

# SENATE BILL REPORT

## SB 5945

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As Reported by Senate Committee On:  
Health & Long-Term Care, February 24, 2009

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

**Brief Description:** Creating the Washington health partnership plan.

**Sponsors:** Senators Keiser, Franklin and Kohl-Welles.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/12/09, 2/24/09 [DPS-WM, DNP].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5945 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, Marr and Murray.

**Minority Report:** Do not pass.

Signed by Senators Pflug, Ranking Minority Member; Becker and Parlette.

**Staff:** Mich'l Needham (786-7442)

**Background:** The 2008 Legislature passed ESSB 6333 calling for an analysis of five health care reform proposals, including the Washington Health Partnership as outlined in legislation. The Legislature contracted with Mathematica Policy Research, Inc. to model the coverage and economic impacts of each proposal, and their initial analysis is available.

**Summary of Bill (Recommended Substitute):** The Washington Health Partnership is established as a working group to focus on health reform goals that reflect the Blue Ribbon Commission goal of establishing access to affordable, comprehensive health care services for every resident by 2012. Goals for the partnership efforts include implementation of health reform in phases that include extending coverage to individuals below 200 percent of the federal poverty level in an Apple Health program for adults; consolidating purchasing of health coverage and streamlining administration; and examining the health reform proposals studied by Mathematica and selecting one, or a combination, for consideration.

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*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.*

Representatives of the Department of Social and Health Services (DSHS), the Health Care Authority (HCA), the Office of Financial Management (OFM), and the Legislative Health Committees must participate in the efforts to develop a proposal for the federal government to expand and revise the public medical coverage through Medicaid, extending coverage to low-income individuals with family income below 200 percent of the federal poverty level. OFM with the Washington Health Partnership must review the Mathematica research study and identify the proposals predicted to significantly lower overall costs and cover the largest percentage of uninsured individuals, offer recommendations for consolidating state purchasing of health care, make recommendations on a proposal to be considered for legislative action, and work with the congressional delegation to seek federal flexibility to implement a health reform proposal.

**EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Substitute):** The intent language describing the intent for health care reform is retained. The Washington Health Partnership is established as a working group to focus on health reform goals, including implementation of health reform in phases that include: extending coverage to individuals below 200 percent of the federal poverty level in an Apple Health program for adults; consolidating purchasing of health coverage and streamlining administration; and examining the health reform proposals studied by Mathematica and selecting one, or a combination, for consideration.

Representatives of the DSHS, HCA, OFM, and the Legislative Health Committees must participate in the efforts to develop a proposal for the federal government to expand and revise public medical coverage through Medicaid, extending coverage to low-income individuals with family income below 200 percent of the federal poverty level. OFM with the Washington Health Partnership must review the Mathematica research study and identify the proposals predicted to significantly lower overall costs and cover the largest percentage of uninsured individuals, offer recommendations for consolidating state purchasing of health care, make recommendations on a proposal to be considered for legislative action, and work with the congressional delegation to seek federal flexibility to implement a health reform proposal.

**Appropriation:** None.

**Fiscal Note:** Requested for Substitute on February 25, 2009.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Original Bill:** PRO: This bill achieves our goal of having health care for all residents by 2012; it completes the Blue Ribbon Commission vision and it does it with significant savings for the state, consumers, and most employers. In surveys, the people of Washington confirm they want everyone covered with health care and they want access to comprehensive coverage. The recent Mathematica study confirmed that this approach extends coverage to all residents and is a responsible step to reform that includes key elements that improve health outcomes and reduce cost-shifting. There are some questions that would need further clarification on the provider networks and the level

of Medicaid reimbursement. Our current system is not sustainable, with premiums projected to increase rapidly and equate to over 40 percent of the average income by 2016. Voters want affordability, choice, and a guarantee that coverage will still be available if they lose their job or their life circumstances change. The cost-shifting in our current system creates a hidden tax, and this bill eliminates that when all residents have coverage.

This approach is consistent with the vision and goals for health care reform adopted by the medical association. Access to family planning services is critical and it needs to be called out in the description of the medical home and added to the services that require no copay. Family planning services should also be added to the description of services available for those eligible for pregnancy services. The standardized comprehensive benefit package is a good design, and the goal of 88 percent of premium revenue being spent on medical care is ambitious but appropriate. The payroll tax is appropriate but the percentages are too disparate between employees, employers, and the self-employed. Employees should bear a larger portion of the payroll tax, at least equal to the employer's share.

CON: This does not help a recently laid-off employee about to lose coverage.

OTHER: A single payer approach to health reform is the gold standard but this approach includes many of the single payer goals and ensures universal access to coverage. The benefits need to be sufficiently comprehensive to ensure the system does not devolve into a tiered approach where those with money can buy what they need. The networks need to be managed and have considerable oversight with careful auditing. Evidenced-based guidelines need to be developed for everyone and implemented equitably across all networks. The technical advisory committee should be chaired by a physician, and some thought should be given to the competitive disadvantage medium and small groups of providers may have, and some flexibility should be added for small providers that may not be able to accommodate the technology requirements.

**Persons Testifying:** PRO: Senator Keiser, prime sponsor; Len McComb, Washington State Hospital Association and Community Health Network; Robby Stern, Bob Crittendon, Healthy Washington Coalition; Ingrid McDonald, AARP; Bev Spears, Washington Community Action Network; Cynthia Markus, Washington State Medical Association; Jennifer Allen, Planned Parenthood; Randy Bolerjack, Northwest Physicians Network.

CON: Jeanne Perrin, citizen.

OTHER: Sarah Weinberg, Donald Mitchell, Physicians for National Health Plan and Health Care for All; Kent Davis, Washington Health Security Coalition.