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HOUSE BILL 2924

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State of Washington

56th Legislature

2000 Regular Session

By Representatives Kessler, Buck, Hatfield, Grant, Hankins, Doumit, Cody, Stensen, Edwards, Linville, Lantz, Morris, Conway and Santos

Read first time 01/24/2000. Referred to Committee on Health Care.

1 AN ACT Relating to the basic health plan; amending RCW 70.47.010,  
2 70.47.020, and 41.05.140; and reenacting and amending RCW 43.79A.040.

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

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

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

14 (b) In developing alternative purchasing strategies to address  
15 health care access needs, the administrator shall consult with  
16 interested persons including health carriers, health care providers,  
17 and health facilities, and with other appropriate state agencies  
18 including the office of the insurance commissioner and the department  
19 of health's office of community and rural health.

1        (2) The legislature further finds that:

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

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

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

15       (~~(+2)~~) (3) The purpose of this chapter is to provide or make more  
16 readily available necessary basic health care services in an  
17 appropriate setting to working persons and others who lack coverage, at  
18 a cost to these persons that does not create barriers to the  
19 utilization of necessary health care services. To that end, this  
20 chapter establishes a program to be made available to those residents  
21 not eligible for medicare who share in a portion of the cost or who pay  
22 the full cost of receiving basic health care services from a managed  
23 health care system.

24       (~~(+3)~~) (4) It is not the intent of this chapter to provide health  
25 care services for those persons who are presently covered through  
26 private employer-based health plans, nor to replace employer-based  
27 health plans. However, the legislature recognizes that cost-effective  
28 and affordable health plans may not always be available to small  
29 business employers. Further, it is the intent of the legislature to  
30 expand, wherever possible, the availability of private health care  
31 coverage and to discourage the decline of employer-based coverage.

32       (~~(+4)~~) (5)(a) It is the purpose of this chapter to acknowledge the  
33 initial success of this program that has (i) assisted thousands of  
34 families in their search for affordable health care; (ii) demonstrated  
35 that low-income, uninsured families are willing to pay for their own  
36 health care coverage to the extent of their ability to pay; and (iii)  
37 proved that local health care providers are willing to enter into a  
38 public-private partnership as a managed care system.

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

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

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

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

24 As used in this chapter:

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

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

32 (3) "Managed health care system" means any health care  
33 organization, including health care providers, insurers, health care  
34 service contractors, health maintenance organizations, insurance  
35 coverage provided under RCW 41.05.140, or any combination thereof, that  
36 provides directly or by contract basic health care services, as defined  
37 by the administrator and rendered by duly licensed providers, (~~on a~~

1 ~~prepaid capitated basis~~)) to a defined patient population enrolled in  
2 the plan and in the managed health care system.

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

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

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

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

35 (8) "Rate" means the (~~per capita~~) amount, negotiated by the  
36 administrator with and paid to a participating managed health care  
37 system, that is based upon the enrollment of subsidized and  
38 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 43.79A.040 and 1999 c 384 s 8 and 1999 c 182 s 2 are  
8 each reenacted and amended to read as follows:

9 (1) Money in the treasurer's trust fund may be deposited, invested,  
10 and reinvested by the state treasurer in accordance with RCW 43.84.080  
11 in the same manner and to the same extent as if the money were in the  
12 state treasury.

13 (2) All income received from investment of the treasurer's trust  
14 fund shall be set aside in an account in the treasury trust fund to be  
15 known as the investment income account.

16 (3) The investment income account may be utilized for the payment  
17 of purchased banking services on behalf of treasurer's trust funds  
18 including, but not limited to, depository, safekeeping, and  
19 disbursement functions for the state treasurer or affected state  
20 agencies. The investment income account is subject in all respects to  
21 chapter 43.88 RCW, but no appropriation is required for payments to  
22 financial institutions. Payments shall occur prior to distribution of  
23 earnings set forth in subsection (4) of this section.

24 (4)(a) Monthly, the state treasurer shall distribute the earnings  
25 credited to the investment income account to the state general fund  
26 except under (b) and (c) of this subsection.

27 (b) The following accounts and funds shall receive their  
28 proportionate share of earnings based upon each account's or fund's  
29 average daily balance for the period: The Washington advanced college  
30 tuition payment program account, the agricultural local fund, the  
31 American Indian scholarship endowment fund, the basic health plan self-  
32 insurance reserve account, the Washington international exchange  
33 scholarship endowment fund, the developmental disabilities endowment  
34 trust fund, the energy account, the fair fund, the game farm  
35 alternative account, the grain inspection revolving fund, the juvenile  
36 accountability incentive account, the rural rehabilitation account, the  
37 stadium and exhibition center account, the youth athletic facility  
38 grant account, the self-insurance revolving fund, the sulfur dioxide

1 abatement account, and the children's trust fund. However, the  
2 earnings to be distributed shall first be reduced by the allocation to  
3 the state treasurer's service fund pursuant to RCW 43.08.190.

4 (c) The following accounts and funds shall receive eighty percent  
5 of their proportionate share of earnings based upon each account's or  
6 fund's average daily balance for the period: The advanced right of way  
7 revolving fund, the advanced environmental mitigation revolving  
8 account, the federal narcotics asset forfeitures account, the high  
9 occupancy vehicle account, the local rail service assistance account,  
10 and the miscellaneous transportation programs account.

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

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