
HOUSE BILL 2542

State of Washington

57th Legislature

2002 Regular Session

By Representatives Gombosky, Cody, Wood, Edwards, Kenney, Veloria and Schual-Berke

Read first time 01/21/2002. Referred to Committee on Health Care.

1 AN ACT Relating to subsidizing premiums for employer-sponsored
2 insurance; amending RCW 70.47.020; adding a new section to chapter
3 70.47 RCW; and adding a new section to chapter 74.09 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) The legislature finds that many low-wage workers and their
8 families are eligible for, or receive health insurance coverage
9 through, the basic health plan and medical assistance programs. Some
10 of these low-wage workers may work for employers who do not offer
11 health insurance or may have access to employer-sponsored health
12 insurance for themselves and their dependents, but that insurance may
13 be unaffordable for the worker. The legislature finds that pilot
14 projects should be established to determine whether it is appropriate
15 to use basic health plan and medical assistance funds to subsidize
16 premium shares for employer-sponsored health insurance when such a
17 subsidy would be cost-effective for the state.

18 (2) Upon receipt of a reasonable request from an entity that has
19 received funding through the federal health resources and services

1 administration community access program to develop a regional system
2 for increased access to health services and health insurance coverage,
3 the administrator shall develop mechanisms to apply subsidy payments
4 toward premium shares for employer-sponsored health insurance for the
5 employees and their dependents, rather than as direct payments to
6 managed health care systems participating in the basic health plan.
7 The payment mechanisms must be developed in consultation with the
8 requesting entity, the department of social and health services, and
9 other interested entities, and must meet the following criteria:

10 (a) Subsidy payments may be made only on behalf of individuals who
11 meet the basic health plan eligibility criteria in effect at the time
12 the pilot project is underway;

13 (b) Subsidy payments toward premium shares for employer-sponsored
14 health insurance must be cost-effective. The payment amount must not
15 exceed the subsidy payment amount that would be made to the benchmark
16 managed health care system participating in the basic health plan in
17 the counties covered by the pilot project if that employee had enrolled
18 directly in the basic health plan; and

19 (c) A subsidy payment toward premium shares of employer-sponsored
20 health insurance can be made only upon a determination by the
21 administrator that the benefits package of the employer-sponsored
22 health insurance is reasonably comparable to or better than the basic
23 health plan benefits package.

24 (3) By November 1, 2002, the administrator and the secretary of the
25 department of social and health services must jointly report to the
26 health care committees of the senate and the house of representatives
27 on their progress in developing the payment mechanisms authorized in
28 this act.

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

31 As used in this chapter:

32 (1) "Washington basic health plan" or "plan" means the system of
33 enrollment and payment for basic health care services, administered by
34 the plan administrator through participating managed health care
35 systems, created by this chapter.

36 (2) "Administrator" means the Washington basic health plan
37 administrator, who also holds the position of administrator of the
38 Washington state health care authority.

1 (3) "Managed health care system" means: (a) Any health care
2 organization, including health care providers, insurers, health care
3 service contractors, health maintenance organizations, or any
4 combination thereof, that provides directly or by contract basic health
5 care services, as defined by the administrator and rendered by duly
6 licensed providers, to a defined patient population enrolled in the
7 plan and in the managed health care system; or (b) a self-funded or
8 self-insured method of providing insurance coverage to subsidized
9 enrollees provided under RCW 41.05.140 and subject to the limitations
10 under RCW 70.47.100(7).

11 (4) "Subsidized enrollee" means an individual, or an individual
12 plus the individual's spouse or dependent children: (a) Who is not
13 eligible for medicare; (b) who is not confined or residing in a
14 government-operated institution, unless he or she meets eligibility
15 criteria adopted by the administrator; (c) who resides in an area of
16 the state served by a managed health care system participating in the
17 plan; (d) whose gross family income at the time of enrollment does not
18 exceed two hundred percent of the federal poverty level as adjusted for
19 family size and determined annually by the federal department of health
20 and human services; and (e) who chooses to obtain basic health care
21 coverage from a particular managed health care system in return for
22 periodic payments to the plan. To the extent that state funds are
23 specifically appropriated for this purpose, with a corresponding
24 federal match, "subsidized enrollee" also means an individual, or an
25 individual's spouse or dependent children, who meets the requirements
26 in (a) through (c) and (e) of this subsection and whose gross family
27 income at the time of enrollment is more than two hundred percent, but
28 less than two hundred fifty-one percent, of the federal poverty level
29 as adjusted for family size and determined annually by the federal
30 department of health and human services.

31 (5) "Nonsubsidized 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) who chooses to obtain basic health care coverage from a
38 particular managed health care system; and (e) who pays or on whose

1 behalf is paid the full costs for participation in the plan, without
2 any subsidy from the plan.

3 (6) "Subsidy" means the difference between the amount of periodic
4 payment the administrator makes to a managed health care system or an
5 entity authorized in section 1 of this act on behalf of a subsidized
6 enrollee plus the administrative cost to the plan of providing the plan
7 to that subsidized enrollee, and the amount determined to be the
8 subsidized enrollee's responsibility under RCW 70.47.060(2).

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

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

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 74.09 RCW
18 to read as follows:

19 (1) The legislature finds that many low-wage workers and their
20 families are eligible for, or receive health insurance coverage
21 through, the basic health plan and medical assistance programs. Some
22 of these low-wage workers may work for employers who do not offer
23 health insurance or may have access to employer-sponsored health
24 insurance for themselves and their dependents, but that insurance may
25 be unaffordable for the worker. The legislature finds that pilot
26 projects should be established to determine whether it is appropriate
27 to use basic health plan and medical assistance funds to subsidize
28 premium shares for employer-sponsored health insurance when such a
29 subsidy would be cost-effective for the state.

30 (2) Upon receipt of a request from an entity that has received
31 funding from the federal health resources and services administration
32 community access program to develop a regional system for increased
33 access to health services and health insurance coverage, the secretary
34 shall use his or her existing authority under Title XIX of the federal
35 social security act to pay premium shares for employer-sponsored health
36 insurance for the employees and their dependents. Payment mechanisms
37 must be developed in consultation with the requesting entity, the

1 health care authority, and other interested entities, and must meet the
2 following criteria:

3 (a) Subsidy payments may be made only on behalf of individuals who
4 meet medical assistance eligibility criteria in effect at the time the
5 pilot project is underway; and

6 (b) Payments toward premium shares for employer-sponsored health
7 insurance must be cost-effective, as defined in federal law.

--- END ---