
HOUSE BILL 2252

State of Washington

56th Legislature

1999 Regular Session

By Representative Sullivan

Read first time 03/01/1999. Referred to Committee on Health Care.

1 AN ACT Relating to a high deductible schedule of services for basic
2 health plan coverage; reenacting and amending RCW 70.47.060; and adding
3 a new section to chapter 70.47 RCW.

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

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

7 The administrator has the following powers and duties:

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

1 health plan shall be entitled to receive covered basic health care
2 services in return for premium payments to the plan. The schedule of
3 services shall emphasize proven preventive and primary health care and
4 shall include all services necessary for prenatal, postnatal, and well-
5 child care. However, with respect to coverage for groups of subsidized
6 enrollees who are eligible to receive prenatal and postnatal services
7 through the medical assistance program under chapter 74.09 RCW, the
8 administrator shall not contract for such services except to the extent
9 that such services are necessary over not more than a one-month period
10 in order to maintain continuity of care after diagnosis of pregnancy by
11 the managed care provider. The schedule of services shall also include
12 a separate schedule of basic health care services for children,
13 eighteen years of age and younger, for those subsidized or
14 nonsubsidized enrollees who choose to secure basic coverage through the
15 plan only for their dependent children. In designing and revising the
16 schedule of services, the administrator shall consider the guidelines
17 for assessing health services under (~~the mandated benefits act of~~
18 ~~1984, RCW 48.47.030~~) chapter 48.47 RCW, and such other factors as the
19 administrator deems appropriate. In addition to coverage set forth in
20 this section, a high deductible benefit version must be offered as
21 required in section 2 of this act.

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

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

1 (b) To determine the periodic premiums due the administrator from
2 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
3 shall be in an amount equal to the cost charged by the managed health
4 care system provider to the state for the plan plus the administrative
5 cost of providing the plan to those enrollees and the premium tax under
6 RCW 48.14.0201.

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

12 (d) To develop, as an offering by every health carrier providing
13 coverage identical to the basic health plan, as configured on January
14 1, 1996, a basic health plan model plan with uniformity in enrollee
15 cost-sharing requirements.

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

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

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

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

36 (7) To solicit and accept applications from managed health care
37 systems, as defined in this chapter, for inclusion as eligible basic
38 health care providers under the plan. The administrator shall endeavor
39 to assure that covered basic health care services are available to any

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

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

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

1 income exceeds twice the federal poverty level or, subject to RCW
2 70.47.110, who is a recipient of medical assistance or medical care
3 services under chapter 74.09 RCW. If a number of enrollees drop their
4 enrollment for no apparent good cause, the administrator may establish
5 appropriate rules or requirements that are applicable to such
6 individuals before they will be allowed to reenroll in the plan.

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

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

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

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

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

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

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

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

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.47 RCW
24 to read as follows:

25 (1) The administrator shall offer nonsubsidized basic health plan
26 coverage designed as follows:

27 (a) Copayments and other cost sharing must be the same as the
28 nonsubsidized basic health plan, as set forth in RCW 70.47.060, except
29 for the requirement of a three thousand five hundred dollar deductible.

30 (b) The schedule of benefits shall be the same as the nonsubsidized
31 basic health plan, as set forth in RCW 70.47.060, except for the
32 exclusion of chemical dependency services, mental health services, and
33 organ transplant services.

34 (c) Except as required by federal law, participating health
35 carriers may impose a twelve-month waiting period for coverage of a
36 preexisting condition if such condition existed, was diagnosed, or was
37 treated during the six-month period prior to enrollment.

1 (d) Monthly premiums for this coverage shall not exceed fifty
2 percent of the average aggregate monthly cost of the subsidized basic
3 health plan coverage.

4 (2) Any health carrier that contracts with the Washington state
5 health care authority to provide employee benefits pursuant to chapter
6 41.05 RCW must offer this coverage in a manner required by the
7 administrator in rule.

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