
SENATE BILL 6696

State of Washington 57th Legislature

2002 Regular Session

By Senator West

Read first time 01/26/2002. Referred to Committee on Health & Long-Term 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; and

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.

19 (3) By November 1, 2002, the administrator and the secretary of the
20 department of social and health services must jointly report to the
21 health care committees of the senate and the house of representatives
22 on their progress in developing the payment mechanisms authorized in
23 this act.

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

26 As used in this chapter:

27 (1) "Washington basic health plan" or "plan" means the system of
28 enrollment and payment for basic health care services, administered by
29 the plan administrator through participating managed health care
30 systems, created by this chapter.

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

34 (3) "Managed health care system" means: (a) Any health care
35 organization, including health care providers, insurers, health care
36 service contractors, health maintenance organizations, or any
37 combination thereof, that provides directly or by contract basic health
38 care services, as defined by the administrator and rendered by duly

1 licensed providers, to a defined patient population enrolled in the
2 plan and in the managed health care system; or (b) a self-funded or
3 self-insured method of providing insurance coverage to subsidized
4 enrollees provided under RCW 41.05.140 and subject to the limitations
5 under RCW 70.47.100(7).

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

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

36 (6) "Subsidy" means the difference between the amount of periodic
37 payment the administrator makes to a managed health care system or an
38 entity authorized in section 1 of this act on behalf of a subsidized
39 enrollee plus the administrative cost to the plan of providing the plan

1 to that subsidized enrollee, and the amount determined to be the
2 subsidized enrollee's responsibility under RCW 70.47.060(2).

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

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

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

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

24 (2) Upon receipt of a request from an entity that has received
25 funding from the federal health resources and services administration
26 community access program to develop a regional system for increased
27 access to health services and health insurance coverage, the secretary
28 shall use his or her existing authority under Title XIX of the federal
29 social security act to pay premium shares for employer-sponsored health
30 insurance for the employees and their dependents. Payment mechanisms
31 must be developed in consultation with the requesting entity, the
32 health care authority, and other interested entities, and must meet the
33 following criteria:

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

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

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