H-1782.1

HOUSE BILL 2169

State of Washington 61st Legislature 2009 Regular Session

By Representatives Ericksen and Kelley

Read first time 02/11/09. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to the basic health plan; and amending RCW
2 70.47.060.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 70.47.060 and 2007 c 259 s 36 are each amended to read
5 as follows:
6 The administrator has the following powers and duties:
7 (1) To design and from time to time revise a schedule of covered
8 basic health care services, including physician services, inpatient and
9 outpatient hospital services, prescription drugs and medications, and
10 other services that may be necessary for basic health care. In
11 addition, the administrator may, to the extent that funds are
12 available, offer as basic health plan services chemical dependency
13 services, mental health services and organ transplant services;
14 however, no one service or any combination of these three services
15 shall increase the actuarial value of the basic health plan benefits by
16 more than five percent excluding inflation, as determined by the office
17 of financial management. All subsidized and nonsubsidized enrollees in
18 any participating managed health care system under the Washington basic
19 health plan shall be entitled to receive covered basic health care

services in return for premium payments to the plan. The schedule of services shall emphasize proven preventive and primary health care and shall include all services necessary for prenatal, postnatal, and well-child care. However, with respect to coverage for subsidized enrollees who are eligible to receive prenatal and postnatal services through the medical assistance program under chapter 74.09 RCW, the administrator shall not contract for such services except to the extent that such services are necessary over not more than a one-month period in order to maintain continuity of care after diagnosis of pregnancy by the managed care provider. The schedule of services shall also include a separate schedule of basic health care services for children, eighteen years of age and younger, for those subsidized or nonsubsidized enrollees who choose to secure basic coverage through the plan only for their dependent children. In designing and revising the schedule of services, the administrator shall consider the guidelines for assessing health services under the mandated benefits act of 1984, RCW 48.47.030, and such other factors as the administrator deems appropriate.

(2)(a) To design and implement a structure of periodic premiums due the administrator from subsidized enrollees that is based upon gross family income, giving appropriate consideration to family size and the ages of all family members. The enrollment of children shall not require the enrollment of their parent or parents who are eligible for the plan. The structure of periodic premiums shall be applied to subsidized enrollees entering the plan as individuals pursuant to subsection (11) of this section and to the share of the cost of the plan due from subsidized enrollees entering the plan as employees pursuant to subsection (12) of this section.

(b) To determine the periodic premiums due the administrator from subsidized enrollees under RCW 70.47.020(6)(b). Premiums due for foster parents with gross family income up to two hundred percent of the federal poverty level shall be set at the minimum premium amount charged to enrollees with income below sixty-five percent of the federal poverty level. Premiums due for foster parents with gross family income between two hundred percent and three hundred percent of the federal poverty level shall not exceed one hundred dollars per month.

(c) To determine the periodic premiums due the administrator from nonsubsidized enrollees. Premiums due from nonsubsidized enrollees

shall be in an amount equal to the cost charged by the managed health care system provider to the state for the plan plus the administrative cost of providing the plan to those enrollees and the premium tax under RCW 48.14.0201.

(d) To determine the periodic premiums due the administrator from health coverage tax credit eligible enrollees. Premiums due from health coverage tax credit eligible enrollees must be in an amount equal to the cost charged by the managed health care system provider to the state for the plan, plus the administrative cost of providing the plan to those enrollees and the premium tax under RCW 48.14.0201. The administrator will consider the impact of eligibility determination by the appropriate federal agency designated by the Trade Act of 2002 (P.L. 107-210) as well as the premium collection and remittance activities by the United States internal revenue service when determining the administrative cost charged for health coverage tax credit eligible enrollees.

(e) An employer or other financial sponsor may, with the prior approval of the administrator, pay the premium, rate, or any other amount on behalf of a subsidized or nonsubsidized enrollee, by arrangement with the enrollee and through a mechanism acceptable to the administrator. The administrator shall establish a mechanism for receiving premium payments from the United States internal revenue service for health coverage tax credit eligible enrollees.

(f) To develop, as an offering by every health carrier providing coverage identical to the basic health plan, as configured on January 1, 2001, a basic health plan model plan with uniformity in enrollee cost-sharing requirements.

(g) To provide the enrollee a stipend sufficient to provide the same level of subsidy as would have otherwise been available through the basic health plan for enrollees who wish to purchase coverage through the individual health insurance market, including a high deductible health plan in conjunction with a health savings account.

(3) To evaluate, with the cooperation of participating managed health care system providers, the impact on the basic health plan of enrolling health coverage tax credit eligible enrollees. The administrator shall issue to the appropriate committees of the legislature preliminary evaluations on June 1, 2005, and January 1, 2006, and a final evaluation by June 1, 2006. The evaluation shall

1 address the number of persons enrolled, the duration of their
2 enrollment, their utilization of covered services relative to other
3 basic health plan enrollees, and the extent to which their enrollment
4 contributed to any change in the cost of the basic health plan.
5 (4) To end the participation of health coverage tax credit eligible
6 enrollees in the basic health plan if the federal government reduces or
7 terminates premium payments on their behalf through the United States
8 internal revenue service.
9 (5) To design and implement a structure of enrollee cost-sharing
10 due a managed health care system from subsidized, nonsubsidized, and
11 health coverage tax credit eligible enrollees. The structure shall
12 discourage inappropriate enrollee utilization of health care services,
13 and may utilize copayments, deductibles, and other cost-sharing
14 mechanisms, but shall not be so costly to enrollees as to constitute a
15 barrier to appropriate utilization of necessary health care services.
16 (6) To limit enrollment of persons who qualify for subsidies so as
17 to prevent an overexpenditure of appropriations for such purposes.
18 Whenever the administrator finds that there is danger of such an
19 overexpenditure, the administrator shall close enrollment until the
20 administrator finds the danger no longer exists. Such a closure does
21 not apply to health coverage tax credit eligible enrollees who receive
22 a premium subsidy from the United States internal revenue service as
23 long as the enrollees qualify for the health coverage tax credit
24 program.
25 (7) To limit the payment of subsidies to subsidized enrollees, as
26 defined in RCW 70.47.020. The level of subsidy provided to persons who
27 qualify may be based on the lowest cost plans, as defined by the
28 administrator.
29 (8) To adopt a schedule for the orderly development of the delivery
30 of services and availability of the plan to residents of the state,
31 subject to the limitations contained in RCW 70.47.080 or any act
32 appropriating funds for the plan.
33 (9) To solicit and accept applications from managed health care
34 systems, as defined in this chapter, for inclusion as eligible basic
35 health care providers under the plan for subsidized enrollees,
36 nonsubsidized enrollees, or health coverage tax credit eligible
37 enrollees. The administrator shall endeavor to assure that covered
38 basic health care services are available to any enrollee of the plan

1 from among a selection of two or more participating managed health care
2 systems. In adopting any rules or procedures applicable to managed
3 health care systems and in its dealings with such systems, the
4 administrator shall consider and make suitable allowance for the need
5 for health care services and the differences in local availability of
6 health care resources, along with other resources, within and among the
7 several areas of the state. Contracts with participating managed
8 health care systems shall ensure that basic health plan enrollees who
9 become eligible for medical assistance may, at their option, continue
10 to receive services from their existing providers within the managed
11 health care system if such providers have entered into provider
12 agreements with the department of social and health services.

13 (10) To receive periodic premiums from or on behalf of subsidized,
14 nonsubsidized, and health coverage tax credit eligible enrollees,
15 deposit them in the basic health plan operating account, keep records
16 of enrollee status, and authorize periodic payments to managed health
17 care systems on the basis of the number of enrollees participating in
18 the respective managed health care systems.

19 (11) To accept applications from individuals residing in areas
20 served by the plan, on behalf of themselves and their spouses and
21 dependent children, for enrollment in the Washington basic health plan
22 as subsidized, nonsubsidized, or health coverage tax credit eligible
23 enrollees, to give priority to members of the Washington national guard
24 and reserves who served in Operation Enduring Freedom, Operation Iraqi
25 Freedom, or Operation Noble Eagle, and their spouses and dependents,
26 for enrollment in the Washington basic health plan, to establish
27 appropriate minimum-enrollment periods for enrollees as may be
28 necessary, and to determine, upon application and on a reasonable
29 schedule defined by the authority, or at the request of any enrollee,
30 eligibility due to current gross family income for sliding scale
31 premiums. Funds received by a family as part of participation in the
32 adoption support program authorized under RCW 26.33.320 and 74.13.100
33 through 74.13.145 shall not be counted toward a family's current gross
34 family income for the purposes of this chapter. When an enrollee fails
35 to report income or income changes accurately, the administrator shall
36 have the authority either to bill the enrollee for the amounts overpaid
37 by the state or to impose civil penalties of up to two hundred percent
38 of the amount of subsidy overpaid due to the enrollee incorrectly

1 reporting income. The administrator shall adopt rules to define the
2 appropriate application of these sanctions and the processes to
3 implement the sanctions provided in this subsection, within available
4 resources. No subsidy may be paid with respect to any enrollee whose
5 current gross family income exceeds twice the federal poverty level or,
6 subject to RCW 70.47.110, who is a recipient of medical assistance or
7 medical care services under chapter 74.09 RCW. If a number of
8 enrollees drop their enrollment for no apparent good cause, the
9 administrator may establish appropriate rules or requirements that are
10 applicable to such individuals before they will be allowed to reenroll
11 in the plan.
12 (12) To accept applications from business owners on behalf of
13 themselves and their employees, spouses, and dependent children, as
14 subsidized or nonsubsidized enrollees, who reside in an area served by
15 the plan. The administrator may require all or the substantial
16 majority of the eligible employees of such businesses to enroll in the
17 plan and establish those procedures necessary to facilitate the orderly
18 enrollment of groups in the plan and into a managed health care system.
19 The administrator may require that a business owner pay at least an
20 amount equal to what the employee pays after the state pays its portion
21 of the subsidized premium cost of the plan on behalf of each employee
22 enrolled in the plan. Enrollment is limited to those not eligible for
23 medicare who wish to enroll in the plan and choose to obtain the basic
24 health care coverage and services from a managed care system
25 participating in the plan. The administrator shall adjust the amount
26 determined to be due on behalf of or from all such enrollees whenever
27 the amount negotiated by the administrator with the participating
28 managed health care system or systems is modified or the administrative
29 cost of providing the plan to such enrollees changes.
30 (13) To determine the rate to be paid to each participating managed
31 health care system in return for the provision of covered basic health
32 care services to enrollees in the system. Although the schedule of
33 covered basic health care services will be the same or actuarially
34 equivalent for similar enrollees, the rates negotiated with
35 participating managed health care systems may vary among the systems.
36 In negotiating rates with participating systems, the administrator
37 shall consider the characteristics of the populations served by the

1 respective systems, economic circumstances of the local area, the need
2 to conserve the resources of the basic health plan trust account, and
3 other factors the administrator finds relevant.

4 (14) To monitor the provision of covered services to enrollees by
5 participating managed health care systems in order to assure enrollee
6 access to good quality basic health care, to require periodic data
7 reports concerning the utilization of health care services rendered to
8 enrollees in order to provide adequate information for evaluation, and
9 to inspect the books and records of participating managed health care
10 systems to assure compliance with the purposes of this chapter. In
11 requiring reports from participating managed health care systems,
12 including data on services rendered enrollees, the administrator shall
13 endeavor to minimize costs, both to the managed health care systems and
14 to the plan. The administrator shall coordinate any such reporting
15 requirements with other state agencies, such as the insurance
16 commissioner and the department of health, to minimize duplication of
17 effort.

18 (15) To evaluate the effects this chapter has on private employer-
19 based health care coverage and to take appropriate measures consistent
20 with state and federal statutes that will discourage the reduction of
21 such coverage in the state.

22 (16) To develop a program of proven preventive health measures and
23 to integrate it into the plan wherever possible and consistent with
24 this chapter.

25 (17) To provide, consistent with available funding, assistance for
26 rural residents, underserved populations, and persons of color.

27 (18) In consultation with appropriate state and local government
28 agencies, to establish criteria defining eligibility for persons
29 confined or residing in government-operated institutions.

30 (19) To administer the premium discounts provided under RCW
31 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the Washington
32 state health insurance pool.

33 (20) To give priority in enrollment to persons who disenrolled from
34 the program in order to enroll in medicaid, and subsequently became
35 ineligible for medicaid coverage.

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