

FINAL BILL REPORT

SB 6057

C 259 L 03
Synopsis as Enacted

Brief Description: Revising basic health care plan enrollment provisions.

Sponsors: Senators Parlette and Rossi; by request of Office of Financial Management.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Initiative Measure 773, enacted in November 2001, raised the state cigarette tax by 60 cents, and the state tax on tobacco products by 54.5 percent of the wholesale price. This generates approximately \$150 million of revenue per year. The initiative provides that approximately \$23 million per year of this new revenue is to be transferred to other state dedicated accounts which lost revenue due to the effects of the tax increase on tobacco consumption, and that approximately \$12 million per year is to be used for tobacco use prevention activities.

Initiative 773 directs that all of the remaining revenue may only be used to pay for Basic Health Plan enrollments, provided 125,000 such enrollments have first been subsidized from other state funding sources. These remaining revenues average approximately \$115 million per year.

The portion of the Health Services Account not funded by Initiative 773 would be an estimated \$560 million in deficit by June 2005 if it were to subsidize 125,000 Basic Health Plan enrollments through the end of the 2003-05 biennium, while continuing to provide Medicaid coverage for low-income children, and the current level of support for public health programs.

Summary: The net new revenues remaining after the various fund transfers required by Initiative 773 may still only be used for Basic Health Plan enrollments. However, the requirement that 125,000 such enrollments must first be funded from other state sources is deleted.

Votes on Final Passage:

Senate	35	14
House	92	5

Effective: May 12, 2003