
SENATE BILL 6093

State of Washington

55th Legislature

1997 Regular Session

By Senators West and Deccio

Read first time 03/31/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to the basic health plan; amending RCW 70.47.015;
2 and reenacting and amending RCW 70.47.060.

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

4 **Sec. 1.** RCW 70.47.015 and 1995 c 265 s 1 are each amended to read
5 as follows:

6 (1) The legislature finds that the basic health plan has been an
7 effective program in providing health coverage for uninsured residents.
8 Further, since 1993, substantial amounts of public funds have been
9 allocated for subsidized basic health plan enrollment.

10 (2) It is the intent of the legislature that the basic health plan
11 enrollment be expanded expeditiously, consistent with funds available
12 in the health services account, with the goal of two hundred thousand
13 adult subsidized basic health plan enrollees and one hundred thirty
14 thousand children covered through expanded medical assistance services
15 by June 30, 1997, with the priority of providing needed health services
16 to children in conjunction with other public programs.

17 (3) Effective January 1, 1996, basic health plan enrollees whose
18 income is less than one hundred twenty-five percent of the federal
19 poverty level shall pay at least a ten-dollar premium share.

1 (4) No later than July 1, 1996, the administrator shall implement
2 procedures whereby hospitals licensed under chapters 70.41 and 71.12
3 RCW, health carrier, rural health care facilities regulated under
4 chapter 70.175 RCW, and community and migrant health centers funded
5 under RCW 41.05.220, may expeditiously assist patients and their
6 families in applying for basic health plan or medical assistance
7 coverage, and in submitting such applications directly to the health
8 care authority or the department of social and health services. The
9 health care authority and the department of social and health services
10 shall make every effort to simplify and expedite the application and
11 enrollment process.

12 ~~((5) No later than July 1, 1996, the administrator shall implement
13 procedures whereby health insurance agents and brokers, licensed under
14 chapter 48.17 RCW, may expeditiously assist patients and their families
15 in applying for basic health plan or medical assistance coverage, and
16 in submitting such applications directly to the health care authority
17 or the department of social and health services. Brokers and agents
18 shall be entitled to receive a commission for each individual sale of
19 the basic health plan to anyone not at anytime previously signed up and
20 a commission for each group sale of the basic health plan. No
21 commission shall be provided upon a renewal. Commissions shall be
22 determined based on the estimated annual cost of the basic health plan,
23 however, commissions shall not result in a reduction in the premium
24 amount paid to health carriers. For purposes of this section "health
25 carrier" is as defined in RCW 48.43.005. The health care authority and
26 the department of social and health services shall make every effort to
27 simplify and expedite the application and enrollment process.))~~

28 **Sec. 2.** RCW 70.47.060 and 1995 c 266 s 1 and 1995 c 2 s 4 are each
29 reenacted and amended to read as follows:

30 The administrator has the following powers and duties:

31 (1) To design and from time to time revise a schedule of covered
32 basic health care services, including physician services, inpatient and
33 outpatient hospital services, prescription drugs and medications, and
34 other services that may be necessary for basic health care. In
35 addition, the administrator may, to the extent that funds are
36 available, offer as basic health plan services chemical dependency
37 services, mental health services and organ transplant services;
38 however, no one service or any combination of these three services

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

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

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

1 due from subsidized enrollees entering the plan as employees pursuant
2 to subsection (10) of this section.

3 (b) To determine the periodic premiums due the administrator from
4 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
5 shall be in an amount equal to the cost charged by the managed health
6 care system provider to the state for the plan plus the administrative
7 cost of providing the plan to those enrollees and the premium tax under
8 RCW 48.14.0201.

9 (c) An employer or other financial sponsor may, with the prior
10 approval of the administrator, pay the premium, rate, or any other
11 amount on behalf of a subsidized or nonsubsidized enrollee, by
12 arrangement with the enrollee and through a mechanism acceptable to the
13 administrator(~~(, but in no case shall the payment made on behalf of the~~
14 ~~enrollee exceed the total premiums due from the enrollee)~~).

15 (d) To develop, as an offering by all health carriers providing
16 coverage identical to the basic health plan, a model plan benefits
17 package with uniformity in enrollee cost-sharing requirements.

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

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

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

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

38 (7) To solicit and accept applications from managed health care
39 systems, as defined in this chapter, for inclusion as eligible basic

1 health care providers under the plan. The administrator shall endeavor
2 to assure that covered basic health care services are available to any
3 enrollee of the plan from among a selection of two or more
4 participating managed health care systems. In adopting any rules or
5 procedures applicable to managed health care systems and in its
6 dealings with such systems, the administrator shall consider and make
7 suitable allowance for the need for health care services and the
8 differences in local availability of health care resources, along with
9 other resources, within and among the several areas of the state.
10 Contracts with participating managed health care systems shall ensure
11 that basic health plan enrollees who become eligible for medical
12 assistance may, at their option, continue to receive services from
13 their existing providers within the managed health care system if such
14 providers have entered into provider agreements with the department of
15 social and health services.

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

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

1 drop their enrollment for no apparent good cause, the administrator may
2 establish appropriate rules or requirements that are applicable to such
3 individuals before they will be allowed to reenroll in the plan.

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

22 (11) To determine the rate to be paid to each participating managed
23 health care system in return for the provision of covered basic health
24 care services to enrollees in the system. Although the schedule of
25 covered basic health care services will be the same for similar
26 enrollees, the rates negotiated with participating managed health care
27 systems may vary among the systems. In negotiating rates with
28 participating systems, the administrator shall consider the
29 characteristics of the populations served by the respective systems,
30 economic circumstances of the local area, the need to conserve the
31 resources of the basic health plan trust account, and other factors the
32 administrator finds relevant.

33 (12) To monitor the provision of covered services to enrollees by
34 participating managed health care systems in order to assure enrollee
35 access to good quality basic health care, to require periodic data
36 reports concerning the utilization of health care services rendered to
37 enrollees in order to provide adequate information for evaluation, and
38 to inspect the books and records of participating managed health care
39 systems to assure compliance with the purposes of this chapter. In

1 requiring reports from participating managed health care systems,
2 including data on services rendered enrollees, the administrator shall
3 endeavor to minimize costs, both to the managed health care systems and
4 to the plan. The administrator shall coordinate any such reporting
5 requirements with other state agencies, such as the insurance
6 commissioner and the department of health, to minimize duplication of
7 effort.

8 (13) To evaluate the effects this chapter has on private employer-
9 based health care coverage and to take appropriate measures consistent
10 with state and federal statutes that will discourage the reduction of
11 such coverage in the state.

12 (14) To develop a program of proven preventive health measures and
13 to integrate it into the plan wherever possible and consistent with
14 this chapter.

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

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