
HOUSE BILL 1296

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Morris, Peery, Ogden, Dellwo, H. Myers, Carlson and Springer

Read first time 01/22/93. Referred to Committee on Health Care.

1 AN ACT Relating to charity care requirements for health maintenance
2 organizations; and adding new sections to chapter 48.46 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.46 RCW
5 to read as follows:

6 The legislature finds that the lack of access to health care is a
7 growing problem. This is even more troublesome in areas of the state
8 where there is a shortage of health providers. RCW 48.46.030 requires
9 health maintenance organizations providing services within Washington
10 state to offer comprehensive health care services. Health maintenance
11 organizations may satisfy this requirement by providing comprehensive
12 health care services in organization-owned and operated facilities or
13 by arrangement with other health care entities. The legislature finds
14 that most health maintenance organizations operating in Washington
15 state satisfy the comprehensive health care requirement and contribute
16 by providing charity care for indigent Washington residents in one of
17 two ways: Either by operating a hospital located in Washington state
18 which is subject to the mandatory charity care requirements of RCW
19 70.170.060; or by contracting with hospitals located in Washington

1 state and subsidizing the charity care these hospitals are required to
2 provide.

3 The legislature also finds that health maintenance organizations
4 doing business in both Washington and adjoining states can avoid their
5 fair share of the cost of providing charity care under RCW 70.170.060
6 by providing hospital services in neighboring states. This practice
7 causes unfair competition by imposing a disproportionate share of the
8 burden of providing unsubsidized charity care on in-state health care
9 entities.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.46 RCW
11 to read as follows:

12 (1) Every health maintenance organization, as defined in this
13 section, shall provide an annual measure of charity care where the
14 organization does business that is equal to the amount established
15 through the following formula:

16 (a) The organization's annual per capita rate of charge within the
17 county multiplied by;

18 (b) The percentage of the health services business conducted by
19 that organization within the county, multiplied by;

20 (c) The number of low-income persons who reside within the county.

21 (2) Every health maintenance organization, as defined in this
22 section, has satisfied the charity care requirement of subsection (1)
23 of this section if it contracts with or maintains any hospital or
24 hospitals subject to the requirements of RCW 70.170.060, located within
25 the county in Washington state in which the organization does business,
26 to provide hospital services to all of the organization's participants
27 who are residents of Washington state residing within that county.

28 (3) The annual per capita rate of charges, as required in
29 subsection (1)(a) of this section, shall be submitted by the
30 organization to the insurance commissioner annually. The percentage of
31 business conducted as required in subsection (1)(b) of this section
32 shall be determined by the insurance commissioner. The number of
33 uninsured persons for each county, as required by subsection (1)(c) of
34 this section, shall be determined by the administrator of the
35 Washington basic health plan.

36 (4) As used in this section:

37 (a) "Charity care" means necessary health care rendered to
38 uninsured persons to the extent that the person is unable to pay for

1 the health care as determined by the insurance commissioner based on
2 the rules established by the department of health in determining
3 charity care requirements for hospitals.

4 (b) "Health maintenance organization" means a health maintenance
5 organization licensed under this chapter to do business in the state of
6 Washington.

7 (c) "Low-income person" means any person under the age of sixty-
8 five and not otherwise eligible for medicare, who resides in a county
9 where a health maintenance organization does business, and whose gross
10 family income is at or below two hundred percent of the poverty
11 guidelines as adjusted for family size and determined annually by the
12 federal department of health and human services.

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