

SENATE BILL REPORT

SB 5756

As of February 20, 2007

Title: An act relating to health care financing.

Brief Description: Creating the Washington health security trust.

Sponsors: Senators Franklin, Jacobsen, Kline, Murray, Kohl-Welles, Fairley, Spanel and Regala.

Brief History:

Committee Activity: Health & Long-Term Care: 2/21/07.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: Many feel the health care system is in crisis. The cost of health care is increasing rapidly, while the traditional financing approaches are beginning to erode, employers are dropping or reducing coverage, and the numbers of uninsured are growing. Some feel that reframing the financing and coverage approach will allow all residents to be covered efficiently with no more money than is spent today.

Summary of Bill: The Washington Health Security Trust is created as a new state agency responsible for providing coverage for a set of health services for all residents. The Trust will be governed by a full-time Board of Trustees, appointed by the Governor. The Board will establish a set of health services that will be financed by the Trust, with the assistance of a citizens' advisory committee and a technical advisory committee.

The covered services will include: (1) inpatient and outpatient hospital care, 24-hour emergency services, and ambulance services; (2) outpatient, home-based, and office-based care; (3) rehabilitation services including speech, occupational, and physical therapy; (4) inpatient and outpatient mental health services; (5) hospice care; (6) prescription drugs; (7) vision and hearing care; (8) diagnostic tests; (9) durable medical equipment; and (10) preventive care. If there are sufficient funds in the trust, long-term care can be added as a covered benefit. The Board will establish copayments for outpatient visits, emergency room visits, and prescription drugs for residents with incomes above 150 percent of the federal poverty level, with an annual cap of \$500 per family. The Board must submit the benefits package and actuarial analysis to the Legislature by December 1, 2008, and each December thereafter.

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.

The Board must adopt an annual budget each year, beginning May 15, 2009, which does not exceed the budget for the preceding year by more than the Washington State consumer price index.

Effective May 15, 2009, all Washington State employers will pay a health security assessment based on aggregate gross quarterly payroll: 0 percent up to \$125,000; and 10 percent above \$125,000. All Washington residents 18 or older, with incomes over 150 percent of the federal poverty level, will pay a health security premium of \$75 per month, except Medicare enrollees with income over 150 percent of the federal poverty level will pay \$50 per month.

The Washington State Health Care Authority is abolished and all powers and duties are transferred to the Trust. The Board must report to the Legislature by October 1, 2008, on state and federal laws that need to be repealed, amended, or waived to fully implement the act. By January 1, 2009, the Board must submit a proposal to the Legislature to integrate Taft-Hartley trusts; by January 1, 2010, they must report to the Legislature on providing medical benefits for injured workers through the trust; and by July 1, 2010, they must report on a plan to incorporate dental care.

The business and occupation tax on manufacturers and processors of foods is repealed, and the 2 percent premium tax imposed on health insurance carriers is repealed.

Appropriation: \$50 million.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Sections 22 through 24 are effective January 1, 2009; Sections 19, 25 through 34, and 38 are effective May 15, 2009.