
SENATE BILL 6422

State of Washington

58th Legislature

2004 Regular Session

By Senators Keiser, Thibaudeau, Franklin, McAuliffe, Regala and Kohl-Welles

Read first time 01/20/2004. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to small employers and the basic health plan;
2 amending RCW 70.47.020; and adding a new section to chapter 70.47 RCW.

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 resides in an area of
30 the state served by a managed health care system participating in the
31 plan; (d) who chooses to obtain basic health care coverage from a
32 particular managed health care system; and (e) who pays or on whose
33 behalf is paid the full costs for participation in the plan, without
34 any subsidy from the plan.

35 (6) "Subsidy" means the difference between the amount of periodic
36 payment the administrator makes to a managed health care system on
37 behalf of a subsidized enrollee plus the administrative cost to the

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

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

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

12 (9) "Small employer group enrollee" means an individual, or an
13 individual plus the individual's spouse or dependent children, whose
14 employer: (a) Is a small employer as defined in RCW 48.43.005; (b)
15 applies for group coverage through the plan; and (c) agrees to pay a
16 premium for that coverage which is equal to the cost charged by the
17 managed health care system to the state for the plan plus the
18 administrative cost of providing the plan to the small employer group.

19 NEW SECTION. Sec. 2. A new section is added to chapter 70.47 RCW
20 to read as follows:

21 (1) The administrator shall accept applications for group coverage
22 from small employers who meet the requirements of this section on
23 behalf of themselves and their employees, spouses, and dependent
24 children who reside in an area served by the plan.

25 (2) Small employer group coverage through the basic health plan is
26 not conditioned upon the small employer group enrollees meeting the
27 eligibility requirements for subsidized enrollees provided in RCW
28 70.47.020(4). The administrator shall not require employers to report
29 total household income of their employees as a condition of receiving
30 group coverage through the basic health plan.

31 (3) The administrator may require all or a substantial majority of
32 employees of small employers to enroll in the plan and establish those
33 procedures necessary to facilitate the orderly enrollment of groups in
34 the plan. The administrator may also devise policies and procedures to
35 assist small employer group enrollees who meet the eligibility
36 requirements for subsidized enrollees provided in RCW 70.47.020(4) to
37 seek enrollment as a subsidized enrollee.

1 (4) Small employer group enrollees are eligible for coverage
2 through the basic health plan subsidized enrollee pool, even though
3 employees in the group may not be subsidized enrollees as defined in
4 RCW 70.47.020(4).

5 (5) Premiums due from small employers participating in the plan
6 under the terms of this section shall be in an amount equal to the cost
7 charged by the managed health care system to the state for the plan
8 plus the administrative cost of providing the plan to the small
9 employer less the amount of subsidy paid by the plan for employees
10 enrolled as subsidized enrollees.

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