

SENATE BILL REPORT

SB 6740

As Reported By Senate Committee On:
Ways & Means, February 10, 1998

Title: An act relating to verification of income eligibility for the basic health plan.

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

Sponsors: Senators West, Deccio, Oke and Winsley.

Brief History:

Committee Activity: Ways & Means: 2/9/98, 2/10/98 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6740 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Fraser, Hochstatter, Kohl, Long, Loveland, McDonald, Roach, Rossi, Schow, B. Sheldon, Snyder, Spanel, Swecker, Winsley and Zarelli.

Staff: Tim Yowell (786-7435)

Background: The Basic Health Plan (BHP) provides state-subsidized health insurance coverage for people with family incomes below 200 percent of the federal poverty level. The state subsidy is adjusted on a sliding-scale basis, so that people with lower incomes receive a larger subsidy, and those with incomes closer to 200 percent of poverty receive a smaller one. Subsidized enrollees are required to document their income at the time of application, and to report subsequent income changes.

To the extent possible within available staffing, 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 records which suggested there may be a significant issue with enrollees receiving a higher subsidy than they should.

Under current law, BHP may bill an enrollee for the subsidy paid on their if the enrollee is found to have knowingly failed to report that his or her income exceeds 200 percent of poverty. However, BHP does not have the authority to bill for any extra subsidy paid if the enrollee's income continues to be less than 200 percent of poverty.

Summary of Substitute Bill: BHP may bill enrollees for any extra state subsidy which was paid on their behalf because of inaccurate income reporting, or may impose a civil penalty

of up to twice the amount of the extra subsidy paid. The Health Care Authority is to develop rules defining the circumstances under which these sanctions are imposed.

Substitute Bill Compared to Original Bill: BHP does not need to bill for the extra subsidy in all cases.

Appropriation: None.

Fiscal Note: Requested on February 1, 1998.

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

Testimony With Concerns: The Health Care Authority welcomes additional tools to assure that BHP enrollees are receiving the appropriate subsidy. The Health Care Authority would like the flexibility to not bill or back subsidies in which it would not be cost effective to do so.

Testified: Dennis Martin, Health Care Authority.