HOUSE BILL REPORT

HB 1577

As Reported By House Committee On:
Health Care

Title: An act relating to health care.

Brief Description: Reforming health care.

Sponsors: Representatives Dellwo, Dyer, L. Johnson, Miller, Scott, Eide, R. Meyers, Campbell, Wood, Thibaudeau, Ballasiotes, Cothern, Wineberry, Conway, R. Johnson, Ogden, Mastin, Appelwick, Morris, Brown, Flemming, G. Cole, Heavey, Jones, Karahalios, Wang, Kessler, Veloria, Rust, Jacobsen, Basich, Dunshee, Quall, Pruitt, Linville, H. Myers, Romero, Johanson, Wolfe, G. Fisher, R. Fisher, King, Holm, Shin, Valle, Riley, Springer, Chappell, Dorn, Sommers, Peery, J. Kohl, Locke, Bray, Lemmon, Brough, Leonard and Anderson.

Brief History:
Reported by House Committee on:
Health Care, February 26, 1993, DPS.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Dellwo, Chair; L. Johnson, Vice Chair; Appelwick; Campbell; Conway; Flemming; R. Johnson; Morris; Thibaudeau; and Veloria.

Minority Report: Do not pass. Signed by 6 members: Representatives Dyer, Ranking Minority Member; Ballasiotes, Assistant Ranking Minority Member; Cooke; Lisk; Mastin; and Mielke.

Staff: Bill Hagens (786-7131).

Background: In its 1992 report, the Washington Health Care Commission concluded that although "Washington State residents with adequate resources receive some of the most technologically advanced medical care in the world, the health system is in trouble. Costs are rising out of control; spending for health services is increasing at two to three times the general inflation rate. At the same time, an estimated 550,000 to 680,000 Washington residents (11 to 14 percent of the state's population) do not have health insurance. Moreover, the system emphasizes treating

illnesses and injuries rather than addressing the underlying causes of health problems.

The commission recommends comprehensive and fundamental reform, including strong incentives and techniques to control total health system costs, encourage healthy behaviors, enhance the efficient delivery of health services, promote prudent use of services by consumers, and equitably distribute financing."

Summary of Substitute Bill:

MAJOR ACCESS AND COST CONTROL ELEMENTS

The access goal that all residents of Washington State shall receive needed health services by July 1, 1998, is established.

The uniform benefits package (UBP) is established including those health services that based on the best available scientific health information, are deemed to be effective and necessary on a societal basis for the maintenance of the health of citizens of the state. The UBP shall be designed by the Washington Health Services Commission (HSC) and be comparable in scope to state employee benefits and be comprehensive enough to meet the health service needs of residents of the state. It shall include: diagnosis/assessment and selection of treatment/care; clinical preventive services; emergency health services, including ground and air ambulance services; reproductive and maternity services; clinical management and provision of treatment; therapeutic drugs, biologicals, supplies, and equipment; vision, hearing, and dental care; inpatient and outpatient mental health and chemical dependency treatments; inpatient and outpatient hospital and surgical services; effective organ transplants; and rehabilitative services, including physical, occupational, and speech therapies.

Long-Term Care is to be included by 1998, however, a social and health maintenance organization pilot project and long term care partnership program is added.

The commission shall determine the specific schedule of health services in the uniform benefits package, including limitations on scope and duration of services. The commission shall consider the recommendations of health services effectiveness panels in refining the UBP.

Insuring entities are permitted to provide health services not included in the uniform benefits package (supplemental) as may be negotiated in union contracts or other agreements.

The UBP shall be offered by Certified Health Plans (CHP), which are existing insuring entities that agree to comply with certain conditions regarding premium limits, package design, enrollment, portability, and health data. As of July 1997, only CHPs can offer the UBP. The UBP shall be provided through managed health care systems, which are defined as "integrated systems of insurance and health services delivery functions, using a defined network of providers, that assumes financial risk for delivery of health services."

To control cost, a maximum premium is established for the uniform benefits package which limits cost increases for 1995 to a rate no greater than the average growth rate in the cost of the package between 1989 and 1992 as actuarially determined. Beginning in 1996, the growth rate of the package shall be reduced by 2 percentage points per year until the growth rate is no greater than growth in Washington per capita personal income, as determined by the Office of Financial Management.

To promote managed competition, the lowest price certified health plan shall be determined on a regional basis. Employers and government sponsors are not required to pay more than 95 percent of that price.

To permit employers to strengthen their purchasing power, they are authorized to form purchasing groups with not less than 100,000 members in distinct geographical regions to purchase uniform health benefits on a group basis from certified health plans.

The Washington State Health Insurance Purchasing Cooperative (WSHIPC) is established within the Health Care Authority for the purpose of coordinating and enhancing the health care purchasing power of the following groups: private nonprofit human service agencies; in-home long-term care providers; chore services providers; day care centers' operators; foster parents; and small business owners.

To strengthen the state's purchasing power, the Health Care Authority is designated as the single State Health Services Purchasing Agent for the ultimate purpose of placing all state-purchased health services in a community-rated, single pool by July 1, 1997, including: the Basic Health Plan; school employee benefits; the Washington State Health Insurance Purchasing Cooperative created herein, and state employee benefits. Assuming federal waivers, it shall also include the medical assistance program (Medicaid) of the Department of Social and Health Services. Local governments, as in present law, have the option of joining.

ADMINISTRATIVE STRUCTURE

The Washington Health Services Commission (WHSC) is created to consist of the insurance commissioner, the state health officer and three other members appointed by the governor with the consent of the Senate. One member, who may not be either the insurance commissioner or the state health officer, will be designated by the governor as chair.

The chair will be the chief administrative officer and the appointing authority of the commission.

The primary powers of the commission are to: assure access to health care for all residents; establish a set of uniform health services and the uniform benefits package; set the maximum premium for the UBP; set individual and employer contribution levels and individual point-of-service cost-sharing levels; determine the lowest price CHP for employers; and seek necessary federal waivers from Medicare, Medicaid and ERISA laws.

The insurance commissioner

In addition to current responsibilities, the insurance commissioner will: sit as a member of the WHSC; certify CHPs; and undertake a study of the feasibility of developing a single licensure category for CHPs.

Washington Health Care Authority

New duties of the Health Care Authority are to: administer the WSHIPC; administer the Basic Health Plan (BHP); purchase health benefits for school district employees [the State Employee Benefit Board (SEBB)] becomes the Public Employee Benefits Board (PEBB)]; become the primary purchasing agent of publicly-funded health services, through designation as the State Health Services Purchasing Agent; and administer funds for community and migrant health clinics.

The Department of Health

Department of Health functions are modified to: expand the data collection function; oversee the development of the public Health Services Improvement Plan; oversee development of practice guidelines; and operate a multi-cultural health care technical assistance program.

University of Washington Medical School

By December 1993, the University of Washington Medical School is to prepare a medical school shortage plan to

increase the number of residents serving as primary care physicians in rural and underserved areas.

Expansion of the Basic Health Plan

Non-poor individuals can enroll without subsidy.

Small business with less than 100 employees can enroll their employees if the business pays at least 50 percent of the premium. The premium share of non-wage employees can be subsidized.

Subsidized enrollment is expanded.

INDIVIDUAL PARTICIPATION

All residents of the state of Washington are required to participate in a certified health plan no later than July 1, 1998. If ERISA waivers are not obtained by July 1998, residents who have health coverage through self-insured employer plans shall be deemed to meet this requirement. This does not affect persons below 200 percent of the federal poverty level (FPL) if premium subsidy is not available.

EMPLOYER PARTICIPATION

Employers are required to offer a choice of three certified health plans, including the lowest priced plan, to all of their full-time employees (greater than 50 hours per month) and their dependents and to pay no less than 50 percent and no more than 95 percent of the premium of the lowest cost available certified health plan within their geographic region as determined by the WHSC.

This requirement shall be implemented as follows:

Business Size	Include Employees	Include Dependents
>500 employees	1 July 1995	1 July 1996
>100 employees	1 July 1996	1 July 1997
All employees	1 July 1997	1 July 1998

In lieu of sponsoring coverage for employees and their dependents through direct contracts with certified health plans, an employer may combine the employer contribution with that of the employee's contribution and enroll in: the basic health plan; the Washington State health insurance purchasing cooperative; or an employer cooperative health care purchasing group.

EXPLANATION OF RESIDENT ENROLLMENT BY 1 JULY 1998 [Assuming acquisition of the necessary federal waivers]			
State Employees			
School Employees			
DSHS Medical Assistance Recipient			
Medicare			
Local Government Employees			
State human services vendors			
Employees of Businesses with <100 employees			
Employees of Businesses with >100 employees			
Part-time workers <80 hrs per month			
Self-employed persons			
Worker's Compensation enrollees			

WASHINGTON HEALTH SERVICES ACCOUNT

The Washington Health Services Account is established. New revenue in the bill is deposited into the account.

Funds in the account can be used for: Basic Health Plan operation; public health services, such as childhood immunization, teen pregnancy prevention and a media campaign directed at teen risk behaviors; primary care provider recruitment and training; community and migrant health clinics; operation of the health services commission; and operation of the health services data system.

PUBLIC AND LEGISLATIVE PARTICIPATION AND OVERSIGHT

The WHSC must seek input from the public in developing the UBP.

The UBP and the employer participation requirements must be submitted to the Legislature before the effective date; the Legislature can reject them by concurrent resolution.

A stakeholder's committee must be appointed by the WHSC chair composed of representatives of the health industry, business, labor and consumers.

PRACTICE GUIDELINES

The Department of Health is required to establish a process to identify and evaluate practice guidelines and risk management protocols as they are developed by the appropriate professional, scientific, and clinical communities; and recommend the use of practice guidelines and risk management protocols in quality assurance, utilization review, or provider payment to the WHSC.

LIABILITY REFORM

Disciplinary Action

The Department of Health and health care practitioner disciplinary boards are given greater authority to take action against incompetent or unlicensed practitioners through: increased expenditures for investigations and disciplinary actions; civil penalties for practicing without a license.

Mandatory Malpractice Insurance

Coverage is mandated for independent health care practitioners whose services are included in the UBP.

Malpractice Reduction