all matters connected with the provision
17 of health care coverage, life insurance, liability insurance,
18 accidental death and dismemberment insurance, and disability income
19 insurance or any of, or a combination of, the enumerated types of
20 insurance for employees and their dependents on the best basis possible
21 with relation both to the welfare of the employees and to the state:
22 PROVIDED, That liability insurance shall not be made available to
23 dependents.

24 (2) The state employees' benefits board shall develop employee
25 benefit plans that include comprehensive health care benefits for all
26 employees. In developing these plans, the board shall consider the
27 following elements:

28 (a) Methods of maximizing cost containment while ensuring access to
29 quality health care;

1 (b) Development of provider arrangements that encourage cost
2 containment and ensure access to quality care, including but not
3 limited to prepaid delivery systems and prospective payment methods;

4 (c) Wellness incentives that focus on proven strategies, such as
5 smoking cessation, exercise, and automobile and motorcycle safety;

6 (d) Utilization review procedures including, but not limited to
7 prior authorization of services, hospital inpatient length of stay
8 review, requirements for use of outpatient surgeries and second
9 opinions for surgeries, review of invoices or claims submitted by
10 service providers, and performance audit of providers; and

11 (e) Effective coordination of benefits.

12 (3) The board shall design benefits and determine the terms and
13 conditions of employee participation and coverage, including
14 establishment of eligibility criteria.

15 (4) The board shall utilize financial incentives to encourage
16 employee enrollments in organized delivery systems. Such incentives
17 shall include required employee financial contributions in the form of
18 employee insurance premium contributions, deductibles, and copayments
19 for employees who enroll in other than organized delivery systems. To
20 encourage income equity, employee financial contributions may be
21 structured on a sliding-scale basis based upon the income of the
22 employee. These incentives shall result in at least seventy-five
23 percent enrollment of employees and retirees in organized delivery
24 systems by July 1994. The board may authorize premium contributions
25 for an employee and the employee's dependents. Such authorization
26 shall require a vote of five members of the board for approval.

27 (5) Employees may choose participation in only one of the health
28 care benefit plans developed by the board.

29 (6) The board shall review plans proposed by insurance carriers
30 that desire to offer property insurance and/or accident and casualty

1 insurance to state employees through payroll deduction. The board may
2 approve any such plan for payroll deduction by carriers holding a valid
3 certificate of authority in the state of Washington and which the board
4 determines to be in the best interests of employees and the state. The
5 board shall promulgate rules setting forth criteria by which it shall
6 evaluate the plans.

7 (7) The board shall report to the appropriate policy and fiscal
8 committees of the legislature by December 1, 1993, on the following:

9 (a) The progress in meeting the organized delivery system target
10 enrollment rate established in (4) of this section and recommendations
11 for increasing future participation above the target rate;

12 (b) The current financial participation requirements of employees
13 in organized delivery systems and other than organized delivery
14 systems; and

15 (c) The impact on the growth of state employee benefit costs as the
16 result of establishing organized delivery system target rates and
17 required financial incentives to encourage enrollment in cost-efficient
18 organized delivery systems."

19 Renumber the remaining sections and correct internal references.

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23 On page 66, beginning on line 6 of the title amendment, strike "and
24 48.14.022" and insert "48.14.022, 41.05.011, and 41.05.065"