
HOUSE BILL 3109

State of Washington 55th Legislature 1998 Regular Session

By Representatives Huff, H. Sommers, Dyer and Carrell

Read first time 02/04/98. Referred to Committee on Appropriations.

1 AN ACT Relating to verification of income eligibility for the basic
2 health plan; reenacting and amending RCW 70.47.060; and prescribing
3 penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 70.47.060 and 1997 c 337 s 2, 1997 c 335 s 2, 1997 c
6 245 s 6, and 1997 c 231 s 206 are each reenacted and amended to read as
7 follows:

8 The administrator has the following powers and duties:

9 (1) To design and from time to time revise a schedule of covered
10 basic health care services, including physician services, inpatient and
11 outpatient hospital services, prescription drugs and medications, and
12 other services that may be necessary for basic health care. In
13 addition, the administrator may, to the extent that funds are
14 available, offer as basic health plan services chemical dependency
15 services, mental health services and organ transplant services;
16 however, no one service or any combination of these three services
17 shall increase the actuarial value of the basic health plan benefits by
18 more than five percent excluding inflation, as determined by the office
19 of financial management. All subsidized and nonsubsidized enrollees in

1 any participating managed health care system under the Washington basic
2 health plan shall be entitled to receive covered basic health care
3 services in return for premium payments to the plan. The schedule of
4 services shall emphasize proven preventive and primary health care and
5 shall include all services necessary for prenatal, postnatal, and well-
6 child care. However, with respect to coverage for groups of subsidized
7 enrollees who are eligible to receive prenatal and postnatal services
8 through the medical assistance program under chapter 74.09 RCW, the
9 administrator shall not contract for such services except to the extent
10 that such services are necessary over not more than a one-month period
11 in order to maintain continuity of care after diagnosis of pregnancy by
12 the managed care provider. The schedule of services shall also include
13 a separate schedule of basic health care services for children,
14 eighteen years of age and younger, for those subsidized or
15 nonsubsidized enrollees who choose to secure basic coverage through the
16 plan only for their dependent children. In designing and revising the
17 schedule of services, the administrator shall consider the guidelines
18 for assessing health services under the mandated benefits act of 1984,
19 RCW ((48.42.080)) 48.47.030, and such other factors as the
20 administrator deems appropriate.

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

28 (2)(a) To design and implement a structure of periodic premiums due
29 the administrator from subsidized enrollees that is based upon gross
30 family income, giving appropriate consideration to family size and the
31 ages of all family members. The enrollment of children shall not
32 require the enrollment of their parent or parents who are eligible for
33 the plan. The structure of periodic premiums shall be applied to
34 subsidized enrollees entering the plan as individuals pursuant to
35 subsection (9) of this section and to the share of the cost of the plan
36 due from subsidized enrollees entering the plan as employees pursuant
37 to subsection ((~~10~~)) (11) of this section.

38 (b) To determine the periodic premiums due the administrator from
39 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees

1 shall be in an amount equal to the cost charged by the managed health
2 care system provider to the state for the plan plus the administrative
3 cost of providing the plan to those enrollees and the premium tax under
4 RCW 48.14.0201.

5 (c) An employer or other financial sponsor may, with the prior
6 approval of the administrator, pay the premium, rate, or any other
7 amount on behalf of a subsidized or nonsubsidized enrollee, by
8 arrangement with the enrollee and through a mechanism acceptable to the
9 administrator.

10 (d) To develop, as an offering by every health carrier providing
11 coverage identical to the basic health plan, as configured on January
12 1, 1996, a basic health plan model plan with uniformity in enrollee
13 cost-sharing requirements.

14 (3) To design and implement a structure of enrollee cost sharing
15 due a managed health care system from subsidized and nonsubsidized
16 enrollees. The structure shall discourage inappropriate enrollee
17 utilization of health care services, and may utilize copayments,
18 deductibles, and other cost-sharing mechanisms, but shall not be so
19 costly to enrollees as to constitute a barrier to appropriate
20 utilization of necessary health care services.

21 (4) To limit enrollment of persons who qualify for subsidies so as
22 to prevent an overexpenditure of appropriations for such purposes.
23 Whenever the administrator finds that there is danger of such an
24 overexpenditure, the administrator shall close enrollment until the
25 administrator finds the danger no longer exists.

26 (5) To limit the payment of subsidies to subsidized enrollees, as
27 defined in RCW 70.47.020. The level of subsidy provided to persons who
28 qualify may be based on the lowest cost plans, as defined by the
29 administrator.

30 (6) To adopt a schedule for the orderly development of the delivery
31 of services and availability of the plan to residents of the state,
32 subject to the limitations contained in RCW 70.47.080 or any act
33 appropriating funds for the plan.

34 (7) To solicit and accept applications from managed health care
35 systems, as defined in this chapter, for inclusion as eligible basic
36 health care providers under the plan. The administrator shall endeavor
37 to assure that covered basic health care services are available to any
38 enrollee of the plan from among a selection of two or more
39 participating managed health care systems. In adopting any rules or

1 procedures applicable to managed health care systems and in its
2 dealings with such systems, the administrator shall consider and make
3 suitable allowance for the need for health care services and the
4 differences in local availability of health care resources, along with
5 other resources, within and among the several areas of the state.
6 Contracts with participating managed health care systems shall ensure
7 that basic health plan enrollees who become eligible for medical
8 assistance may, at their option, continue to receive services from
9 their existing providers within the managed health care system if such
10 providers have entered into provider agreements with the department of
11 social and health services.

12 (8) To receive periodic premiums from or on behalf of subsidized
13 and nonsubsidized enrollees, deposit them in the basic health plan
14 operating account, keep records of enrollee status, and authorize
15 periodic payments to managed health care systems on the basis of the
16 number of enrollees participating in the respective managed health care
17 systems.

18 (9) To accept applications from individuals residing in areas
19 served by the plan, on behalf of themselves and their spouses and
20 dependent children, for enrollment in the Washington basic health plan
21 as subsidized or nonsubsidized enrollees, to establish appropriate
22 minimum-enrollment periods for enrollees as may be necessary, and to
23 determine, upon application and on a reasonable schedule defined by the
24 authority, or at the request of any enrollee, eligibility due to
25 current gross family income for sliding scale premiums. No subsidy may
26 be paid with respect to any enrollee whose current gross family income
27 exceeds twice the federal poverty level or, subject to RCW 70.47.110,
28 who is a recipient of medical assistance or medical care services under
29 chapter 74.09 RCW. (~~If, as a result of an eligibility review, the~~
30 ~~administrator determines that a subsidized enrollee's income exceeds~~
31 ~~twice the federal poverty level and that the enrollee knowingly failed~~
32 ~~to inform the plan of such increase in income, the administrator may~~
33 ~~bill the enrollee for the subsidy paid on the enrollee's behalf during~~
34 ~~the period of time that the enrollee's income exceeded twice the~~
35 ~~federal poverty level.)) If a number of enrollees drop their
36 enrollment for no apparent good cause, the administrator may establish
37 appropriate rules or requirements that are applicable to such
38 individuals before they will be allowed to reenroll in the plan.~~

1 (10) To periodically verify the continued eligibility of subsidized
2 enrollees for the level of subsidy they are receiving. If, as a result
3 of an eligibility review, the administrator determines that the subsidy
4 paid on behalf of an enrollee exceeds the amount that would have been
5 paid if the enrollee had accurately reported income, the administrator
6 shall bill the enrollee, for the period of time that the enrollee's
7 income was reported incorrectly, either at the nonsubsidized premium
8 rate, or for the difference between the subsidy that was actually paid
9 and the subsidy that would have been paid if income had been reported
10 accurately. For circumstances to be defined by the administrator by
11 rule, the administrator may additionally impose a civil penalty of up
12 to two hundred percent of the amount by which the subsidy paid on
13 behalf of the enrollee exceeds the amount that would have been paid if
14 income had been reported accurately and on time. The administrator
15 shall periodically notify enrollees of these provisions, and of their
16 implementation, through enrollment materials, billings, and enrollee
17 newsletters.

18 (11) To accept applications from business owners on behalf of
19 themselves and their employees, spouses, and dependent children, as
20 subsidized or nonsubsidized enrollees, who reside in an area served by
21 the plan. The administrator may require all or the substantial
22 majority of the eligible employees of such businesses to enroll in the
23 plan and establish those procedures necessary to facilitate the orderly
24 enrollment of groups in the plan and into a managed health care system.
25 The administrator may require that a business owner pay at least an
26 amount equal to what the employee pays after the state pays its portion
27 of the subsidized premium cost of the plan on behalf of each employee
28 enrolled in the plan. Enrollment is limited to those not eligible for
29 medicare who wish to enroll in the plan and choose to obtain the basic
30 health care coverage and services from a managed care system
31 participating in the plan. The administrator shall adjust the amount
32 determined to be due on behalf of or from all such enrollees whenever
33 the amount negotiated by the administrator with the participating
34 managed health care system or systems is modified or the administrative
35 cost of providing the plan to such enrollees changes.

36 (~~(11)~~) (12) To determine the rate to be paid to each
37 participating managed health care system in return for the provision of
38 covered basic health care services to enrollees in the system.
39 Although the schedule of covered basic health care services will be the

1 same for similar enrollees, the rates negotiated with participating
2 managed health care systems may vary among the systems. In negotiating
3 rates with participating systems, the administrator shall consider the
4 characteristics of the populations served by the respective systems,
5 economic circumstances of the local area, the need to conserve the
6 resources of the basic health plan trust account, and other factors the
7 administrator finds relevant.

8 ~~((12))~~ (13) To monitor the provision of covered services to
9 enrollees by participating managed health care systems in order to
10 assure enrollee access to good quality basic health care, to require
11 periodic data reports concerning the utilization of health care
12 services rendered to enrollees in order to provide adequate information
13 for evaluation, and to inspect the books and records of participating
14 managed health care systems to assure compliance with the purposes of
15 this chapter. In requiring reports from participating managed health
16 care systems, including data on services rendered enrollees, the
17 administrator shall endeavor to minimize costs, both to the managed
18 health care systems and to the plan. The administrator shall
19 coordinate any such reporting requirements with other state agencies,
20 such as the insurance commissioner and the department of health, to
21 minimize duplication of effort.

22 ~~((13))~~ (14) To evaluate the effects this chapter has on private
23 employer-based health care coverage and to take appropriate measures
24 consistent with state and federal statutes that will discourage the
25 reduction of such coverage in the state.

26 ~~((14))~~ (15) To develop a program of proven preventive health
27 measures and to integrate it into the plan wherever possible and
28 consistent with this chapter.

29 ~~((15))~~ (16) To provide, consistent with available funding,
30 assistance for rural residents, underserved populations, and persons of
31 color.

32 ~~((16))~~ (17) In consultation with appropriate state and local
33 government agencies, to establish criteria defining eligibility for
34 persons confined or residing in government-operated institutions.

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