

SENATE BILL REPORT

SB 6221

As of January 23, 2008

Title: An act relating to creating the Washington health partnership.

Brief Description: Establishing the Washington health partnership.

Sponsors: Senators Keiser and Kohl-Welles.

Brief History:

Committee Activity: Health & Long-Term Care: 1/21/08.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: Many states are exploring health reform solutions that might address concerns with health care affordability, availability, and quality. The Wisconsin State Senate has passed legislation to create a new program known as Healthy Wisconsin to provide health care to all state residents. One analysis indicates the proposal may reduce total health spending in Wisconsin for most employees, employers, and government.

Summary of Bill: The Washington Health Partnership is created as a public-private entity to provide comprehensive health coverage for all eligible residents of the state beginning January 1, 2010. The Partnership is governed and administered by the public-private Washington Health Partnership Board (Board) with 14 members appointed by the Governor.

The benefits, or covered services, are a standardized, comprehensive package modeled after the Public Employees Benefits Board program. The Board determines the cost-sharing for copayments, deductibles, and maximum out-of-pocket expenses, however no copayments exist for preventive services and approved chronic care management programs. Premiums begin with a "zero" premium plan for the lowest-cost plan or benchmark plan, and increase for higher-cost plans. Unions and employers may bargain to pay for additional benefits and cost-sharing.

The Partnership must follow a competitive procurement process with insurance carriers and networks of providers that follow Title 48 RCW requirements. One or more carriers or networks must be available in every service area, as well as a fee-for-service option. The Board must hold a competitive procurement for administration of the fee-for-service option. Networks or carriers must demonstrate they spend at least 88 percent of revenue on health care services or investments that improve overall quality or lower overall cost of patient care. All state residents with permanent residence for at least 12 months are eligible for the Partnership,

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unless they are eligible for federal programs including Medicare and Medicaid, or in a state institution. Children and pregnant women are not subject to the 12 month residency requirement.

All public employees transition into the partnership beginning January 1, 2010, subject to collective bargaining. The Department of Social and Health Services is directed to expand the Medicaid eligibility up to 200 percent of federal poverty level for families, and the aged, blind and disabled population.

The Washington Health Partnership trust fund is created in the treasury, and the Department of Revenue is directed to begin collecting assessments January 1, 2010, as calculated by the Board based on anticipated revenue needs. Each employee under age 65 will be assessed between 2 and 4 percent of social security wages; self-employed individuals under age 65 will be assessed between 9 and 10 percent of social security wages; and employers will be assessed between 9 and 12 percent of aggregate social security wages.

Taxing districts that experience reductions in the costs of providing health care coverage are directed to return one-half of the savings to property taxpayers in the taxing district as a reduction in the property tax assessments.

The Office of Financial Management, strategic health planning section, is directed to develop a plan to increase the number and availability of primary care providers, and report to the Legislature by November 1, 2009. The Board is directed to complete a study on a guaranteed long-term care benefit and submit recommendations by December 1, 2010.

Appropriation: None.

Fiscal Note: Requested on January 15, 2008.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill is like the Healthy Wisconsin bill, and both bills propose a comprehensive reform to reach universal coverage rather than a patchwork approach that builds on our current system. The actuarial analysis of Healthy Wisconsin shows significant savings can be achieved through pooling all lives in the state together and reducing administrative complexity. This bill includes all state residents, insured and uninsured, and provides an interesting model for discussion. Physicians are concerned that health care professionals need to be included in the Board decision making process. The medical home model that is included is a valuable step. Requirements in the bill now may prevent direct-practice physician groups from participating, but delinking primary care and specialty care may be an option that addresses that. This is not a single-payer system - it affords true competition between private insurance carriers and providers.

OTHER: A chief concern is addressing the rising costs of care, without limiting choice. Too much power for the program remains with the Board, a government entity, rather than the private market. All the costs paid by employers are really paid by employees, so the assessment is a double hit on employees on top of the federal taxes paid by workers now.

Employers may cut job growth as costs increase. Employers satisfied with their coverage now would lose the coverage they enjoy now. K-12 members are cautious and believe national reforms are necessary for cost controls. The timeline is a concern, and the proposal needs to be part of many conversations.

Persons Testifying: PRO: Senator Keiser, prime sponsor; Senator Jon Erpenbach of Wisconsin; Adam Thompson, Progressive States Network; Dr. Lisa Plymate, Physicians for National Health Program; Dr. Cynthia Markus, Washington State Medical Association; Dr. Erika Bliss, Qliance; Jackie Der, University of Washington Medicine; Robby Stern, Washington State Labor Council and Healthy Washington Coalition; Kent Davis, Washington Health Security Coalition; Bill Daley, Washington Community Action Network.

OTHER: Randy Parr, Washington Education Association; Mark Johnson, Washington Retail Association; Paul Guppy, Washington Policy Center.