
HOUSE BILL 1952

State of Washington 56th Legislature 1999 Regular Session

By Representatives Kessler, Cody, Wolfe, Lovick, Kenney, Murray,
Conway, Santos and Veloria

Read first time 02/11/1999. Referred to Committee on Health Care.

1 AN ACT Relating to the basic health plan; amending RCW 70.47.010,
2 70.47.020, 41.05.140, 43.84.092, and 43.84.092; providing an effective
3 date; and providing an expiration date.

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

5 **Sec. 1.** RCW 70.47.010 and 1993 c 492 s 208 are each amended to
6 read as follows:

7 (1)(a) The legislature finds that limitations on access to health
8 care services for enrollees in the state, such as in rural and
9 underserved areas, are particularly challenging for the basic health
10 plan. Statutory restrictions have reduced the options available to the
11 administrator to address the access needs of basic health plan
12 enrollees. It is the intent of the legislature to authorize the
13 administrator to develop alternative purchasing strategies to ensure
14 access to basic health plan enrollees in all areas of the state.

15 (b) In developing alternative purchasing strategies to address
16 health care access needs, the administrator shall consult with
17 interested persons including health carriers, health care providers,
18 and health facilities, and with other appropriate state agencies

1 including the office of the insurance commissioner and the office of
2 community and rural health.

3 (2) The legislature further finds that:

4 (a) A significant percentage of the population of this state does
5 not have reasonably available insurance or other coverage of the costs
6 of necessary basic health care services;

7 (b) This lack of basic health care coverage is detrimental to the
8 health of the individuals lacking coverage and to the public welfare,
9 and results in substantial expenditures for emergency and remedial
10 health care, often at the expense of health care providers, health care
11 facilities, and all purchasers of health care, including the state; and

12 (c) The use of managed health care systems has significant
13 potential to reduce the growth of health care costs incurred by the
14 people of this state generally, and by low-income pregnant women, and
15 at-risk children and adolescents who need greater access to managed
16 health care.

17 ~~((+2))~~ (3) The purpose of this chapter is to provide or make more
18 readily available necessary basic health care services in an
19 appropriate setting to working persons and others who lack coverage, at
20 a cost to these persons that does not create barriers to the
21 utilization of necessary health care services. To that end, this
22 chapter establishes a program to be made available to those residents
23 not eligible for medicare who share in a portion of the cost or who pay
24 the full cost of receiving basic health care services from a managed
25 health care system.

26 ~~((+3))~~ (4) It is not the intent of this chapter to provide health
27 care services for those persons who are presently covered through
28 private employer-based health plans, nor to replace employer-based
29 health plans. However, the legislature recognizes that cost-effective
30 and affordable health plans may not always be available to small
31 business employers. Further, it is the intent of the legislature to
32 expand, wherever possible, the availability of private health care
33 coverage and to discourage the decline of employer-based coverage.

34 ~~((+4))~~ (5)(a) It is the purpose of this chapter to acknowledge the
35 initial success of this program that has (i) assisted thousands of
36 families in their search for affordable health care; (ii) demonstrated
37 that low-income, uninsured families are willing to pay for their own
38 health care coverage to the extent of their ability to pay; and (iii)

1 proved that local health care providers are willing to enter into a
2 public-private partnership as a managed care system.

3 (b) As a consequence, the legislature intends to extend an option
4 to enroll to certain citizens above two hundred percent of the federal
5 poverty guidelines within the state who reside in communities where the
6 plan is operational and who collectively or individually wish to
7 exercise the opportunity to purchase health care coverage through the
8 basic health plan if the purchase is done at no cost to the state. It
9 is also the intent of the legislature to allow employers and other
10 financial sponsors to financially assist such individuals to purchase
11 health care through the program so long as such purchase does not
12 result in a lower standard of coverage for employees.

13 (c) The legislature intends that, to the extent of available funds,
14 the program be available throughout Washington state to subsidized and
15 nonsubsidized enrollees. It is also the intent of the legislature to
16 enroll subsidized enrollees first, to the maximum extent feasible.

17 (d) The legislature directs that the basic health plan
18 administrator identify enrollees who are likely to be eligible for
19 medical assistance and assist these individuals in applying for and
20 receiving medical assistance. The administrator and the department of
21 social and health services shall implement a seamless system to
22 coordinate eligibility determinations and benefit coverage for
23 enrollees of the basic health plan and medical assistance recipients.

24 **Sec. 2.** RCW 70.47.020 and 1997 c 335 s 1 are each amended to read
25 as follows:

26 As used in this chapter:

27 (1) "Washington basic health plan" or "plan" means the system of
28 enrollment and payment (~~(on a prepaid capitated basis)~~) for basic
29 health care services, administered by the plan administrator through
30 participating managed health care systems, created by this chapter.

31 (2) "Administrator" means the Washington basic health plan
32 administrator, who also holds the position of administrator of the
33 Washington state health care authority.

34 (3) "Managed health care system" means any health care
35 organization, including health care providers, insurers, health care
36 service contractors, health maintenance organizations, insurance
37 coverage provided under RCW 41.05.140, or any combination thereof, that
38 provides directly or by contract basic health care services, as defined

1 by the administrator and rendered by duly licensed providers, (~~on a~~
2 ~~prepaid capitated basis~~) to a defined patient population enrolled in
3 the plan and in the managed health care system.

4 (4) "Subsidized enrollee" means an individual, or an individual
5 plus the individual's spouse or dependent children: (a) Who is not
6 eligible for medicare; (b) who is not confined or residing in a
7 government-operated institution, unless he or she meets eligibility
8 criteria adopted by the administrator; (c) who resides in an area of
9 the state served by a managed health care system participating in the
10 plan; (d) whose gross family income at the time of enrollment does not
11 exceed twice the federal poverty level as adjusted for family size and
12 determined annually by the federal department of health and human
13 services; and (e) who chooses to obtain basic health care coverage from
14 a particular managed health care system in return for periodic payments
15 to the plan.

16 (5) "Nonsubsidized enrollee" means an individual, or an individual
17 plus the individual's spouse or dependent children: (a) Who is not
18 eligible for medicare; (b) who is not confined or residing in a
19 government-operated institution, unless he or she meets eligibility
20 criteria adopted by the administrator; (c) who resides in an area of
21 the state served by a managed health care system participating in the
22 plan; (d) who chooses to obtain basic health care coverage from a
23 particular managed health care system; and (e) who pays or on whose
24 behalf is paid the full costs for participation in the plan, without
25 any subsidy from the plan.

26 (6) "Subsidy" means the difference between the amount of periodic
27 payment the administrator makes to a managed health care system on
28 behalf of a subsidized enrollee plus the administrative cost to the
29 plan of providing the plan to that subsidized enrollee, and the amount
30 determined to be the subsidized enrollee's responsibility under RCW
31 70.47.060(2).

32 (7) "Premium" means a periodic payment, based upon gross family
33 income which an individual, their employer or another financial sponsor
34 makes to the plan as consideration for enrollment in the plan as a
35 subsidized enrollee or a nonsubsidized enrollee.

36 (8) "Rate" means the (~~per capita~~) amount, negotiated by the
37 administrator with and paid to a participating managed health care
38 system, that is based upon the enrollment of subsidized and
39 nonsubsidized enrollees in the plan and in that system.

1 **Sec. 3.** RCW 41.05.140 and 1994 c 153 s 10 are each amended to read
2 as follows:

3 (1) Except for property and casualty insurance, the authority may
4 self-fund, self-insure, or enter into other methods of providing
5 insurance coverage for insurance programs under its jurisdiction
6 ((except property and casualty insurance)), including the basic health
7 plan as provided in chapter 70.47 RCW. The authority shall contract
8 for payment of claims or other administrative services for programs
9 under its jurisdiction. If a program does not require the prepayment
10 of reserves, the authority shall establish such reserves within a
11 reasonable period of time for the payment of claims as are normally
12 required for that type of insurance under an insured program.

13 (2) Reserves established by the authority for employee and retiree
14 benefit programs shall be held in a separate trust fund by the state
15 treasurer and shall be known as the public employees' and retirees'
16 insurance reserve fund. The state investment board shall act as the
17 investor for the funds and, except as provided in RCW 43.33A.160, one
18 hundred percent of all earnings from these investments shall accrue
19 directly to the public employees' and retirees' insurance reserve fund.

20 (3) Any savings realized as a result of a program created for
21 employees and retirees under this section shall not be used to increase
22 benefits unless such use is authorized by statute.

23 (4) Reserves established by the authority to provide insurance
24 coverage for the basic health plan under chapter 70.47 RCW shall be
25 held in a separate trust account by the state treasurer and shall be
26 known as the basic health plan self-insurance reserve account. The
27 state investment board shall act as the investor for the funds and,
28 except as provided in RCW 43.33A.160, one hundred percent of all
29 earnings from these investments shall accrue directly to the basic
30 health plan self-insurance reserve account.

31 (5) Any program created under this section shall be subject to the
32 examination requirements of chapter 48.03 RCW as if the program were a
33 domestic insurer. In conducting an examination, the commissioner shall
34 determine the adequacy of the reserves established for the program.

35 (~~(5)~~) (6) The authority shall keep full and adequate accounts and
36 records of the assets, obligations, transactions, and affairs of any
37 program created under this section.

38 (~~(6)~~) (7) The authority shall file a quarterly statement of the
39 financial condition, transactions, and affairs of any program created

1 under this section in a form and manner prescribed by the insurance
2 commissioner. The statement shall contain information as required by
3 the commissioner for the type of insurance being offered under the
4 program. A copy of the annual statement shall be filed with the
5 speaker of the house of representatives and the president of the
6 senate.

7 **Sec. 4.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read
8 as follows:

9 (1) All earnings of investments of surplus balances in the state
10 treasury shall be deposited to the treasury income account, which
11 account is hereby established in the state treasury.

12 (2) The treasury income account shall be utilized to pay or receive
13 funds associated with federal programs as required by the federal cash
14 management improvement act of 1990. The treasury income account is
15 subject in all respects to chapter 43.88 RCW, but no appropriation is
16 required for refunds or allocations of interest earnings required by
17 the cash management improvement act. Refunds of interest to the
18 federal treasury required under the cash management improvement act
19 fall under RCW 43.88.180 and shall not require appropriation. The
20 office of financial management shall determine the amounts due to or
21 from the federal government pursuant to the cash management improvement
22 act. The office of financial management may direct transfers of funds
23 between accounts as deemed necessary to implement the provisions of the
24 cash management improvement act, and this subsection. Refunds or
25 allocations shall occur prior to the distributions of earnings set
26 forth in subsection (4) of this section.

27 (3) Except for the provisions of RCW 43.84.160, the treasury income
28 account may be utilized for the payment of purchased banking services
29 on behalf of treasury funds including, but not limited to, depository,
30 safekeeping, and disbursement functions for the state treasury and
31 affected state agencies. The treasury income account is subject in all
32 respects to chapter 43.88 RCW, but no appropriation is required for
33 payments to financial institutions. Payments shall occur prior to
34 distribution of earnings set forth in subsection (4) of this section.

35 (4) Monthly, the state treasurer shall distribute the earnings
36 credited to the treasury income account. The state treasurer shall
37 credit the general fund with all the earnings credited to the treasury
38 income account except:

1 (a) The following accounts and funds shall receive their
2 proportionate share of earnings based upon each account's and fund's
3 average daily balance for the period: The basic health plan self-
4 insurance reserve account, the capitol building construction account,
5 the Cedar River channel construction and operation account, the Central
6 Washington University capital projects account, the charitable,
7 educational, penal and reformatory institutions account, the common
8 school construction fund, the county criminal justice assistance
9 account, the county sales and use tax equalization account, the data
10 processing building construction account, the deferred compensation
11 administrative account, the deferred compensation principal account,
12 the department of retirement systems expense account, the drinking
13 water assistance account, the Eastern Washington University capital
14 projects account, the education construction fund, the emergency
15 reserve fund, the federal forest revolving account, the health services
16 account, the public health services account, the health system capacity
17 account, the personal health services account, the highway
18 infrastructure account, the industrial insurance premium refund
19 account, the judges' retirement account, the judicial retirement
20 administrative account, the judicial retirement principal account, the
21 local leasehold excise tax account, the local real estate excise tax
22 account, the local sales and use tax account, the medical aid account,
23 the mobile home park relocation fund, the municipal criminal justice
24 assistance account, the municipal sales and use tax equalization
25 account, the natural resources deposit account, the perpetual
26 surveillance and maintenance account, the public employees' retirement
27 system plan I account, the public employees' retirement system plan II
28 account, the Puyallup tribal settlement account, the resource
29 management cost account, the site closure account, the special wildlife
30 account, the state employees' insurance account, the state employees'
31 insurance reserve account, the state investment board expense account,
32 the state investment board commingled trust fund accounts, the
33 supplemental pension account, the teachers' retirement system plan I
34 account, the teachers' retirement system plan II account, the
35 transportation infrastructure account, the tuition recovery trust fund,
36 the University of Washington bond retirement fund, the University of
37 Washington building account, the volunteer fire fighters' relief and
38 pension principal account, the volunteer fire fighters' relief and
39 pension administrative account, the Washington judicial retirement

1 system account, the Washington law enforcement officers' and fire
2 fighters' system plan I retirement account, the Washington law
3 enforcement officers' and fire fighters' system plan II retirement
4 account, the Washington state patrol retirement account, the Washington
5 State University building account, the Washington State University bond
6 retirement fund, the water pollution control revolving fund, and the
7 Western Washington University capital projects account. Earnings
8 derived from investing balances of the agricultural permanent fund, the
9 normal school permanent fund, the permanent common school fund, the
10 scientific permanent fund, and the state university permanent fund
11 shall be allocated to their respective beneficiary accounts. All
12 earnings to be distributed under this subsection (4)(a) shall first be
13 reduced by the allocation to the state treasurer's service fund
14 pursuant to RCW 43.08.190.

15 (b) The following accounts and funds shall receive eighty percent
16 of their proportionate share of earnings based upon each account's or
17 fund's average daily balance for the period: The aeronautics account,
18 the aircraft search and rescue account, the central Puget Sound public
19 transportation account, the city hardship assistance account, the
20 county arterial preservation account, the department of licensing
21 services account, the economic development account, the essential rail
22 assistance account, the essential rail banking account, the ferry bond
23 retirement fund, the gasohol exemption holding account, the grade
24 crossing protective fund, the high capacity transportation account, the
25 highway bond retirement fund, the highway construction stabilization
26 account, the highway safety account, the marine operating fund, the
27 motor vehicle fund, the motorcycle safety education account, the
28 pilotage account, the public transportation systems account, the Puget
29 Sound capital construction account, the Puget Sound ferry operations
30 account, the recreational vehicle account, the rural arterial trust
31 account, the safety and education account, the small city account, the
32 special category C account, the state patrol highway account, the
33 transfer relief account, the transportation capital facilities account,
34 the transportation equipment fund, the transportation fund, the
35 transportation improvement account, the transportation revolving loan
36 account, and the urban arterial trust account.

37 (5) In conformance with Article II, section 37 of the state
38 Constitution, no treasury accounts or funds shall be allocated earnings
39 without the specific affirmative directive of this section.

1 **Sec. 5.** RCW 43.84.092 and 1998 c 341 s 708 are each amended to
2 read as follows:

3 (1) All earnings of investments of surplus balances in the state
4 treasury shall be deposited to the treasury income account, which
5 account is hereby established in the state treasury.

6 (2) The treasury income account shall be utilized to pay or receive
7 funds associated with federal programs as required by the federal cash
8 management improvement act of 1990. The treasury income account is
9 subject in all respects to chapter 43.88 RCW, but no appropriation is
10 required for refunds or allocations of interest earnings required by
11 the cash management improvement act. Refunds of interest to the
12 federal treasury required under the cash management improvement act
13 fall under RCW 43.88.180 and shall not require appropriation. The
14 office of financial management shall determine the amounts due to or
15 from the federal government pursuant to the cash management improvement
16 act. The office of financial management may direct transfers of funds
17 between accounts as deemed necessary to implement the provisions of the
18 cash management improvement act, and this subsection. Refunds or
19 allocations shall occur prior to the distributions of earnings set
20 forth in subsection (4) of this section.

21 (3) Except for the provisions of RCW 43.84.160, the treasury income
22 account may be utilized for the payment of purchased banking services
23 on behalf of treasury funds including, but not limited to, depository,
24 safekeeping, and disbursement functions for the state treasury and
25 affected state agencies. The treasury income account is subject in all
26 respects to chapter 43.88 RCW, but no appropriation is required for
27 payments to financial institutions. Payments shall occur prior to
28 distribution of earnings set forth in subsection (4) of this section.

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the treasury
32 income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The basic health plan self-
36 insurance reserve account, the capitol building construction account,
37 the Cedar River channel construction and operation account, the Central
38 Washington University capital projects account, the charitable,
39 educational, penal and reformatory institutions account, the common

1 school construction fund, the county criminal justice assistance
2 account, the county sales and use tax equalization account, the data
3 processing building construction account, the deferred compensation
4 administrative account, the deferred compensation principal account,
5 the department of retirement systems expense account, the drinking
6 water assistance account, the Eastern Washington University capital
7 projects account, the education construction fund, the emergency
8 reserve fund, the federal forest revolving account, the health services
9 account, the public health services account, the health system capacity
10 account, the personal health services account, the highway
11 infrastructure account, the industrial insurance premium refund
12 account, the judges' retirement account, the judicial retirement
13 administrative account, the judicial retirement principal account, the
14 local leasehold excise tax account, the local real estate excise tax
15 account, the local sales and use tax account, the medical aid account,
16 the mobile home park relocation fund, the municipal criminal justice
17 assistance account, the municipal sales and use tax equalization
18 account, the natural resources deposit account, the perpetual
19 surveillance and maintenance account, the public employees' retirement
20 system plan I account, the public employees' retirement system plan II
21 account, the Puyallup tribal settlement account, the resource
22 management cost account, the site closure account, the special wildlife
23 account, the state employees' insurance account, the state employees'
24 insurance reserve account, the state investment board expense account,
25 the state investment board commingled trust fund accounts, the
26 supplemental pension account, the teachers' retirement system plan I
27 account, the teachers' retirement system combined plan II and plan III
28 account, the transportation infrastructure account, the tuition
29 recovery trust fund, the University of Washington bond retirement fund,
30 the University of Washington building account, the volunteer fire
31 fighters' relief and pension principal account, the volunteer fire
32 fighters' relief and pension administrative account, the Washington
33 judicial retirement system account, the Washington law enforcement
34 officers' and fire fighters' system plan I retirement account, the
35 Washington law enforcement officers' and fire fighters' system plan II
36 retirement account, the Washington school employees' retirement system
37 combined plan II and III account, the Washington state patrol
38 retirement account, the Washington State University building account,
39 the Washington State University bond retirement fund, the water

1 pollution control revolving fund, and the Western Washington University
2 capital projects account. Earnings derived from investing balances of
3 the agricultural permanent fund, the normal school permanent fund, the
4 permanent common school fund, the scientific permanent fund, and the
5 state university permanent fund shall be allocated to their respective
6 beneficiary accounts. All earnings to be distributed under this
7 subsection (4)(a) shall first be reduced by the allocation to the state
8 treasurer's service fund pursuant to RCW 43.08.190.

9 (b) The following accounts and funds shall receive eighty percent
10 of their proportionate share of earnings based upon each account's or
11 fund's average daily balance for the period: The aeronautics account,
12 the aircraft search and rescue account, the central Puget Sound public
13 transportation account, the city hardship assistance account, the
14 county arterial preservation account, the department of licensing
15 services account, the economic development account, the essential rail
16 assistance account, the essential rail banking account, the ferry bond
17 retirement fund, the gasohol exemption holding account, the grade
18 crossing protective fund, the high capacity transportation account, the
19 highway bond retirement fund, the highway construction stabilization
20 account, the highway safety account, the marine operating fund, the
21 motor vehicle fund, the motorcycle safety education account, the
22 pilotage account, the public transportation systems account, the Puget
23 Sound capital construction account, the Puget Sound ferry operations
24 account, the recreational vehicle account, the rural arterial trust
25 account, the safety and education account, the small city account, the
26 special category C account, the state patrol highway account, the
27 transfer relief account, the transportation capital facilities account,
28 the transportation equipment fund, the transportation fund, the
29 transportation improvement account, the transportation revolving loan
30 account, and the urban arterial trust account.

31 (5) In conformance with Article II, section 37 of the state
32 Constitution, no treasury accounts or funds shall be allocated earnings
33 without the specific affirmative directive of this section.

34 NEW SECTION. **Sec. 6.** Section 4 of this act expires September 1,
35 2000.

1 NEW SECTION. **Sec. 7.** Section 5 of this act takes effect September
2 1, 2000.

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