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**SUBSTITUTE SENATE BILL 6740**

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**State of Washington**

**55th Legislature**

**1998 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators West, Deccio, Oke and Winsley)

Read first time 02/10/98.

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) 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. When an  
26 enrollee fails to report income or income changes accurately, the  
27 administrator shall have the authority either to bill the enrollee for  
28 the amounts overpaid by the state or to impose civil penalties of up to  
29 two hundred percent of the amount of subsidy overpaid due to the  
30 enrollee incorrectly reporting income. The administrator shall adopt  
31 rules to define the appropriate application of these sanctions and the  
32 processes to implement the sanctions provided in this subsection,  
33 within available resources. No subsidy may be paid with respect to any  
34 enrollee whose current gross family income exceeds twice the federal  
35 poverty level or, subject to RCW 70.47.110, who is a recipient of  
36 medical assistance or medical care services under chapter 74.09 RCW.  
37 ~~((If, as a result of an eligibility review, the administrator~~  
38 ~~determines that a subsidized enrollee's income exceeds twice the~~  
39 ~~federal poverty level and that the enrollee knowingly failed to inform~~

1 ~~the plan of such increase in income, the administrator may bill the~~  
2 ~~enrollee for the subsidy paid on the enrollee's behalf during the~~  
3 ~~period of time that the enrollee's income exceeded twice the federal~~  
4 ~~poverty level.))~~ If a number of enrollees drop their enrollment for no  
5 apparent good cause, the administrator may establish appropriate rules  
6 or requirements that are applicable to such individuals before they  
7 will be allowed to reenroll in the plan.

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

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

37 (12) To monitor the provision of covered services to enrollees by  
38 participating managed health care systems in order to assure enrollee  
39 access to good quality basic health care, to require periodic data

1 reports concerning the utilization of health care services rendered to  
2 enrollees in order to provide adequate information for evaluation, and  
3 to inspect the books and records of participating managed health care  
4 systems to assure compliance with the purposes of this chapter. In  
5 requiring reports from participating managed health care systems,  
6 including data on services rendered enrollees, the administrator shall  
7 endeavor to minimize costs, both to the managed health care systems and  
8 to the plan. The administrator shall coordinate any such reporting  
9 requirements with other state agencies, such as the insurance  
10 commissioner and the department of health, to minimize duplication of  
11 effort.

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

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

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

21 (16) In consultation with appropriate state and local government  
22 agencies, to establish criteria defining eligibility for persons  
23 confined or residing in government-operated institutions.

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