

# SENATE BILL REPORT

## SB 5313

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As of February 19, 2003

**Title:** An act relating to the Washington health care recovery act.

**Brief Description:** Enacting the Washington health care recovery act.

**Sponsors:** Senators Kastama, Kohl-Welles, Thibaudeau, Rasmussen and Poulsen.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/19/03.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Jonathan Seib (786-7427)

**Background:** Concern exists that our state's current health care system is becoming too costly for either the public or the private sector to sustain. It is suggested that this is due, in part, to its failure to promote responsible behavior and wise consumer choices, and to insurance coverage and treatment decisions that are insensitive to price and based on factors other than solid evidence of efficiency and cost effectiveness. In particular, mandate laws are cited as requiring certain types of coverage that may or may not be evidence-based, resulting in higher costs but not necessarily better health.

The Basic Health Plan (BHP) provides state-subsidized insurance coverage to approximately 132,000 enrollees statewide. Any person not eligible for Medicare, with a gross family income of up to 200 percent of the federal poverty level, is eligible for the BHP. Design and administration of the plan is the responsibility of the state Health Care Authority (HCA). Current law directs the HCA to include coverage in the plan for "services that may be necessary for basic health care," including physician and hospital services, and prescription drugs.

Prior to 2000, carriers in the individual insurance market were required to offer a plan with benefits identical to those in the BHP. In 2000, the Legislature removed this requirement as to the individual market, although it still remains for the small group market.

**Summary of Bill:** Numerous legislative findings are made regarding the health care crisis in this state and its causes, including the lack of effective public policy governing the purpose of the health care system. The Legislature intends that health care improvement efforts be consistent with a number of principles articulated in the bill, including individual responsibility and the access of each resident to a minimal set of health services.

The BHP is to use evidence-based methods in designing a benefit package. The BHP covers preventive services with no additional enrollee costs; primary care with a limited co-payment or coinsurance; and catastrophic care upon the satisfaction of a \$3,000 deductible. The

benefits included should be expected to result in average total costs in the BHP of no more than \$150 per enrollee per month.

The HCA may work with local organizations to develop alternative basic health plans that meet the listed benefit design requirements, but otherwise address the unique circumstances presented by the local areas for which they are developed. Payment from an enrollee's employer in lieu of any portion of the state subsidy may be accepted for an enrollee in an alternative plan.

By January 1, 2005, health carriers in the individual market must offer a plan with benefits identical to those in the BHP. Such a plan is not required to include any benefits other than those in the BHP.

The Governor, in consultation with the Legislature, is directed to carry out a number of studies regarding the health care system in Washington State, with a focus on improving regulatory, administrative and clinical efficiency and cost-effectiveness. This includes a review of current benefit mandates.

The HCA is to implement a process to assure that decisions regarding the health care services and products for which the state pays are evidence-based, and establish a program to educate consumers on improving their health status and making appropriate medical treatment decisions.

The authorization of additional mandated benefits is prohibited pending the completion of the study regarding current mandates.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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