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5 On page 27, after line 18 of the amendment, insert the following:

6 "(16)(a) To develop and implement a three-year pilot program to
7 provide group health insurance coverage that is attractive and
8 affordable for employers seeking to offer health insurance benefits for
9 employees and their dependents, and that addresses the employers'
10 administrative needs. The goal of the pilot program is to encourage
11 employers in Washington state to provide employee health benefits, with
12 particular focus on small businesses and employers that are uninsured.
13 By October 1, 1998, the health care authority shall make available
14 group insurance coverage for purchase by employers, with ten or fewer
15 employees, who apply and are selected to participate in the pilot
16 program. Coverage provided under the pilot program shall replace group
17 coverage currently offered for employers, including home care agencies,
18 through the basic health plan. The health care authority may contract
19 with managed health care systems or other health insurance carriers to
20 provide group coverage under this program. The health care authority
21 may establish enrollment limits for the employer group pilot program,
22 based on available funding, and may adopt rules to implement the pilot
23 program consistent with this subsection. Participation of employers
24 and home care agencies in the pilot program is subject to reasonable
25 guidelines and eligibility rules established by the health care
26 authority.

27 (b) To establish a technical advisory committee to advise the
28 health care authority on the development of the employer group pilot
29 program under this subsection, including administrative policies and
30 procedures, eligibility criteria, structure of premium subsidies, and
31 benefit design. The technical advisory committee shall include, but is
32 not limited to, representatives of small businesses both those that
33 have not participated in basic health plan coverage as well as those
34 that have; home care agencies; employees; licensed insurance agents and
35 brokers with expertise in employee health benefit programs; and managed
36 health care plans. The technical advisory committee shall review
37 current barriers to providing employer group coverage through the basic

1 health plan, including issues regarding the administration of state
2 premium funding for low-income group enrollees. The committee shall
3 study alternative strategies for encouraging employers to offer
4 employee health insurance coverage, including but not limited to:
5 Incentives such as reduced premiums and tax credits for employers
6 providing coverage; alternative eligibility criteria and benefit
7 designs for the employer group product; strategies and requirements for
8 marketing to employer groups; and policies on commissions for licensed
9 agents and brokers for sale of the employer group coverage. The
10 committee shall consider ways to prevent undue competition with private
11 insurance carriers; prevent impacts on access to health care coverage;
12 and ensure compliance with applicable state and federal laws and
13 regulations. The health care authority may contract with consultants
14 with expertise in group products to assist the technical advisory
15 committee in developing and evaluating alternatives.

16 (c) To submit to the legislature by December 1, 1997, a report that
17 summarizes the work of the technical advisory committee and provides a
18 plan for implementing the employer group pilot program. The report
19 must include recommended statutory changes, if any, and must outline
20 the proposed design of the employer group coverage and other
21 administrative policies for implementation of the pilot program.

22 (d) To monitor and evaluate the effectiveness of the employer group
23 pilot program established under this subsection. By December 1, 2000,
24 the health care authority shall submit a report to the legislature on
25 the preliminary results of the pilot program. The report must include
26 recommendations on whether to continue the program beyond the
27 three-year pilot period."

28 EFFECT: Directs the Health Care Authority [HCA] to operate a three
29 year pilot project for small businesses to purchase employee benefits
30 through the HCA.

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