
SUBSTITUTE HOUSE BILL 2542

State of Washington

57th Legislature

2002 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Gombosky, Cody, Wood, Edwards, Kenney, Veloria and Schual-Berke)

Read first time 02/07/2002. Referred to Committee on .

1 AN ACT Relating to subsidizing premiums for employer-sponsored
2 insurance; amending RCW 70.47.020; and adding a new section to chapter
3 70.47 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 70.47 RCW
6 to read as follows:

7 (1) In coordination with the department of social and health
8 services medical assistance administration and interested entities, the
9 administrator will identify and design pilot projects to improve health
10 care coverage access, including review of proposals by entities that
11 have received funding through the federal health resources and services
12 administration community access program. The administrator may approve
13 pilot projects that are found to be feasible. Pilot projects may
14 include applying basic health plan or medical assistance subsidy
15 payments toward employer-sponsored health insurance or other health
16 insurance premium shares, rather than as direct payments to managed
17 health care systems participating in the basic health plan or medical
18 assistance program.

1 (2) The schedule of benefits for persons enrolled through an
2 approved pilot project may differ from the benefits offered through the
3 basic health plan, but must be reasonably comparable in value to those
4 benefits.

5 (3) By November 1, 2002, the administrator and the secretary of the
6 department of social and health services shall jointly report to the
7 health care committees of the senate and the house of representatives
8 on their progress in developing the pilot projects authorized in this
9 act, the anticipated implementation date of any pilot project under
10 development, and the resources needed to implement the pilot project.

11 **Sec. 2.** RCW 70.47.020 and 2000 c 79 s 43 are each amended to read
12 as follows:

13 As used in this chapter:

14 (1) "Washington basic health plan" or "plan" means the system of
15 enrollment and payment for basic health care services, administered by
16 the plan administrator through participating managed health care
17 systems, created by this chapter.

18 (2) "Administrator" means the Washington basic health plan
19 administrator, who also holds the position of administrator of the
20 Washington state health care authority.

21 (3) "Managed health care system" means: (a) Any health care
22 organization, including health care providers, insurers, health care
23 service contractors, health maintenance organizations, or any
24 combination thereof, that provides directly or by contract basic health
25 care services, as defined by the administrator and rendered by duly
26 licensed providers, to a defined patient population enrolled in the
27 plan and in the managed health care system; or (b) a self-funded or
28 self-insured method of providing insurance coverage to subsidized
29 enrollees provided under RCW 41.05.140 and subject to the limitations
30 under RCW 70.47.100(7).

31 (4) "Subsidized enrollee" means an individual, or an individual
32 plus the individual's spouse or dependent children: (a) Who is not
33 eligible for medicare; (b) who is not confined or residing in a
34 government-operated institution, unless he or she meets eligibility
35 criteria adopted by the administrator; (c) who resides in an area of
36 the state served by a managed health care system participating in the
37 plan; (d) whose gross family income at the time of enrollment does not
38 exceed two hundred percent of the federal poverty level as adjusted for

1 family size and determined annually by the federal department of health
2 and human services; and (e) who chooses to obtain basic health care
3 coverage from a particular managed health care system in return for
4 periodic payments to the plan. To the extent that state funds are
5 specifically appropriated for this purpose, with a corresponding
6 federal match, "subsidized enrollee" also means an individual, or an
7 individual's spouse or dependent children, who meets the requirements
8 in (a) through (c) and (e) of this subsection and whose gross family
9 income at the time of enrollment is more than two hundred percent, but
10 less than two hundred fifty-one percent, of the federal poverty level
11 as adjusted for family size and determined annually by the federal
12 department of health and human services. Upon approval of a pilot
13 project under section 1 of this act, "subsidized enrollee" also means
14 an individual, or an individual's spouse or dependent children, who
15 meets the requirements of (a), (b), and (d) of this subsection, who
16 resides within the state of Washington, and who qualifies for a premium
17 subsidy under a pilot project approved under section 1 of this act.

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

28 (6) "Subsidy" means the difference between the amount of periodic
29 payment the administrator makes to a managed health care system or
30 through payments developed as part of a pilot project approved under
31 section 1 of this act on behalf of a subsidized enrollee plus the
32 administrative cost to the plan of providing the plan to that
33 subsidized enrollee, and the amount determined to be the subsidized
34 enrollee's responsibility under RCW 70.47.060(2).

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

1 (8) "Rate" means the amount, negotiated by the administrator with
2 and paid to a participating managed health care system, that is based
3 upon the enrollment of subsidized and nonsubsidized enrollees in the
4 plan and in that system.

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