

# HOUSE BILL REPORT

## HB 2632

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As Reported By House Committee On:  
Health Care

**Title:** An act relating to clarifying health care authority powers and duties.

**Brief Description:** Clarifying health care authority powers and duties.

**Sponsors:** Representative Dellwo; by request of Health Care Authority.

**Brief History:**

Reported by House Committee on:  
Health Care, February 3, 1994, DPS.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Dellwo, Chair; L. Johnson, Vice Chair; Ballasiotes, Assistant Ranking Minority Member; Appelwick; Backlund; Conway; Cooke; Flemming; R. Johnson; Lemmon; Lisk; Mastin; Morris; Thibaudeau and Veloria.

**Staff:** Bill Hagens (786-7131).

**Background:** Created in 1988, the State Health Care Authority (HCA) is a major health agency with several responsibilities, including administering public employee benefits and studying ways to improve the state's purchasing of health services. The Washington Health Services Act of 1993 (SB 5304) gave the HCA the additional responsibilities of administering the Basic Health Plan (BHP), funding community health clinics, and establishing Medicare supplemental plans.

The HCA has identified several provisions of current health care law that need to be amended in order to improve the efficiency of the agency.

Presently, the administrator is required to be actively involved in appeal hearing procedures. HCA believes this is inefficient and can result in unnecessary delays in decisions.

Present statute requires managed competition to begin for public employees January 1, 1995. July 1, 1995 is used for the remaining population. This may cause implementation problems.

Present statute requires that if the state's public employee contribution is less than 100 percent of the lowest priced sealed bid, employee financial contributions shall be structured on a sliding-scale basis related to household income. The HCA believes that this requirement would be difficult to implement and extremely time consuming. HCA would like to use "employee salary" instead.

Present statute requires the HCA administrator to: (1) survey private industry and public employers in the state of Washington to determine the average employer contribution for group insurance programs under the jurisdiction of the HCA and (2) establish methods for collecting, analyzing, and disseminating to covered individuals information on the cost and quality of services rendered by individual health care providers. The HCA has been unable to do either task because such data are propriety. Further, the requirements are duplicative of the responsibilities of the newly charged Washington Health Services Commission. The HCA is seeking to repeal the private industry data and the provider data collection requirements.

Current BHP law does not permit a person to enroll if the administrator determines at the time of application that the person has health insurance more comprehensive than that offered by the BHP. This prohibits those who are about to lose their coverage from applying. The HCA wishes to strike "application" and use the time of "enrollment" to determine comprehensiveness.

Because the BHP is not subject to Chapter 48 RCW - the insurance code - it was inadvertently exempted from the premium tax imposed in 1993. This places the BHP at an advantage over private sector insurers.

**Summary of Substitute Bill:** The HCA administrator is given the power to appoint hearing officers. The date of managed competition strategies is changed from January 1, 1995 to July 1, 1995. Public employee premium contributions shall be based on salary instead of household income. The prohibition on persons with more comprehensive coverage from enrolling in the BHP is changed from time of application to time of enrollment. Two percent premium tax is extended to non-subsidized BHP coverage.

**Substitute Bill Compared to Original Bill:** The date change on managed competition implementation is added. Language is

added to clarify that the premium tax extension is consistent with 1993 legislative intent. Several technical changes are made.

**Fiscal Note:** Not requested.

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

**Testimony For:** These provisions are necessary to improve the efficiency of the Health Care Authority.

**Testimony Against:** None.

**Witnesses:** Kristen West, Health Care Authority.