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HOUSE BILL 1112

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State of Washington

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By Representatives Cody, Campbell, Boldt, Santos, O'Brien, Veloria,  
Conway, Haigh, Murray and Linville

Read first time 01/14/1999. Referred to Committee on Health Care.

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

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

4 **Sec. 1.** RCW 70.47.060 and 1998 c 314 s 17 and 1998 c 148 s 1 are  
5 each reenacted and amended to read as follows:

6 The administrator has the following powers and duties:

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

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

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

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

37 (b) To determine the periodic premiums due the administrator from  
38 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees  
39 shall be in an amount equal to the cost charged by the managed health

1 care system provider to the state for the plan plus the administrative  
2 cost of providing the plan to those enrollees and the premium tax under  
3 RCW 48.14.0201.

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

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

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

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

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

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

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

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

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

17 (9) To accept applications from individuals residing in areas  
18 served by the plan, on behalf of themselves and their spouses and  
19 dependent children, for enrollment in the Washington basic health plan  
20 as subsidized or nonsubsidized enrollees, to establish appropriate  
21 minimum-enrollment periods for enrollees as may be necessary, and to  
22 determine, upon application and on a reasonable schedule defined by the  
23 authority, or at the request of any enrollee, eligibility due to  
24 current gross family income for sliding scale premiums. Funds received  
25 by a family as part of participation in the adoption support program  
26 authorized under RCW 26.33.320 and 74.13.100 through 74.13.145 shall  
27 not be counted toward a family's current gross family income for the  
28 purposes of this chapter. When an enrollee fails to report income or  
29 income changes accurately, the administrator shall have the authority  
30 either to bill the enrollee for the amounts overpaid by the state or to  
31 impose civil penalties of up to two hundred percent of the amount of  
32 subsidy overpaid due to the enrollee incorrectly reporting income. The  
33 administrator shall adopt rules to define the appropriate application  
34 of these sanctions and the processes to implement the sanctions  
35 provided in this subsection, within available resources. No subsidy  
36 may be paid with respect to any enrollee whose current gross family  
37 income exceeds twice the federal poverty level or, subject to RCW  
38 70.47.110, who is a recipient of medical assistance or medical care  
39 services under chapter 74.09 RCW. If a number of enrollees drop their

1 enrollment for no apparent good cause, the administrator may establish  
2 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.

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

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