SENATE BILL REPORT
SB 5093

As Reported By Senate Committee On:
Health & Long-Term Care, January 29, 2007
Ways & Means, February 12, 2007

Title: An act relating to health care services for children.

Brief Description: Concerning access to health care services for children.

Sponsors: Senators Marr, Keiser, Franklin, Shin, Fairley, Hobbs, Weinstein, Kauffman, Pridemore, Oemig, Eide, Brown, Tom, Kohl-Welles, Regala, McAuliffe, Spanel, Rockefeller and Rasmussen; by request of Governor Gregoire.

Brief History:
Committee Activity: Health & Long-Term Care: 1/22/07, 1/29/07 [DPS-WM, DNP, w/oRec].
Ways & Means: 2/06/07, 2/12/07 [DP2S, DNP, w/oRec].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5093 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Fairley, Kastama, Kohl-Welles and Marr.

Minority Report: Do not pass.

Signed by Senators Pflug, Ranking Minority Member and Parlette.

Minority Report: That it be referred without recommendation.

Signed by Senator Carrell.

Staff: Mich'l Needham (786-7442)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5093 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Fairley, Hatfield, Hobbs, Keiser, Kohl-Welles, Oemig, Rasmussen, Regala, Rockefeller and Tom.

Minority Report: Do not pass.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senators Zarelli, Ranking Minority Member; Brandland, Carrell, Parlette and Schoesler.

Minority Report: That it be referred without recommendation.
Signed by Senator Roach.

Staff: Elaine Deschamps (786-7441)

Background: The Washington State Population Survey estimates 4.4 percent of children in Washington State were uninsured in 2006, down from a recorded high of 11.4 percent of children in 1993. It is estimated that nearly 63 percent of uninsured children are potentially eligible for public coverage by virtue of family income.

The Department of Social and Health Services (DSHS) operates several programs designed to provide coverage for children under age 19. Medicaid provides coverage for children with family incomes at or below 200 percent of the Federal Poverty Level. The State Children's Health Insurance Program (SCHIP) provides coverage for children with family incomes at or below 250 percent of the Federal Poverty Level. The Children's Health Program (CHP) provides coverage for children under age 18, who are not eligible for Medicaid (immigrants), with family incomes at or below 100 percent of the Federal Poverty Level.

Legislation passed in 2005 declared the intent that all children in the state of Washington have health coverage by 2010, by building upon and strengthening the successes of private health insurance coverage and publicly sponsored children's health insurance programs. The 2006 Blue Ribbon Commission on Health Care Costs and Access reiterated interest in covering all children by 2010, and recommended linking insurance coverage with other policies that improve children's health, and specifically improving children's nutrition and physical activity.

Summary of Bill: DSHS is directed to design one seamless health coverage program for children under the age of 19 with family incomes at or below 250 percent of the Federal Poverty Level. DSHS will continue to determine eligibility for Medicaid, the State Children's Health Insurance Program, and the Children's Health Program as necessary to ensure federal financial participation. Children with family incomes above 250 percent of the Federal Poverty Level will have an opportunity to purchase coverage from DSHS without state subsidy. Families with access to employer-sponsored insurance will be directed to enroll in the employer's coverage when it is cost effective for the state. The primary mechanism for purchasing health care will be through managed care contracts.

DSHS will expand outreach and education efforts, in collaboration with the variety of agencies and organizations that have contact with children and their families.

Performance measures will be developed to indicate a child has an effective medical home. Targeted provider rate increases will be phased-in beginning 2008-09 calendar year and linked to quality improvement measures. Provider performance on these measures will be reported annually to the Legislature and the Governor.

Goals established for 2010 include: all school districts are to have school health advisory committees to support healthy food choice and physical activity; only healthy food and beverages should be available with a minimal standard of less then 35 percent fat, less than 10

percent saturated fat, and less than 35 percent or 15 grams of sugar; and all students in grades one through eight should have at least 30 minutes a day of physical education.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Health & Long-Term Care): DSHS must provide affordable health care coverage to all children under the age of 19 whose household income is below 250 percent of the federal poverty level, and after January 1, 2009, to all children under 300 percent of the federal poverty level. Families who enroll in employer-sponsored coverage under this Act will be shown separately on the annual employer report on DSHS and Basic Health Plan enrollment. Beginning January 1, 2009, children with family income above 300 percent of the federal poverty level may buy into DSHS coverage with no subsidy.

DSHS is authorized to contract with community-based organizations and government to support outreach efforts. Performance measures for targeted provider rate increases will be reported to the Legislature in December 2007. Rate increases linked to quality improvement measures will begin in 2009. Goals for healthy food and beverages will apply to schools during school hours or at school sponsored events. A select legislative task force on school health reform is established. Its findings and recommendations will be submitted in October 2008.

EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means): Children's health care coverage from 250 to 300 percent of the federal poverty level is not an entitlement and is subject to appropriation. The Caseload Forecast Council and DSHS will estimate the anticipated caseload and cost of this program. Managed care will be the primary health care delivery system unless fee-for-service purchasing can deliver equally effective and cost-efficient care. Premium amounts for children above 250 percent of the federal poverty level will be determined via legislative consultation and must not pose a barrier to enrollment. DSHS will monitor how many children enter this program from private insurance and report to the legislature by December 2010. Exceptions are made to the minimum healthy food standards in public schools. Weekly rather than daily minimum amounts of physical education are allowed, and the modification to the PE exemption is delayed until the 2011-2012 school year.

Appropriation: None.

Fiscal Note: Available for original bill.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Health & Long-Term Care): PRO: There are 73,000 uninsured children in this state and we can do more. This bill makes progress for children's health. Providing children a medical home and focusing on prevention is critical. Dental caries are a significant medical issue for children that should be included in the prevention focus. Collaboration on outreach is critical for success. There is interest in expanding coordinated school health programs. There is concern with the buy-in program.

OTHER: There is some concern about program sustainability and building on the current foundation at DSHS that already has some access and payment issues.

Persons Testifying (Health & Long-Term Care): PRO: Senator Marr, prime sponsor; Christina Hulet, Governor's Office; Roger Gantz, DSHS; John Neff, Children's Hospital; Chris Olson, American Academy of Pediatrics and Sacred Heart Hospital; David Christianson, Mary Bridge Hospital; Marilyn Ahearn, Mary Bridge Hospital; Len McComb, Washington State Hospital Association; Liz Arjun, Children's Alliance; Sandi Swarthout, Washington Health Foundation; Karen Merrikin, Group Health; Tracy Garland, Washington Dental Services; Sydney Zvara, citizen.

OTHER: Loren Freeman, Freeman Associates.

Staff Summary of Public Testimony (Ways & Means): PRO/OTHER: This bill promotes a wellness-based rather than an emergent-based approach to health care for children. By expanding insurance coverage and improving access to preventative care, the state will save money through less emergency room utilization. The bill also establishes accountability by linking provider rate increases to performance measures. The state can pursue outreach efforts that make the most use of local and federal matching funds.

Persons Testifying (Ways & Means): PRO: Senator Marr, prime sponsor; Liz Arjun, Children's Alliance; Gail Weaver, Yakima Valley Memorial Hospital; Chris Olson, American Academy of Pediatrics; Len McComb, Washington State Hospital Association.

OTHER: Christina Hulet, Governor's Office; Roger Gantz, DSHS; Nick Lutes, Office of Financial Management.