1982 AAS 4/18/97 S2573.1

HB 1982 - S COMM AMD
By Committee on Health & Long-Term Care

ADOPTED 4/18/97

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 70.47.020 and 1995 c 266 s 2 and 1995 c 2 s 3 are each reenacted and amended to read as follows:

As used in this chapter:

(1) "Washington basic health plan" or "plan" means the system of enrollment and payment on a prepaid capitated basis for basic health care services, administered by the plan administrator through participating managed health care systems, created by this chapter.

(2) "Administrator" means the Washington basic health plan administrator, who also holds the position of administrator of the Washington state health care authority.

(3) "Managed health care system" means any health care organization, including health care providers, insurers, health care service contractors, health maintenance organizations, or any combination thereof, that provides directly or by contract basic health care services, as defined by the administrator and rendered by duly licensed providers, on a prepaid capitated basis to a defined patient population enrolled in the plan and in the managed health care system.

(4) "Subsidized enrollee" means an individual, or an individual plus the individual's spouse or dependent children((~~,~~)): (a) Who is not eligible for medicare((~~,~~)); (b) who is not confined or residing in a government-operated institution, unless he or she meets eligibility criteria adopted by the administrator; (c) who resides in an area of the state served by a managed health care system participating in the plan((~~,~~)); (d) whose gross family income at the time of enrollment does not exceed twice the federal poverty level as adjusted for family size and determined annually by the federal department of health and human services((~~,~~)); and (e) who chooses to obtain basic health care coverage from a particular managed health care system in return for periodic payments to the plan.

1 (5) "Nonsubsidized enrollee" means an individual, or an individual
2 plus the individual's spouse or dependent children((,)): (a) Who is
3 not eligible for medicare((,)); (b) who is not confined or residing in
4 a government-operated institution, unless he or she meets eligibility
5 criteria adopted by the administrator; (c) who resides in an area of
6 the state served by a managed health care system participating in the
7 plan((, and)); (d) who chooses to obtain basic health care coverage
8 from a particular managed health care system((,)); and (e) who pays or
9 on whose behalf is paid the full costs for participation in the plan,
10 without any subsidy from the plan.
11 (6) "Subsidy" means the difference between the amount of periodic
12 payment the administrator makes to a managed health care system on
13 behalf of a subsidized enrollee plus the administrative cost to the
14 plan of providing the plan to that subsidized enrollee, and the amount
15 determined to be the subsidized enrollee's responsibility under RCW
16 70.47.060(2).
17 (7) "Premium" means a periodic payment, based upon gross family
18 income which an individual, their employer or another financial sponsor
19 makes to the plan as consideration for enrollment in the plan as a
20 subsidized enrollee or a nonsubsidized enrollee.
21 (8) "Rate" means the per capita amount, negotiated by the
22 administrator with and paid to a participating managed health care
23 system, that is based upon the enrollment of subsidized and
24 nonsubsidized enrollees in the plan and in that system.

25 **Sec. 2.** RCW 70.47.060 and 1995 c 266 s 1 and 1995 c 2 s 4 are each
26 reenacted and amended to read as follows:
27 The administrator has the following powers and duties:
28 (1) To design and from time to time revise a schedule of covered
29 basic health care services, including physician services, inpatient and
30 outpatient hospital services, prescription drugs and medications, and
31 other services that may be necessary for basic health care. In
32 addition, the administrator may offer as basic health plan services
33 chemical dependency services, mental health services and organ
34 transplant services; however, no one service or any combination of
35 these three services shall increase the actuarial value of the basic
36 health plan benefits by more than five percent excluding inflation, as
37 determined by the office of financial management. All subsidized and
38 nonsubsidized enrollees in any participating managed health care system

1 under the Washington basic health plan shall be entitled to receive
2 covered services in return for premium payments to the plan. The
3 schedule of services shall emphasize proven preventive and primary
4 health care and shall include all services necessary for prenatal,
5 postnatal, and well-child care. However, with respect to coverage for
6 groups of subsidized enrollees who are eligible to receive prenatal and
7 postnatal services through the medical assistance program under chapter
8 74.09 RCW, the administrator shall not contract for such services
9 except to the extent that such services are necessary over not more
10 than a one-month period in order to maintain continuity of care after
11 diagnosis of pregnancy by the managed care provider. The schedule of
12 services shall also include a separate schedule of basic health care
13 services for children, eighteen years of age and younger, for those
14 subsidized or nonsubsidized enrollees who choose to secure basic
15 coverage through the plan only for their dependent children. In
16 designing and revising the schedule of services, the administrator
17 shall consider the guidelines for assessing health services under the
18 mandated benefits act of 1984, RCW 48.42.080, and such other factors as
19 the administrator deems appropriate.

20 However, with respect to coverage for subsidized enrollees who are
21 eligible to receive prenatal and postnatal services through the medical
22 assistance program under chapter 74.09 RCW, the administrator shall not
23 contract for such services except to the extent that the services are
24 necessary over not more than a one-month period in order to maintain
25 continuity of care after diagnosis of pregnancy by the managed care
26 provider.

27 (2)(a) To design and implement a structure of periodic premiums due
28 the administrator from subsidized enrollees that is based upon gross
29 family income, giving appropriate consideration to family size and the
30 ages of all family members. The enrollment of children shall not
31 require the enrollment of their parent or parents who are eligible for
32 the plan. The structure of periodic premiums shall be applied to
33 subsidized enrollees entering the plan as individuals pursuant to
34 subsection (9) of this section and to the share of the cost of the plan
35 due from subsidized enrollees entering the plan as employees pursuant
36 to subsection (10) of this section.

37 (b) To determine the periodic premiums due the administrator from
38 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
39 shall be in an amount equal to the cost charged by the managed health

1 care system provider to the state for the plan plus the administrative
2 cost of providing the plan to those enrollees and the premium tax under
3 RCW 48.14.0201.
4 (c) An employer or other financial sponsor may, with the prior
5 approval of the administrator, pay the premium, rate, or any other
6 amount on behalf of a subsidized or nonsubsidized enrollee, by
7 arrangement with the enrollee and through a mechanism acceptable to the
8 administrator, but in no case shall the payment made on behalf of the
9 enrollee exceed the total premiums due from the enrollee.
10 (d) To develop, as an offering by all health carriers providing
11 coverage identical to the basic health plan, a model plan benefits
12 package with uniformity in enrollee cost-sharing requirements.
13 (3) To design and implement a structure of enrollee cost sharing
14 due a managed health care system from subsidized and nonsubsidized
15 enrollees. The structure shall discourage inappropriate enrollee
16 utilization of health care services, and may utilize copayments,
17 deductibles, and other cost-sharing mechanisms, but shall not be so
18 costly to enrollees as to constitute a barrier to appropriate
19 utilization of necessary health care services.
20 (4) To limit enrollment of persons who qualify for subsidies so as
21 to prevent an overexpenditure of appropriations for such purposes.
22 Whenever the administrator finds that there is danger of such an
23 overexpenditure, the administrator shall close enrollment until the
24 administrator finds the danger no longer exists.
25 (5) To limit the payment of subsidies to subsidized enrollees, as
26 defined in RCW 70.47.020. The level of subsidy provided to persons who
27 qualify may be based on the lowest cost plans, as defined by the
28 administrator.
29 (6) To adopt a schedule for the orderly development of the delivery
30 of services and availability of the plan to residents of the state,
31 subject to the limitations contained in RCW 70.47.080 or any act
32 appropriating funds for the plan.
33 (7) To solicit and accept applications from managed health care
34 systems, as defined in this chapter, for inclusion as eligible basic
35 health care providers under the plan. The administrator shall endeavor
36 to assure that covered basic health care services are available to any
37 enrollee of the plan from among a selection of two or more
38 participating managed health care systems. In adopting any rules or
39 procedures applicable to managed health care systems and in its

1 dealings with such systems, the administrator shall consider and make
2 suitable allowance for the need for health care services and the
3 differences in local availability of health care resources, along with
4 other resources, within and among the several areas of the state.
5 Contracts with participating managed health care systems shall ensure
6 that basic health plan enrollees who become eligible for medical
7 assistance may, at their option, continue to receive services from
8 their existing providers within the managed health care system if such
9 providers have entered into provider agreements with the department of
10 social and health services.
11 (8) To receive periodic premiums from or on behalf of subsidized
12 and nonsubsidized enrollees, deposit them in the basic health plan
13 operating account, keep records of enrollee status, and authorize
14 periodic payments to managed health care systems on the basis of the
15 number of enrollees participating in the respective managed health care
16 systems.
17 (9) To accept applications from individuals residing in areas
18 served by the plan, on behalf of themselves and their spouses and
19 dependent children, for enrollment in the Washington basic health plan
20 as subsidized or nonsubsidized enrollees, to establish appropriate
21 minimum-enrollment periods for enrollees as may be necessary, and to
22 determine, upon application and on a reasonable schedule defined by the
23 authority, or at the request of any enrollee, eligibility due to
24 current gross family income for sliding scale premiums. No subsidy
25 may be paid with respect to any enrollee whose current gross family
26 income exceeds twice the federal poverty level or, subject to RCW
27 70.47.110, who is a recipient of medical assistance or medical care
28 services under chapter 74.09 RCW. If, as a result of an eligibility
29 review, the administrator determines that a subsidized enrollee's
30 income exceeds twice the federal poverty level and that the enrollee
31 knowingly failed to inform the plan of such increase in income, the
32 administrator may bill the enrollee for the subsidy paid on the
33 enrollee's behalf during the period of time that the enrollee's income
34 exceeded twice the federal poverty level. If a number of enrollees
35 drop their enrollment for no apparent good cause, the administrator may
36 establish appropriate rules or requirements that are applicable to such
37 individuals before they will be allowed to reenroll in the plan.
38 (10) To accept applications from business owners on behalf of
39 themselves and their employees, spouses, and dependent children, as

1 subsidized or nonsubsidized enrollees, who reside in an area served by
2 the plan. The administrator may require all or the substantial
3 majority of the eligible employees of such businesses to enroll in the
4 plan and establish those procedures necessary to facilitate the orderly
5 enrollment of groups in the plan and into a managed health care system.
6 The administrator may require that a business owner pay at least an
7 amount equal to what the employee pays after the state pays its portion
8 of the subsidized premium cost of the plan on behalf of each employee
9 enrolled in the plan. Enrollment is limited to those not eligible for
10 medicare who wish to enroll in the plan and choose to obtain the basic
11 health care coverage and services from a managed care system
12 participating in the plan. The administrator shall adjust the amount
13 determined to be due on behalf of or from all such enrollees whenever
14 the amount negotiated by the administrator with the participating
15 managed health care system or systems is modified or the administrative
16 cost of providing the plan to such enrollees changes.
17 (11) To determine the rate to be paid to each participating managed
18 health care system in return for the provision of covered basic health
19 care services to enrollees in the system. Although the schedule of
20 covered basic health care services will be the same for similar
21 enrollees, the rates negotiated with participating managed health care
22 systems may vary among the systems. In negotiating rates with
23 participating systems, the administrator shall consider the
24 characteristics of the populations served by the respective systems,
25 economic circumstances of the local area, the need to conserve the
26 resources of the basic health plan trust account, and other factors the
27 administrator finds relevant.
28 (12) To monitor the provision of covered services to enrollees by
29 participating managed health care systems in order to assure enrollee
30 access to good quality basic health care, to require periodic data
31 reports concerning the utilization of health care services rendered to
32 enrollees in order to provide adequate information for evaluation, and
33 to inspect the books and records of participating managed health care
34 systems to assure compliance with the purposes of this chapter. In
35 requiring reports from participating managed health care systems,
36 including data on services rendered enrollees, the administrator shall
37 endeavor to minimize costs, both to the managed health care systems and
38 to the plan. The administrator shall coordinate any such reporting
39 requirements with other state agencies, such as the insurance

commissioner and the department of health, to minimize duplication of effort.

(13) To evaluate the effects this chapter has on private employer-based health care coverage and to take appropriate measures consistent with state and federal statutes that will discourage the reduction of such coverage in the state.

(14) To develop a program of proven preventive health measures and to integrate it into the plan wherever possible and consistent with this chapter.

(15) To provide, consistent with available funding, assistance for rural residents, underserved populations, and persons of color.

(16) In consultation with appropriate state and local government agencies, to establish criteria defining eligibility for persons confined or residing in government-operated institutions."

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ADOPTED 4/18/97

On page 1, line 2 of the title, after "institutions;" strike the remainder of the title and insert "and reenacting and amending RCW 70.47.020 and 70.47.060."

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