

HOUSE BILL REPORT

HB 2541

As Reported By House Committee On:

Health Care

Title: An act relating to designation of tobacco settlement receipts.

Brief Description: Receiving tobacco settlement receipts.

Sponsors: Representative Dyer.

Brief History:

Committee Activity:

Health Care: 1/30/98 [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 Dyer, Chairman; Backlund, Vice Chairman; Cody, Ranking Minority Member; Murray, Assistant Ranking Minority Member; Anderson; Conway; Parlette; Sherstad; Wood and Zellinsky.

Staff: Bill Hagens (786-7131).

Background: In 1997, 40 state attorneys general presented a comprehensive tobacco settlement to the President and Congress. This was the culmination of several years of litigation to recoup from the tobacco industry the related costs of publicly-funded medical services. An act of law or legal settlement could give states an amount in excess of \$360 billion over 25 years.

The Health Services Account (HSA) was created in 1993 as part of the Washington Health Services Act, the goal of which was to provide universal access to a comprehensive uniform benefits package funded through a combination of employer sponsorship and expanded public subsidies for low income individuals. Although much of the 1993 act was repealed, the HSA and its five statutory functions were maintained: (1) Maintaining and expanding health services access for low-income residents; (2) maintaining and expanding the public health system; (3) maintaining and improving the capacity of the health care system; (4) containing health care costs; and (5) improving the regulation, planning, and administering of the health care system.

Summary of Substitute Bill: All tobacco settlement receipts received by Washington State must be deposited in the Health Services Account [HSA]. The State Attorney General is required to seek a legal resolution of the action that would place the settlement funding in the HSA.

Substitute Bill Compared to Original Bill: Health maintenance organization and health care service contractor HSA premium tax credit is deleted. The charge to the attorney general and a severability clause are added.

Appropriation: None.

Fiscal Note: Requested on substitute February 1, 1998.

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

Testimony For: This is an excellent way to provide funding for the Basic Health Plan and other health programs.

Testimony Against: None.

Testified: Nick Federici, Lung Association of Washington; Elaine Rose, Attorney General's Office; Ken Bertrand, Group Health and Kaiser Permanente; and Carl Nelson, Washington State Medical Association.