S-4328.2

SENATE BILL 6740

State of Washington 55th Legislature 1998 Regular Session

By Senators West, Deccio, Oke and Winsley

Read first time 02/02/98. Referred to Committee on Ways & Means.

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

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

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

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

(b) To determine the periodic premiums due the administrator from 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

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

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

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

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

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

((~~(11)~~)) (12) To determine the rate to be paid to each participating managed health care system in return for the provision of covered basic health care services to enrollees in the system. Although the schedule of covered basic health care services will be the same for similar enrollees, the rates negotiated with participating

managed health care systems may vary among the systems. In negotiating rates with participating systems, the administrator shall consider the characteristics of the populations served by the respective systems, economic circumstances of the local area, the need to conserve the resources of the basic health plan trust account, and other factors the administrator finds relevant.

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

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

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

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

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

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