

# SENATE BILL REPORT

## SB 5998

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As of March 6, 2003

**Title:** An act relating to demonstration projects that modify the basic health plan.

**Brief Description:** Soliciting demonstration projects that modify the basic health plan.

**Sponsors:** Senators West, Brown, Franklin, Kohl-Welles, McAuliffe and Winsley.

**Brief History:**

**Committee Activity:** Ways & Means: 3/6/03.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Tim Yowell (786-7435)

**Background:** The Basic Health Plan (BHP) provides state-subsidized health insurance for persons with incomes below 200 percent of the federal poverty level. The Health Care Authority contracts with managed care plans to deliver a standard set of benefits to all enrollees. There is a single set of eligibility standards, covered services, and cost-sharing requirements applicable to all contracting plans and enrollees statewide. Employers may pay part or all of the premium for their employees to enroll in the BHP, but current law does not provide for the Health Care Authority to directly subsidize an employer plan.

**Summary of Bill:** The Health Care Authority must recruit local organizations to operate demonstration projects under which the standard BHP eligibility standards, benefit design, and/or cost-sharing arrangements are modified. The demonstrations must be reasonably expected to provide comparable benefits, to a greater number of people, at the same cost to the state, as the standard BHP program.

In selecting applicants, the Health Care Authority must consider their capacity for financial participation, innovation, and replication in other areas.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This would enable the state to experiment with innovative ways to address the major health care challenges it is facing. Just as states have waiver mechanisms to test and innovate within the federal Medicaid program, communities need the flexibility to experiment and innovate within state programs.

**Testimony Against:** Scarce Basic Health Plan resources shouldn't be used to conduct pilot projects at a time when the program is under such severe financial pressures. It is unclear

who would bear the risk under the proposed arrangement. The solution is small group insurance market reform, not community pilot projects.

**Testified:** PRO: Dan Baumgarten, Health Improvement Partnership. CON: Ken Bertrand, Group Health Cooperative; Nancee Wildemuth, Regence/Pacificare; Rick Wickman, Premera; Mark Johnson, National Federation of Independent Business; Mel Sorenson, Employer Healthcare Coalition.