
SUBSTITUTE HOUSE BILL 2019

State of Washington 58th Legislature 2003 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Cody, Morrell, Edwards, Santos and Dickerson)

READ FIRST TIME 03/04/03.

1 AN ACT Relating to nonsubsidized basic health plan coverage;
2 amending RCW 70.47.020 and 70.47.060; and providing an effective date.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 70.47.020 and 2000 c 79 s 43 are each amended to read
5 as follows:

6 As used in this chapter:

7 (1) "Washington basic health plan" or "plan" means the system of
8 enrollment and payment for basic health care services, administered by
9 the plan administrator through participating managed health care
10 systems, created by this chapter.

11 (2) "Administrator" means the Washington basic health plan
12 administrator, who also holds the position of administrator of the
13 Washington state health care authority.

14 (3) "Managed health care system" means: (a) Any health care
15 organization, including health care providers, insurers, health care
16 service contractors, health maintenance organizations, or any
17 combination thereof, that provides directly or by contract basic health
18 care services, as defined by the administrator and rendered by duly
19 licensed providers, to a defined patient population enrolled in the

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

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

25 (5) "Nonsubsidized enrollee" means an individual, or an individual
26 plus the individual's spouse or dependent children: (a) Who is not
27 eligible for medicare; (b) who is not confined or residing in a
28 government-operated institution, unless he or she meets eligibility
29 criteria adopted by the administrator; (c) who is accepted for
30 enrollment based upon the results of a standard health questionnaire
31 administered under RCW 48.43.018; (d) who resides in an area of the
32 state served by a managed health care system participating in the plan;
33 ~~((d))~~ (e) who chooses to obtain basic health care coverage from a
34 particular managed health care system; and ~~((e))~~ (f) who pays or on
35 whose behalf is paid the full costs for participation in the plan,
36 without any subsidy from the plan.

37 (6) "Subsidy" means the difference between the amount of periodic
38 payment the administrator makes to a managed health care system on

1 behalf of a subsidized enrollee plus the administrative cost to the
2 plan of providing the plan to that subsidized enrollee, and the amount
3 determined to be the subsidized enrollee's responsibility under RCW
4 70.47.060(2).

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

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

13 **Sec. 2.** RCW 70.47.060 and 2001 c 196 s 13 are each amended to read
14 as follows:

15 The administrator has the following powers and duties:

16 (1) To design and from time to time revise a schedule of covered
17 basic health care services, including physician services, inpatient and
18 outpatient hospital services, prescription drugs and medications, and
19 other services that may be necessary for basic health care. In
20 addition, the administrator may, to the extent that funds are
21 available, offer as basic health plan services chemical dependency
22 services, mental health services and organ transplant services;
23 however, no one service or any combination of these three services
24 shall increase the actuarial value of the basic health plan benefits by
25 more than five percent excluding inflation, as determined by the office
26 of financial management. All subsidized and nonsubsidized enrollees in
27 any participating managed health care system under the Washington basic
28 health plan shall be entitled to receive covered basic health care
29 services in return for premium payments to the plan. The schedule of
30 services shall emphasize proven preventive and primary health care and
31 shall include all services necessary for prenatal, postnatal, and well-
32 child care. However, with respect to coverage for subsidized enrollees
33 who are eligible to receive prenatal and postnatal services through the
34 medical assistance program under chapter 74.09 RCW, the administrator
35 shall not contract for such services except to the extent that such
36 services are necessary over not more than a one-month period in order
37 to maintain continuity of care after diagnosis of pregnancy by the

1 managed care provider. The schedule of services shall also include a
2 separate schedule of basic health care services for children, eighteen
3 years of age and younger, for those subsidized or nonsubsidized
4 enrollees who choose to secure basic coverage through the plan only for
5 their dependent children. In designing and revising the schedule of
6 services, the administrator shall consider the guidelines for assessing
7 health services under the mandated benefits act of 1984, RCW 48.47.030,
8 and such other factors as the administrator deems appropriate.

9 (2)(a) To design and implement a structure of periodic premiums due
10 the administrator from subsidized enrollees that is based upon gross
11 family income, giving appropriate consideration to family size and the
12 ages of all family members. The enrollment of children shall not
13 require the enrollment of their parent or parents who are eligible for
14 the plan. The structure of periodic premiums shall be applied to
15 subsidized enrollees entering the plan as individuals pursuant to
16 subsection (9) of this section and to the share of the cost of the plan
17 due from subsidized enrollees entering the plan as employees pursuant
18 to subsection (~~((10))~~) (11) of this section.

19 (b) To determine the periodic premiums due the administrator from
20 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
21 shall be in an amount equal to the cost charged by the managed health
22 care system provider to the state for the plan plus the administrative
23 cost of providing the plan to those enrollees and the premium tax under
24 RCW 48.14.0201.

25 (c) An employer or other financial sponsor may, with the prior
26 approval of the administrator, pay the premium, rate, or any other
27 amount on behalf of a subsidized or nonsubsidized enrollee, by
28 arrangement with the enrollee and through a mechanism acceptable to the
29 administrator.

30 (d) To develop, as an offering by every health carrier providing
31 coverage identical to the basic health plan, as configured on January
32 1, 2001, a basic health plan model plan with uniformity in enrollee
33 cost-sharing requirements.

34 (3) To design and implement a structure of enrollee cost-sharing
35 due a managed health care system from subsidized and nonsubsidized
36 enrollees. The structure shall discourage inappropriate enrollee
37 utilization of health care services, and may utilize copayments,

1 deductibles, and other cost-sharing mechanisms, but shall not be so
2 costly to enrollees as to constitute a barrier to appropriate
3 utilization of necessary health care services.

4 (4) To limit enrollment of persons who qualify for subsidies so as
5 to prevent an overexpenditure of appropriations for such purposes.
6 Whenever the administrator finds that there is danger of such an
7 overexpenditure, the administrator shall close enrollment until the
8 administrator finds the danger no longer exists.

9 (5) To limit the payment of subsidies to subsidized enrollees, as
10 defined in RCW 70.47.020. The level of subsidy provided to persons who
11 qualify may be based on the lowest cost plans, as defined by the
12 administrator.

13 (6) To adopt a schedule for the orderly development of the delivery
14 of services and availability of the plan to residents of the state,
15 subject to the limitations contained in RCW 70.47.080 or any act
16 appropriating funds for the plan.

17 (7) To solicit and accept applications from managed health care
18 systems, as defined in this chapter, for inclusion as eligible basic
19 health care providers under the plan for either subsidized enrollees,
20 or nonsubsidized enrollees, or both. The administrator shall endeavor
21 to assure that covered basic health care services are available to any
22 enrollee of the plan from among a selection of two or more
23 participating managed health care systems. In adopting any rules or
24 procedures applicable to managed health care systems and in its
25 dealings with such systems, the administrator shall consider and make
26 suitable allowance for the need for health care services and the
27 differences in local availability of health care resources, along with
28 other resources, within and among the several areas of the state.
29 Contracts with participating managed health care systems shall ensure
30 that basic health plan enrollees who become eligible for medical
31 assistance may, at their option, continue to receive services from
32 their existing providers within the managed health care system if such
33 providers have entered into provider agreements with the department of
34 social and health services.

35 (8) To receive periodic premiums from or on behalf of subsidized
36 and nonsubsidized enrollees, deposit them in the basic health plan
37 operating account, keep records of enrollee status, and authorize

1 periodic payments to managed health care systems on the basis of the
2 number of enrollees participating in the respective managed health care
3 systems.

4 (9) To accept applications from individuals residing in areas
5 served by the plan, on behalf of themselves and their spouses and
6 dependent children, for enrollment in the Washington basic health plan
7 as subsidized or nonsubsidized enrollees, and to establish appropriate
8 minimum-enrollment periods for enrollees as may be necessary(~~(, and)~~).
9 Applicants for nonsubsidized coverage must complete the standard health
10 questionnaire to the same extent that applicants for individual health
11 benefit plans are required to do so by RCW 48.43.018. The
12 administrator may decide not to accept an application for nonsubsidized
13 enrollment if, based upon the results of the standard health
14 questionnaire, the person qualifies for coverage under the Washington
15 state health insurance pool.

16 (10) To determine, upon application and on a reasonable schedule
17 defined by the authority, or at the request of any enrollee,
18 eligibility due to current gross family income for sliding scale
19 premiums. Funds received by a family as part of participation in the
20 adoption support program authorized under RCW 26.33.320 and 74.13.100
21 through 74.13.145 shall not be counted toward a family's current gross
22 family income for the purposes of this chapter. When an enrollee fails
23 to report income or income changes accurately, the administrator shall
24 have the authority either to bill the enrollee for the amounts overpaid
25 by the state or to impose civil penalties of up to two hundred percent
26 of the amount of subsidy overpaid due to the enrollee incorrectly
27 reporting income. The administrator shall adopt rules to define the
28 appropriate application of these sanctions and the processes to
29 implement the sanctions provided in this subsection, within available
30 resources. No subsidy may be paid with respect to any enrollee whose
31 current gross family income exceeds twice the federal poverty level or,
32 subject to RCW 70.47.110, who is a recipient of medical assistance or
33 medical care services under chapter 74.09 RCW. If a number of
34 enrollees drop their enrollment for no apparent good cause, the
35 administrator may establish appropriate rules or requirements that are
36 applicable to such individuals before they will be allowed to reenroll
37 in the plan.

1 ~~((10))~~ (11) To accept applications from business owners on behalf
2 of themselves and their employees, spouses, and dependent children, as
3 subsidized or nonsubsidized enrollees, who reside in an area served by
4 the plan. The administrator may require all or the substantial
5 majority of the eligible employees of such businesses to enroll in the
6 plan and establish those procedures necessary to facilitate the orderly
7 enrollment of groups in the plan and into a managed health care system.
8 The administrator may require that a business owner pay at least an
9 amount equal to what the employee pays after the state pays its portion
10 of the subsidized premium cost of the plan on behalf of each employee
11 enrolled in the plan. Enrollment is limited to those not eligible for
12 medicare who wish to enroll in the plan and choose to obtain the basic
13 health care coverage and services from a managed care system
14 participating in the plan. The administrator shall adjust the amount
15 determined to be due on behalf of or from all such enrollees whenever
16 the amount negotiated by the administrator with the participating
17 managed health care system or systems is modified or the administrative
18 cost of providing the plan to such enrollees changes.

19 ~~((11))~~ (12) To determine the rate to be paid to each
20 participating managed health care system in return for the provision of
21 covered basic health care services to enrollees in the system.
22 Although the schedule of covered basic health care services will be the
23 same or actuarially equivalent for similar enrollees, the rates
24 negotiated with participating managed health care systems may vary
25 among the systems. In negotiating rates with participating systems,
26 the administrator shall consider the characteristics of the populations
27 served by the respective systems, economic circumstances of the local
28 area, the need to conserve the resources of the basic health plan trust
29 account, and other factors the administrator finds relevant.

30 ~~((12))~~ (13) To monitor the provision of covered services to
31 enrollees by participating managed health care systems in order to
32 assure enrollee access to good quality basic health care, to require
33 periodic data reports concerning the utilization of health care
34 services rendered to enrollees in order to provide adequate information
35 for evaluation, and to inspect the books and records of participating
36 managed health care systems to assure compliance with the purposes of
37 this chapter. In requiring reports from participating managed health
38 care systems, including data on services rendered enrollees, the

1 administrator shall endeavor to minimize costs, both to the managed
2 health care systems and to the plan. The administrator shall
3 coordinate any such reporting requirements with other state agencies,
4 such as the insurance commissioner and the department of health, to
5 minimize duplication of effort.

6 ~~((+13+))~~ (14) To evaluate the effects this chapter has on private
7 employer-based health care coverage and to take appropriate measures
8 consistent with state and federal statutes that will discourage the
9 reduction of such coverage in the state.

10 ~~((+14+))~~ (15) To develop a program of proven preventive health
11 measures and to integrate it into the plan wherever possible and
12 consistent with this chapter.

13 ~~((+15+))~~ (16) To provide, consistent with available funding,
14 assistance for rural residents, underserved populations, and persons of
15 color.

16 ~~((+16+))~~ (17) In consultation with appropriate state and local
17 government agencies, to establish criteria defining eligibility for
18 persons confined or residing in government-operated institutions.

19 ~~((+17+))~~ (18) To administer the premium discounts provided under
20 RCW 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the
21 Washington state health insurance pool.

22 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2004.

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