
SENATE BILL 5704

State of Washington

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By Senators Keiser, Fairley, Thibaudeau and Kohl-Welles

Read first time 02/06/2003. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to premiums paid by businesses for the basic health
2 plan; amending RCW 70.47.060; prescribing penalties; and providing an
3 effective date.

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

5 **Sec. 1.** RCW 70.47.060 and 2001 c 196 s 13 are each amended to read
6 as follows:

7 The administrator has the following powers and duties:

8 (1) To design and from time to time revise a schedule of covered
9 basic health care services, including physician services, inpatient and
10 outpatient hospital services, prescription drugs and medications, and
11 other services that may be necessary for basic health care. In
12 addition, the administrator may, to the extent that funds are
13 available, offer as basic health plan services chemical dependency
14 services, mental health services and organ transplant services;
15 however, no one service or any combination of these three services
16 shall increase the actuarial value of the basic health plan benefits by
17 more than five percent excluding inflation, as determined by the office
18 of financial management. All subsidized and nonsubsidized enrollees in
19 any participating managed health care system under the Washington basic

1 health plan shall be entitled to receive covered basic health care
2 services in return for premium payments to the plan. The schedule of
3 services shall emphasize proven preventive and primary health care and
4 shall include all services necessary for prenatal, postnatal, and well-
5 child care. However, with respect to coverage for subsidized enrollees
6 who are eligible to receive prenatal and postnatal services through the
7 medical assistance program under chapter 74.09 RCW, the administrator
8 shall not contract for such services except to the extent that such
9 services are necessary over not more than a one-month period in order
10 to maintain continuity of care after diagnosis of pregnancy by the
11 managed care provider. The schedule of services shall also include a
12 separate schedule of basic health care services for children, eighteen
13 years of age and younger, for those subsidized or nonsubsidized
14 enrollees who choose to secure basic coverage through the plan only for
15 their dependent children. In designing and revising the schedule of
16 services, the administrator shall consider the guidelines for assessing
17 health services under the mandated benefits act of 1984, RCW 48.47.030,
18 and such other factors as the administrator deems appropriate.

19 (2)(a) To design and implement a structure of periodic premiums due
20 the administrator from subsidized enrollees that is based upon gross
21 family income, giving appropriate consideration to family size and the
22 ages of all family members. The enrollment of children shall not
23 require the enrollment of their parent or parents who are eligible for
24 the plan. The structure of periodic premiums shall be applied to
25 subsidized enrollees entering the plan as individuals pursuant to
26 subsection (9) of this section and to the share of the cost of the plan
27 due from subsidized enrollees entering the plan as employees pursuant
28 to subsection (10) of this section.

29 (b) To determine the periodic premiums due the administrator from
30 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
31 shall be in an amount equal to the cost charged by the managed health
32 care system provider to the state for the plan plus the administrative
33 cost of providing the plan to those enrollees and the premium tax under
34 RCW 48.14.0201.

35 (c) An employer or other financial sponsor may, with the prior
36 approval of the administrator, pay the premium, rate, or any other
37 amount on behalf of a subsidized or nonsubsidized enrollee, by

1 arrangement with the enrollee and through a mechanism acceptable to the
2 administrator.

3 (d) To develop, as an offering by every health carrier providing
4 coverage identical to the basic health plan, as configured on January
5 1, 2001, a basic health plan model plan with uniformity in enrollee
6 cost-sharing requirements.

7 (3) To design and implement a structure of enrollee cost-sharing
8 due a managed health care system from subsidized and nonsubsidized
9 enrollees. The structure shall discourage inappropriate enrollee
10 utilization of health care services, and may utilize copayments,
11 deductibles, and other cost-sharing mechanisms, but shall not be so
12 costly to enrollees as to constitute a barrier to appropriate
13 utilization of necessary health care services.

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

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

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

27 (7) To solicit and accept applications from managed health care
28 systems, as defined in this chapter, for inclusion as eligible basic
29 health care providers under the plan for either subsidized enrollees,
30 or nonsubsidized enrollees, or both. The administrator shall endeavor
31 to assure that covered basic health care services are available to any
32 enrollee of the plan from among a selection of two or more
33 participating managed health care systems. In adopting any rules or
34 procedures applicable to managed health care systems and in its
35 dealings with such systems, the administrator shall consider and make
36 suitable allowance for the need for health care services and the
37 differences in local availability of health care resources, along with
38 other resources, within and among the several areas of the state.

1 Contracts with participating managed health care systems shall ensure
2 that basic health plan enrollees who become eligible for medical
3 assistance may, at their option, continue to receive services from
4 their existing providers within the managed health care system if such
5 providers have entered into provider agreements with the department of
6 social and health services.

7 (8) To receive periodic premiums from or on behalf of subsidized
8 and nonsubsidized enrollees, deposit them in the basic health plan
9 operating account, keep records of enrollee status, and authorize
10 periodic payments to managed health care systems on the basis of the
11 number of enrollees participating in the respective managed health care
12 systems.

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

1 (10) To (~~accept applications from business owners on behalf of~~
2 ~~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)) require the
19 employers of all enrollees with wage or salary income to pay an amount
20 equal to the amount of the premium paid by their employees to
21 participate in the plan. The amount billed under this subsection may
22 not, alone or in combination with the premium paid by the enrollee,
23 exceed the amount paid to the managed health care system for that
24 enrollee's coverage. For enrollees with more than one employer, the
25 amount owed will be divided among the enrollee's employers in an
26 equitable manner as established by the administrator by rule. If a
27 business is delinquent in making the payments required by this
28 subsection, the administrator has the authority to impose late payment
29 fees, and civil penalties of up to three hundred percent of the amount
30 of the delinquent payments. The amount billed the employer must be
31 distinct from the enrollee's premium payment, and may be billed for
32 past months. No enrollee may be removed from the plan as a result of
33 an employer's delinquency in making the required payments. All funds
34 collected from employers under this subsection must be deposited in the
35 basic health plan trust account, to be used by the administrator for
36 subsidized basic health plan enrollment. All state funds that would
37 otherwise have been used in lieu of an employer contribution remain~~

1 appropriated to the health care authority for the purposes of
2 subsidized enrollment in the basic health plan. The administrator may
3 adopt rules to achieve the purposes of this subsection.

4 (11) To determine the rate to be paid to each participating managed
5 health care system in return for the provision of covered basic health
6 care services to enrollees in the system. Although the schedule of
7 covered basic health care services will be the same or actuarially
8 equivalent for similar enrollees, the rates negotiated with
9 participating managed health care systems may vary among the systems.
10 In negotiating rates with participating systems, the administrator
11 shall consider the characteristics of the populations served by the
12 respective systems, economic circumstances of the local area, the need
13 to conserve the resources of the basic health plan trust account, and
14 other factors the administrator finds relevant.

15 (12) To monitor the provision of covered services to enrollees by
16 participating managed health care systems in order to assure enrollee
17 access to good quality basic health care, to require periodic data
18 reports concerning the utilization of health care services rendered to
19 enrollees in order to provide adequate information for evaluation, and
20 to inspect the books and records of participating managed health care
21 systems to assure compliance with the purposes of this chapter. In
22 requiring reports from participating managed health care systems,
23 including data on services rendered enrollees, the administrator shall
24 endeavor to minimize costs, both to the managed health care systems and
25 to the plan. The administrator shall coordinate any such reporting
26 requirements with other state agencies, such as the insurance
27 commissioner and the department of health, to minimize duplication of
28 effort.

29 (13) To evaluate the effects this chapter has on private employer-
30 based health care coverage and to take appropriate measures consistent
31 with state and federal statutes that will discourage the reduction of
32 such coverage in the state.

33 (14) To develop a program of proven preventive health measures and
34 to integrate it into the plan wherever possible and consistent with
35 this chapter.

36 (15) To provide, consistent with available funding, assistance for
37 rural residents, underserved populations, and persons of color.

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

4 (17) To administer the premium discounts provided under RCW
5 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the Washington
6 state health insurance pool.

7 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2004.

8 NEW SECTION. **Sec. 3.** If any provision of this act or its
9 application to any person or circumstance is held invalid, the
10 remainder of the act or the application of the provision to other
11 persons or circumstances is not affected.

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