

SENATE BILL REPORT

SB 5768

As Reported By Senate Committee On:
Health & Long-Term Care, March 5, 2001

Title: An act relating to health care financing.

Brief Description: Creating the Washington health security trust.

Sponsors: Senators Thibaudeau, Kohl-Welles, Jacobsen, Prentice, Kline, Spanel and Carlson.

Brief History:

Committee Activity: Health & Long-Term Care: 2/28/01, 3/5/01 [DPS-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5768 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Thibaudeau, Chair; Costa, Deccio, Fraser and Winsley.

Staff: Jonathan Seib (786-7427)

Background: Medical care for a majority of Washington residents is paid for through insurance coverage provided via a variety of private carriers to employees and their dependants by employers. Other sources of insurance include the individual market and various programs funded by the state and federal government. Those without insurance coverage may pay the full cost of care out-of-pocket, have services provided as "uncompensated care," or simply go without.

There is concern that current methods of paying for medical care are inadequate, leading to a crisis in health care accessibility, affordability, and choice in Washington State. The number of uninsured are increasing, and those who are insured confront rising costs and access to fewer providers. It is suggested that simplifying health care financing and eliminating administrative waste inherent in multiple insurance plans can create sufficient savings to extend health care coverage to all residents and enhance fairness in the system.

Summary of Substitute Bill: It is stated that there is a crisis in health care accessibility, affordability and choice in Washington State. The people declare their intent to create a framework and process to involve the citizens of the state in accomplishing a list of health care related goals enumerated in the bill.

Any Washington resident may purchase either the Basic Health Plan or the state employee health benefit plan for total out-of-pocket costs no greater than 7 percent of that resident's annual income. An employer may choose to purchase the Basic Health Plan or the state employee health benefits plan on behalf of any or all of their employees at a total out-of-pocket cost determined by the state to be no more than 7 percent of each employee's income. The Governor and the state Legislature must increase the efficiency and

effectiveness of state medical care purchasing to implement the act without reducing the salaries or benefits of state employees. The Legislature must increase taxes on tobacco to an amount no greater than total tobacco taxes in British Columbia, Canada to subsidize state residents' health insurance coverage as provided in the act. Revenues generated are not subject to the provisions of Initiatives 601 or 695.

Substitute Bill Compared to Original Bill: The substitute bill retains the intent section from the original bill. The remainder of the original bill, which established and set forth operating procedures for a state health security trust, is eliminated. It is replaced by the language regarding citizen and employer access to the Basic Health Plan or public employee benefit plans.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill addresses a critical issue on a comprehensive and statewide basis. The health care needs of the state cannot be met through the private market. A single payer system would save the state a tremendous amount of money. It's a disgrace for the richest nation on earth to not provide universal coverage. Our current health care system does not make sense. The health security trust proposed by this bill is a plan to make all residents of every social and economic status eligible for health care with physicians of their own choosing.

Testimony Against: The health care choices available to consumers in the current system would be eliminated by this bill. It would not provide affordable, accessible health care coverage. The burden of the additional payroll tax called for in the bill would be too much for some businesses, and would jeopardize their ability to provide jobs. The bill will end up costing citizens, rather than saving them money. It would detrimentally affect the health care benefits of the retired military, and others who currently have coverage with which they are satisfied. It would lead to the loss of thousands of jobs.

Testified: Carl Nelson, WSMA; PRO: Stuart Bramhall, Mary Margaret Pruitt, Health Care 2000; Jim Llewelyn, Bainbridge City Council; Roger Lauen, Ed Patton, Bruce Reeves, Senior Citizens Lobby; Eleanor Owen; Kathy Parise; CON: Mel Sorenson, EHC; Gary Smith, IBA; Carolyn Logue, NFIB; Denny Eliason, WRA; Glen Hudson, AWB; Paul Guppy, Washington Institute Foundation; Michael Syvertsen, Retired Officers Association.