

# FINAL BILL REPORT

## SHB 3109

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Synopsis as Enacted

**Brief Description:** Verifying the income of subsidized enrollees of the state basic health plan.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Huff, H. Sommers, Dyer and Carrell).

**House Committee on Appropriations**  
**Senate Committee on Ways & Means**

**Background:** The Basic Health Plan (BHP) is a state-funded health insurance program that offers subsidized coverage for individuals whose incomes are below 200 percent of the federal poverty level. In addition, unsubsidized enrollment is available for any individual, family or group in the state. The BHP offers coverage for hospital, outpatient, and related health services with no deductible and modest copayments. The BHP is administered by the Health Care Authority (HCA), which contracts with privately owned and operated managed care health plans.

The amount the state subsidizes a BHP enrollee depends in part on the enrollee's family income. The HCA is responsible for determining, at the time of application and on a reasonable schedule defined by the HCA, the correct subsidy level based on gross family income. If an enrollee's family income increases to more than twice the federal poverty level after enrolling in the plan and the enrollee knowingly fails to inform the HCA of the increase, the HCA administrator may bill the enrollee for the subsidy paid by the state on the enrollee's behalf during the period of time that the enrollee's income exceeded twice the federal poverty level.

To the extent possible within available funding, the BHP checks the continued eligibility of enrollees who have not reported any income changes within the previous year. In 1997, subsidized enrollment was terminated for approximately 1,100 families as a result of such eligibility recertifications. This was just under 40 percent of the accounts checked. Also, in 1997, the State Auditor conducted a computer match between BHP and Employment Security Department records which suggested there may be a significant issue with enrollees receiving a higher subsidy than they should.

**Summary:** When a Basic Health Plan enrollee fails to report income or income changes accurately, the administrator of the Health Care Authority has the authority either to bill the enrollee for the amount of overpayment or to impose a civil penalty

of up to 200 percent of the amount of subsidy overpaid as a result of the incorrect reporting. The administrator must adopt rules to define the appropriate application of these sanctions and the processes to implement the sanctions within available resources.

**Votes on Final Passage:**

House 96 0

Senate 43 0

**Effective:** June 11, 1998