

SENATE BILL REPORT

SB 5848

As Reported By Senate Committee On:
Health & Long-Term Care, March 1, 1999

Title: An act relating to the basic health plan.

Brief Description: Providing insurance coverage under the basic health plan.

Sponsors: Senators Hargrove, Hochstatter, Thibaudeau and Oke.

Brief History:

Committee Activity: Health & Long-Term Care: 2/24/99, 3/1/99 [DPS]; 1/20/00.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5848 be substituted therefor, and the substitute bill do pass.

Signed by Senators Thibaudeau, Chair; Wojahn, Vice Chair; Costa, Deccio, Franklin, Johnson and Winsley.

Staff: Jonathan Seib (786-7427)

Background: The Washington Basic Health Plan (BHP) is a state-sponsored health insurance program for any Washington resident who is not eligible for Medicare and not institutionalized at the time of enrollment. Every enrollee pays a monthly premium based on income, age, family size, and the health plan they choose. The state helps pay part of the premium for members who meet income guidelines.

The BHP is administered by the state Health Care Authority (HCA). Currently, there are about 127,500 persons whose enrollment in the BHP is subsidized, and 8,400 persons whose enrollment is not.

The enabling statute directs the BHP to provide coverage through contracts with "managed care health systems," defined to include organizations that provide health care services on a pre-paid capitated basis. The HCA is not authorized to self-insure the BHP.

It is becoming increasingly difficult for the HCA to provide BHP coverage in some areas of the state, particularly rural counties, and it is suggested that giving the HCA more flexibility in BHP program design may help alleviate this problem.

Summary of Substitute Bill: The Legislature recognizes that current statutory restrictions have made it more difficult for the BHP to provide access to health care services in rural and other underserved areas. It states its intent to allow the BHP administrator to work with other interested parties to develop alternative purchasing strategies, including the use of differential rating based on geographic differences in cost and limited use of self-insurance.

The requirement that the BHP be delivered on a prepaid capitated basis is removed.

BHP benefits need not be the same, but must be actuarially equivalent, for similar enrollees.

The BHP administrator is authorized to negotiate additional contracts after the request for proposal process is completed if doing so is necessary to meet the access needs of BHP enrollees.

The BHP is to continue to give priority to prepaid managed care as the preferred method of assuring access. The use of a self insured, self funded option is limited to the subsidized BHP enrollees and only if: (1) it is necessary to meet access needs; (2) funding is available in the BHP self insurance reserve account; and (3) other options to address access needs of subsidized enrollees are not feasible.

The Health Care Authority is explicitly authorized to self-insure the Basic Health Plan. A Basic Health Plan self insurance reserve account is created and rules governing its operation are established. These provisions expire January 1, 2004.

Substitute Bill Compared to Original Bill: The substitute bill adds the provisions regarding geographic rating and the conditions limiting the use of self-insurance to subsidized enrollees under certain conditions. It also adds the provisions allowing for actuarial equivalent benefits, and authorizing the negotiation of additional contracts after the RFP process. The 2004 expiration date is also added to the substitute.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: People in rural areas of the state are at risk of losing access to medical coverage, and thus, to medical care. This would be harmful to them and to the rural health care facilities. Rural areas need the same access to coverage that is available in urban areas. This bill gives extra tools to the health care authority that it can use to provide access in difficult areas of the state.

Testimony Against: Without a resolution to the more general problems in the individual health insurance market, this bill should not be supported. The bill contains insufficient details regarding how the health care authority would administer the program.

Testified: PRO: Senator Hargrove, prime sponsor; Dennis Martin, Health Care Authority; CON: Randy Hem, Washington Association of Health Underwriters; Ken Bertrand, Group Health (concerns).