(DIGEST AS ENACTED)

Declares an intent through establishment of a small employer health insurance partnership program, to remove economic barriers to health insurance coverage for low-wage employees of small employers by building on the private sector health benefit plan system and encouraging employer and employee participation in employer-sponsored health benefit plan coverage.

Provides that, to the extent funding is appropriated in the operating budget for this purpose, the small employer health insurance partnership program is established.

Provides that, beginning July 1, 2007, the administrator shall accept applications from eligible employees, on behalf of themselves, their spouses, and their dependent children, to receive premium subsidies through the small employer health insurance partnership program.

Requires the administrator to report biennially to the relevant policy and fiscal committees of the legislature on the effectiveness and efficiency of the small employer health insurance partnership program, including the services and benefits covered under the purchased health benefit plans, consumer satisfaction, and other program operational issues.

Requires the department of social and health services to submit a request to the federal department of health and human services by October 1, 2006, for a state children's health insurance program section 1115 demonstration waiver. waiver request shall seek authorization from the federal government to draw down Washington state's unspent state children's health insurance program allotment to finance basic health plan coverage, as provided in chapter 70.47 RCW, for parents of children enrolled in medical assistance or the state children's health insurance program. The waiver also shall seek authorization from the federal government to utilize the resulting state savings to finance expanded basic health plan enrollment, or subsidies provided to low-wage workers through the small employer health insurance partnership program established in this act.

Requires the joint legislative audit and review committee to conduct a program and fiscal review of the small employer health insurance partnership program and report their findings and recommendation to the appropriate committees of the legislature no later than December 1, 2009.