

SENATE BILL REPORT

SB 6093

As Reported By Senate Committee On:
Ways & Means, April 7, 1997

Title: An act relating to the basic health plan.

Brief Description: Revising the basic health plan.

Sponsors: Senators West and Deccio.

Brief History:

Committee Activity: Ways & Means: 4/3/97, 4/7/97 [DPS, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6093 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Hochstatter, Long, McDonald, Rossi, Schow, Swecker, Winsley and Zarelli.

Minority Report: Do not pass.

Signed by Senators Bauer, Brown, Fraser, Kohl, Loveland, Sheldon, Snyder, Spanel and Thibaudeau.

Staff: Tim Yowell (786-7435)

Background: The Basic Health Plan (BHP) provides state-subsidized medical insurance coverage for state residents with family incomes below 200 percent of the federal poverty level. Persons enrolled in the subsidized plan are responsible for co-payments when they use a covered medical service, as well as for paying part of the cost of their monthly insurance premium. The enrollee's share of the monthly premium varies according to family income, ranging from a minimum of \$10 per month for all enrollees, to 45 percent of the total premium cost for enrollees at 199 percent of the federal poverty level. The state subsidy is paid with cigarette, liquor, beer, insurance premium, and other taxes deposited in the health services account.

Total enrollment in the subsidized BHP has grown from 46,000 people at the beginning of the 1995-97 biennium to just under 130,000 people today. Continuing BHP coverage for 130,000 people in the 1997-99 biennium, and covering inflation in premium prices, is expected to cost \$371 million in 1997-99 if no changes are made in the current BHP benefits package or subsidy structure. This is a \$122 million increase from the 1995-97 biennium, and comprises about three-quarters of the \$165 million deficit which was projected for the health services account prior to passage of the Senate budget.

In 1995, the Legislature authorized adding mental health coverage, organ transplants, and chemical dependency treatment to the BHP benefits package. Beginning in 1996, the BHP

began covering 12 outpatient mental health visits and 10 inpatient days per year. The Senate budget assumes elimination of this benefit in 1998. The Health Care Authority estimates this will reduce state subsidy costs by \$9.5 million.

Also in 1995, the Legislature directed the Health Care Authority to pay a commission to insurance agents and brokers who assist people apply for BHP coverage. The Senate budget anticipates elimination of these commissions in 1997-99, for a savings of \$1 million to the Health Services Account.

The law provides that a "financial sponsor" may pay the premium which would otherwise be due from a BHP enrollee. The number of such financial sponsorship arrangements has grown dramatically in the past year, to the point that about 20,000 subsidized BHP enrollees now have their premium paid by a sponsor. The large majority of financial sponsors are clinics or hospitals which are also BHP contractors. The Senate budget provides that such sponsors should pay a minimum of \$50 per enrollee per month, which the Health Care Authority estimates would save \$12.1 million in 1997-99.

Summary of Substitute Bill: The Health Care Authority is no longer authorized to pay commissions to insurance agents or brokers who assist people apply for BHP coverage, unless funds are provided in the budget for that purpose. The requirement that financial sponsors not be required to pay more than the premium which would otherwise be due from the enrollee is deleted. Mental health, organ transplants, and chemical dependency treatment are only to be included in the BHP benefits package to the extent funds are available for this purpose.

Substitute Bill Compared to Original Bill: The bill is effective July 1, 1997. Commissions may be paid to insurance agents and brokers if funds are specifically appropriated for that purpose.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect July 1, 1997.

Testimony For: None.

Testimony Against: Medical rehabilitation should be included in the BHP, because such services would help people recover from injuries and illnesses, and become productive again. Eliminating mental health from the BHP would result in higher utilization and costs for other medical services and actually drive up costs. The mental health benefit is currently tightly managed and is a valuable preventative tool. A \$50 sponsorship program fee would result in thousands of people losing coverage, particularly minorities and immigrants who are unaccustomed to paying a health premium.

Testified: Sylvia Kauffman, Medical Rehabilitation Coalition (concerns); Patricia Gabriels, NWARF of Washington (concerns); CON: Gail McGaffick, Washington State Psychological Association; Ann Simons, Washington Association for Marriage and Family Therapy; Michael Doctor, Washington Mental Health Counselors; Carl Nelson, Washington State

Medical Association; Sharon Case, Association of Advanced Practice Nurses; Gloria Rodriguez, Washington Association of Community and Migrant Health Centers; Nancy Wildemuth, Washington Association of Health Underwriters.