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**SUBSTITUTE SENATE BILL 6038**

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**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** Senate Health & Long-Term Care (originally sponsored by Senators Keiser and Kohl-Welles)

READ FIRST TIME 02/25/09.

1       AN ACT Relating to the basic health plan; amending RCW 70.47.020,  
2       70.47.030, 70.47.060, 70.47.100, and 50.20.210; creating a new section;  
3       and providing an effective date.

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

5       NEW SECTION.     **Sec. 1.**     (1) The legislature finds that the  
6       Washington basic health plan plays a critical and valuable role in  
7       providing coverage for necessary basic health care services in an  
8       appropriate setting to working persons and others who lack coverage.  
9       The program has assisted hundreds of thousands of families in their  
10      search for affordable health care since its establishment in 1989,  
11      demonstrated that low-income, uninsured families are willing to pay for  
12      their own health care coverage to the extent of their ability to pay,  
13      and proven that health care providers are willing to enter into a  
14      successful and productive public-private partnership to offer coverage.  
15      (2) The legislature further finds that during an economic  
16      recession, access to coverage through the basic health plan becomes  
17      even more critical. The basic health plan serves as a safety net for  
18      the people of Washington state. Persons who lose their job often also  
19      lose their employer-sponsored health insurance, leaving them uninsured

1 as they search for new employment opportunities. The basic health plan  
2 should help fill this gap in coverage, enabling unemployed workers to  
3 maintain their health and avoid the risk of financial hardship related  
4 to unpaid medical bills as they search for new employment.

5 **Sec. 2.** RCW 70.47.020 and 2007 c 259 s 35 are each amended to read  
6 as follows:

7 As used in this chapter:

8 (1) "Washington basic health plan" or "plan" means the system of  
9 enrollment and payment for basic health care services, administered by  
10 the plan administrator through participating managed health care  
11 systems, created by this chapter.

12 (2) "Administrator" means the Washington basic health plan  
13 administrator, who also holds the position of administrator of the  
14 Washington state health care authority.

15 (3) "Economic recovery enrollee" means an individual worker, plus  
16 the individual's spouse or dependent children, who become involuntarily  
17 unemployed on or after September 1, 2008, and are receiving  
18 unemployment compensation benefits under Title 50 RCW. Meeting the  
19 eligibility criteria as an economic recovery enrollee shall not  
20 preclude an individual from being treated as a subsidized enrollee if  
21 he or she meets the definition of subsidized enrollee under this  
22 section.

23 (4) "Health coverage tax credit program" means the program created  
24 by the Trade Act of 2002 (P.L. 107-210) that provides a federal tax  
25 credit that subsidizes private health insurance coverage for displaced  
26 workers certified to receive certain trade adjustment assistance  
27 benefits and for individuals receiving benefits from the pension  
28 benefit guaranty corporation.

29 ((+4)) (5) "Health coverage tax credit eligible enrollee" means  
30 individual workers and their qualified family members who lose their  
31 jobs due to the effects of international trade and are eligible for  
32 certain trade adjustment assistance benefits; or are eligible for  
33 benefits under the alternative trade adjustment assistance program; or  
34 are people who receive benefits from the pension benefit guaranty  
35 corporation and are at least fifty-five years old.

36 ((+5)) (6) "Managed health care system" means: (a) Any health  
37 care organization, including health care providers, insurers, health

1 care service contractors, health maintenance organizations, or any  
2 combination thereof, that provides directly or by contract basic health  
3 care services, as defined by the administrator and rendered by duly  
4 licensed providers, to a defined patient population enrolled in the  
5 plan and in the managed health care system; or (b) a self-funded or  
6 self-insured method of providing insurance coverage to subsidized  
7 enrollees provided under RCW 41.05.140 and subject to the limitations  
8 under RCW 70.47.100(7).

9 ((+6+)) (7) "Subsidized enrollee" means:

10 (a) An individual, or an individual plus the individual's spouse or  
11 dependent children:

12 (i) Who is not eligible for medicare;

13 (ii) Who is not confined or residing in a government-operated  
14 institution, unless he or she meets eligibility criteria adopted by the  
15 administrator;

16 (iii) Who is not a full-time student who has received a temporary  
17 visa to study in the United States;

18 (iv) Who resides in an area of the state served by a managed health  
19 care system participating in the plan;

20 (v) Whose gross family income at the time of enrollment does not  
21 exceed two hundred percent of the federal poverty level as adjusted for  
22 family size and determined annually by the federal department of health  
23 and human services; and

24 (vi) Who chooses to obtain basic health care coverage from a  
25 particular managed health care system in return for periodic payments  
26 to the plan;

27 (b) An individual who meets the requirements in (a)(i) through (iv)  
28 and (vi) of this subsection and who is a foster parent licensed under  
29 chapter 74.15 RCW and whose gross family income at the time of  
30 enrollment does not exceed three hundred percent of the federal poverty  
31 level as adjusted for family size and determined annually by the  
32 federal department of health and human services; and

33 (c) To the extent that state funds are specifically appropriated  
34 for this purpose, with a corresponding federal match, an individual, or  
35 an individual's spouse or dependent children, who meets the  
36 requirements in (a)(i) through (iv) and (vi) of this subsection and  
37 whose gross family income at the time of enrollment is more than two

1 hundred percent, but less than two hundred fifty-one percent, of the  
2 federal poverty level as adjusted for family size and determined  
3 annually by the federal department of health and human services.

4 ~~((+7))~~ (8) "Nonsubsidized enrollee" means an individual, or an  
5 individual plus the individual's spouse or dependent children: (a) Who  
6 is not eligible for medicare; (b) who is not confined or residing in a  
7 government-operated institution, unless he or she meets eligibility  
8 criteria adopted by the administrator; (c) who is accepted for  
9 enrollment by the administrator as provided in RCW 48.43.018, either  
10 because the potential enrollee cannot be required to complete the  
11 standard health questionnaire under RCW 48.43.018, or, based upon the  
12 results of the standard health questionnaire, the potential enrollee  
13 would not qualify for coverage under the Washington state health  
14 insurance pool; (d) who resides in an area of the state served by a  
15 managed health care system participating in the plan; (e) who chooses  
16 to obtain basic health care coverage from a particular managed health  
17 care system; ~~((and))~~ (f) who pays or on whose behalf is paid the full  
18 costs for participation in the plan, without any subsidy from the plan;  
19 and (g) who is an economic recovery enrollee as defined in subsection  
20 (3) of this section and is not otherwise eligible to be a subsidized  
21 enrollee.

22 ~~((+8))~~ (9) "Subsidy" means the difference between the amount of  
23 periodic payment the administrator makes to a managed health care  
24 system on behalf of a subsidized enrollee plus the administrative cost  
25 to the plan of providing the plan to that subsidized enrollee, and the  
26 amount determined to be the subsidized enrollee's responsibility under  
27 RCW 70.47.060(2).

28 ~~((+9))~~ (10) "Premium" means a periodic payment, which an  
29 individual, their employer or another financial sponsor makes to the  
30 plan as consideration for enrollment in the plan as a subsidized  
31 enrollee, a nonsubsidized enrollee, an economic recovery enrollee, or  
32 a health coverage tax credit eligible enrollee.

33 ~~((+10))~~ (11) "Rate" means the amount, negotiated by the  
34 administrator with and paid to a participating managed health care  
35 system, that is based upon the enrollment of subsidized, nonsubsidized,  
36 economic recovery, and health coverage tax credit eligible enrollees in  
37 the plan and in that system.

1       **Sec. 3.** RCW 70.47.030 and 2004 c 192 s 2 are each amended to read  
2 as follows:

3       (1) The basic health plan trust account is hereby established in  
4 the state treasury. Any nongeneral fund-state funds collected for this  
5 program shall be deposited in the basic health plan trust account and  
6 may be expended without further appropriation. Moneys in the account  
7 shall be used exclusively for the purposes of this chapter, including  
8 payments to participating managed health care systems on behalf of  
9 enrollees in the plan and payment of costs of administering the plan.

10       During the 1995-97 fiscal biennium, the legislature may transfer  
11 funds from the basic health plan trust account to the state general  
12 fund.

13       (2) The basic health plan subscription account is created in the  
14 custody of the state treasurer. All receipts from amounts due from or  
15 on behalf of nonsubsidized enrollees, economic recovery enrollees, and  
16 health coverage tax credit eligible enrollees shall be deposited into  
17 the account. Funds in the account shall be used exclusively for the  
18 purposes of this chapter, including payments to participating managed  
19 health care systems on behalf of nonsubsidized enrollees, economic  
20 recovery enrollees, and health coverage tax credit eligible enrollees  
21 in the plan and payment of costs of administering the plan. The  
22 account is subject to allotment procedures under chapter 43.88 RCW, but  
23 no appropriation is required for expenditures.

24       (3) The administrator shall take every precaution to see that none  
25 of the funds in the separate accounts created in this section or that  
26 any premiums paid either by subsidized or nonsubsidized enrollees are  
27 commingled in any way, except that the administrator may combine funds  
28 designated for administration of the plan into a single administrative  
29 account.

30       **Sec. 4.** RCW 70.47.060 and 2007 c 259 s 36 are each amended to read  
31 as follows:

32       The administrator has the following powers and duties:

33       (1) To design and from time to time revise a schedule of covered  
34 basic health care services, including physician services, inpatient and  
35 outpatient hospital services, prescription drugs and medications, and  
36 other services that may be necessary for basic health care. In  
37 addition, the administrator may, to the extent that funds are

1 available, offer as basic health plan services chemical dependency  
2 services, mental health services and organ transplant services;  
3 however, no one service or any combination of these three services  
4 shall increase the actuarial value of the basic health plan benefits by  
5 more than five percent excluding inflation, as determined by the office  
6 of financial management. All subsidized ~~((and))~~ nonsubsidized,  
7 economic recovery, and health coverage tax credit eligible enrollees in  
8 any participating managed health care system under the Washington basic  
9 health plan shall be entitled to receive covered basic health care  
10 services in return for premium payments to the plan. The schedule of  
11 services shall emphasize proven preventive and primary health care and  
12 shall include all services necessary for prenatal, postnatal, and well-  
13 child care. However, with respect to coverage for subsidized enrollees  
14 who are eligible to receive prenatal and postnatal services through the  
15 medical assistance program under chapter 74.09 RCW, the administrator  
16 shall not contract for such services except to the extent that such  
17 services are necessary over not more than a one-month period in order  
18 to maintain continuity of care after diagnosis of pregnancy by the  
19 managed care provider. The schedule of services shall also include a  
20 separate schedule of basic health care services for children, eighteen  
21 years of age and younger, for those subsidized or nonsubsidized  
22 enrollees who choose to secure basic coverage through the plan only for  
23 their dependent children. In designing and revising the schedule of  
24 services, the administrator shall consider the guidelines for assessing  
25 health services under the mandated benefits act of 1984, RCW 48.47.030,  
26 and such other factors as the administrator deems appropriate.

27 (2)(a) To design and implement a structure of periodic premiums due  
28 the administrator from subsidized enrollees that is based upon gross  
29 family income, giving appropriate consideration to family size and the  
30 ages of all family members. The enrollment of children shall not  
31 require the enrollment of their parent or parents who are eligible for  
32 the plan. The structure of periodic premiums shall be applied to  
33 subsidized enrollees entering the plan as individuals pursuant to  
34 subsection ~~((+11))~~ (10) of this section and to the share of the cost  
35 of the plan due from subsidized enrollees entering the plan as  
36 employees pursuant to subsection ~~((+12))~~ (11) of this section.

37 (b) To determine the periodic premiums due the administrator from  
38 subsidized enrollees under RCW 70.47.020 ~~((+6))~~ (7)(b). Premiums due

1 for foster parents with gross family income up to two hundred percent  
2 of the federal poverty level shall be set at the minimum premium amount  
3 charged to enrollees with income below sixty-five percent of the  
4 federal poverty level. Premiums due for foster parents with gross  
5 family income between two hundred percent and three hundred percent of  
6 the federal poverty level shall not exceed one hundred dollars per  
7 month.

8 (c) To determine the periodic premiums due the administrator from  
9 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees  
10 shall be in an amount equal to the cost charged by the managed health  
11 care system provider to the state for the plan plus the administrative  
12 cost of providing the plan to those enrollees and the premium tax under  
13 RCW 48.14.0201.

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

26 (e) To determine periodic premiums due the administrator from  
27 economic recovery enrollees. Premiums due from economic recovery  
28 enrollees not treated as subsidized enrollees must be in an amount  
29 equal to the cost charged by the managed health care system provider to  
30 the state for the plan, plus the administrative cost of providing the  
31 plan to those enrollees and the premium tax under RCW 48.14.0201. If  
32 federal or private funds become available to subsidize the premiums due  
33 from economic recovery enrollees, the subsidies shall be applied to  
34 reduce the enrollee's premium obligation under this subsection.

35 (f) An employer or other financial sponsor may, with the prior  
36 approval of the administrator, pay the premium, rate, or any other  
37 amount on behalf of a subsidized or nonsubsidized enrollee, by  
38 arrangement with the enrollee and through a mechanism acceptable to the

1 administrator. A financial sponsor may, with the prior approval of the  
2 administrator, pay the premium, rate, or any other amount on behalf of  
3 an economic recovery enrollee, by arrangement with the enrollee and  
4 through a mechanism acceptable to the administrator. The administrator  
5 shall establish a mechanism for receiving premium payments from the  
6 United States internal revenue service for health coverage tax credit  
7 eligible enrollees.

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

12 ~~(3) ((To evaluate, with the cooperation of participating managed~~  
13 ~~health care system providers, the impact on the basic health plan of~~  
14 ~~enrolling health coverage tax credit eligible enrollees. The~~  
15 ~~administrator shall issue to the appropriate committees of the~~  
16 ~~legislature preliminary evaluations on June 1, 2005, and January 1,~~  
17 ~~2006, and a final evaluation by June 1, 2006. The evaluation shall~~  
18 ~~address the number of persons enrolled, the duration of their~~  
19 ~~enrollment, their utilization of covered services relative to other~~  
20 ~~basic health plan enrollees, and the extent to which their enrollment~~  
21 ~~contributed to any change in the cost of the basic health plan.~~

22 ~~(4))~~ To end the participation of health coverage tax credit  
23 eligible enrollees in the basic health plan if the federal government  
24 reduces or terminates premium payments on their behalf through the  
25 United States internal revenue service.

26 ~~((5))~~ (4) To design and implement a structure of enrollee cost-  
27 sharing due a managed health care system from subsidized,  
28 nonsubsidized, economic recovery, and health coverage tax credit  
29 eligible enrollees. The structure shall discourage inappropriate  
30 enrollee utilization of health care services, and may utilize  
31 copayments, deductibles, and other cost-sharing mechanisms, but shall  
32 not be so costly to enrollees as to constitute a barrier to appropriate  
33 utilization of necessary health care services.

34 ~~((6))~~ (5) To limit enrollment of persons who qualify for  
35 subsidies so as to prevent an overexpenditure of appropriations for  
36 such purposes. Whenever the administrator finds that there is danger  
37 of such an overexpenditure, the administrator shall close enrollment  
38 until the administrator finds the danger no longer exists. Such a



1 closure does not apply to health coverage tax credit eligible enrollees  
2 who receive a premium subsidy from the United States internal revenue  
3 service as long as the enrollees qualify for the health coverage tax  
4 credit program.

5 ~~((+7))~~ (6) To limit the payment of subsidies to subsidized  
6 enrollees, as defined in RCW 70.47.020. The level of subsidy provided  
7 to persons who qualify may be based on the lowest cost plans, as  
8 defined by the administrator.

9 ~~((+8))~~ (7) To adopt a schedule for the orderly development of the  
10 delivery of services and availability of the plan to residents of the  
11 state, subject to the limitations contained in RCW 70.47.080 or any act  
12 appropriating funds for the plan.

13 ~~((+9))~~ (8) To solicit and accept applications from managed health  
14 care systems, as defined in this chapter, for inclusion as eligible  
15 basic health care providers under the plan for subsidized enrollees,  
16 nonsubsidized enrollees, or health coverage tax credit eligible  
17 enrollees. The administrator shall endeavor to assure that covered  
18 basic health care services are available to any enrollee of the plan  
19 from among a selection of two or more participating managed health care  
20 systems. In adopting any rules or procedures applicable to managed  
21 health care systems and in its dealings with such systems, the  
22 administrator shall consider and make suitable allowance for the need  
23 for health care services and the differences in local availability of  
24 health care resources, along with other resources, within and among the  
25 several areas of the state. Contracts with participating managed  
26 health care systems shall ensure that basic health plan enrollees who  
27 become eligible for medical assistance may, at their option, continue  
28 to receive services from their existing providers within the managed  
29 health care system if such providers have entered into provider  
30 agreements with the department of social and health services.

31 ~~((+10))~~ (9) To receive periodic premiums from or on behalf of  
32 subsidized, nonsubsidized, economic recovery, and health coverage tax  
33 credit eligible enrollees, deposit them in the basic health plan  
34 operating account, keep records of enrollee status, and authorize  
35 periodic payments to managed health care systems on the basis of the  
36 number of enrollees participating in the respective managed health care  
37 systems.

1        (~~(11)~~) (10) To accept applications from individuals residing in  
2 areas served by the plan, on behalf of themselves and their spouses and  
3 dependent children, for enrollment in the Washington basic health plan  
4 as subsidized, nonsubsidized, economic recovery, or health coverage tax  
5 credit eligible enrollees, to give priority to members of the  
6 Washington national guard and reserves who served in Operation Enduring  
7 Freedom, Operation Iraqi Freedom, or Operation Noble Eagle, and their  
8 spouses and dependents, for enrollment in the Washington basic health  
9 plan, to establish appropriate minimum-enrollment periods for enrollees  
10 as may be necessary, and to determine, upon application and on a  
11 reasonable schedule defined by the authority, or at the request of any  
12 enrollee, eligibility due to current gross family income for sliding  
13 scale premiums. Funds received by a family as part of participation in  
14 the adoption support program authorized under RCW 26.33.320 and  
15 74.13.100 through 74.13.145 shall not be counted toward a family's  
16 current gross family income for the purposes of this chapter. When an  
17 enrollee fails to report income or income changes accurately, the  
18 administrator shall have the authority either to bill the enrollee for  
19 the amounts overpaid by the state or to impose civil penalties of up to  
20 two hundred percent of the amount of subsidy overpaid due to the  
21 enrollee incorrectly reporting income. The administrator shall adopt  
22 rules to define the appropriate application of these sanctions and the  
23 processes to implement the sanctions provided in this subsection,  
24 within available resources. No subsidy may be paid with respect to any  
25 enrollee whose current gross family income exceeds twice the federal  
26 poverty level or, subject to RCW 70.47.110, who is a recipient of  
27 medical assistance or medical care services under chapter 74.09 RCW.  
28 If a number of enrollees drop their enrollment for no apparent good  
29 cause, the administrator may establish appropriate rules or  
30 requirements that are applicable to such individuals before they will  
31 be allowed to reenroll in the plan.

32        (~~(12)~~) (11) To accept applications from business owners on behalf  
33 of themselves and their employees, spouses, and dependent children, as  
34 subsidized or nonsubsidized enrollees, who reside in an area served by  
35 the plan. The administrator may require all or the substantial  
36 majority of the eligible employees of such businesses to enroll in the  
37 plan and establish those procedures necessary to facilitate the orderly  
38 enrollment of groups in the plan and into a managed health care system.

1 The administrator may require that a business owner pay at least an  
2 amount equal to what the employee pays after the state pays its portion  
3 of the subsidized premium cost of the plan on behalf of each employee  
4 enrolled in the plan. Enrollment is limited to those not eligible for  
5 medicare who wish to enroll in the plan and choose to obtain the basic  
6 health care coverage and services from a managed care system  
7 participating in the plan. The administrator shall adjust the amount  
8 determined to be due on behalf of or from all such enrollees whenever  
9 the amount negotiated by the administrator with the participating  
10 managed health care system or systems is modified or the administrative  
11 cost of providing the plan to such enrollees changes.

12 ~~((+13))~~ (12) To determine the rate to be paid to each  
13 participating managed health care system in return for the provision of  
14 covered basic health care services to enrollees in the system.  
15 Although the schedule of covered basic health care services will be the  
16 same or actuarially equivalent for similar enrollees, the rates  
17 negotiated with participating managed health care systems may vary  
18 among the systems. In negotiating rates with participating systems,  
19 the administrator shall consider the characteristics of the populations  
20 served by the respective systems, economic circumstances of the local  
21 area, the need to conserve the resources of the basic health plan trust  
22 account, and other factors the administrator finds relevant.

23 ~~((+14))~~ (13) To monitor the provision of covered services to  
24 enrollees by participating managed health care systems in order to  
25 assure enrollee access to good quality basic health care, to require  
26 periodic data reports concerning the utilization of health care  
27 services rendered to enrollees in order to provide adequate information  
28 for evaluation, and to inspect the books and records of participating  
29 managed health care systems to assure compliance with the purposes of  
30 this chapter. In requiring reports from participating managed health  
31 care systems, including data on services rendered enrollees, the  
32 administrator shall endeavor to minimize costs, both to the managed  
33 health care systems and to the plan. The administrator shall  
34 coordinate any such reporting requirements with other state agencies,  
35 such as the insurance commissioner and the department of health, to  
36 minimize duplication of effort.

37 ~~((+15))~~ (14) To evaluate the effects this chapter has on private

1 employer-based health care coverage and to take appropriate measures  
2 consistent with state and federal statutes that will discourage the  
3 reduction of such coverage in the state.

4 ~~((+16+))~~ (15) To develop a program of proven preventive health  
5 measures and to integrate it into the plan wherever possible and  
6 consistent with this chapter.

7 ~~((+17+))~~ (16) To provide, consistent with available funding,  
8 assistance for rural residents, underserved populations, and persons of  
9 color.

10 ~~((+18+))~~ (17) In consultation with appropriate state and local  
11 government agencies, to establish criteria defining eligibility for  
12 persons confined or residing in government-operated institutions.

13 ~~((+19+))~~ (18) To administer the premium discounts provided under  
14 RCW 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the  
15 Washington state health insurance pool.

16 ~~((+20+))~~ (19) To give priority in enrollment to persons who  
17 disenrolled from the program in order to enroll in medicaid, and  
18 subsequently became ineligible for medicaid coverage.

19 **Sec. 5.** RCW 70.47.100 and 2004 c 192 s 4 are each amended to read  
20 as follows:

21 (1) A managed health care system participating in the plan shall do  
22 so by contract with the administrator and shall provide, directly or by  
23 contract with other health care providers, covered basic health care  
24 services to each enrollee covered by its contract with the  
25 administrator as long as payments from the administrator on behalf of  
26 the enrollee are current. A participating managed health care system  
27 may offer, without additional cost, health care benefits or services  
28 not included in the schedule of covered services under the plan. A  
29 participating managed health care system shall not give preference in  
30 enrollment to enrollees who accept such additional health care benefits  
31 or services. Managed health care systems participating in the plan  
32 shall not discriminate against any potential or current enrollee based  
33 upon health status, sex, race, ethnicity, or religion. The  
34 administrator may receive and act upon complaints from enrollees  
35 regarding failure to provide covered services or efforts to obtain  
36 payment, other than authorized copayments, for covered services

1 directly from enrollees, but nothing in this chapter empowers the  
2 administrator to impose any sanctions under Title 18 RCW or any other  
3 professional or facility licensing statute.

4 (2) The plan shall allow, at least annually, an opportunity for  
5 enrollees to transfer their enrollments among participating managed  
6 health care systems serving their respective areas. The administrator  
7 shall establish a period of at least twenty days in a given year when  
8 this opportunity is afforded enrollees, and in those areas served by  
9 more than one participating managed health care system the  
10 administrator shall endeavor to establish a uniform period for such  
11 opportunity. The plan shall allow enrollees to transfer their  
12 enrollment to another participating managed health care system at any  
13 time upon a showing of good cause for the transfer.

14 (3) Prior to negotiating with any managed health care system, the  
15 administrator shall determine, on an actuarially sound basis, the  
16 reasonable cost of providing the schedule of basic health care  
17 services, expressed in terms of upper and lower limits, and recognizing  
18 variations in the cost of providing the services through the various  
19 systems and in different areas of the state. In determining the  
20 reasonable cost under this subsection, the administrator shall pool the  
21 claims experience of subsidized, health coverage tax credit eligible,  
22 and economic recovery enrollees.

23 (4) In negotiating with managed health care systems for  
24 participation in the plan, the administrator shall adopt a uniform  
25 procedure that includes at least the following:

26 (a) The administrator shall issue a request for proposals,  
27 including standards regarding the quality of services to be provided;  
28 financial integrity of the responding systems; and responsiveness to  
29 the unmet health care needs of the local communities or populations  
30 that may be served;

31 (b) The administrator shall then review responsive proposals and  
32 may negotiate with respondents to the extent necessary to refine any  
33 proposals;

34 (c) The administrator may then select one or more systems to  
35 provide the covered services within a local area; and

36 (d) The administrator may adopt a policy that gives preference to  
37 respondents, such as nonprofit community health clinics, that have a

1 history of providing quality health care services to low-income  
2 persons.

3 (5) The administrator may contract with a managed health care  
4 system to provide covered basic health care services to subsidized  
5 enrollees, nonsubsidized enrollees, economic recovery enrollees, health  
6 coverage tax credit eligible enrollees, or any combination thereof;  
7 except that, in order to contract to provide covered basic health care  
8 services to subsidized enrollees, a managed health care system also  
9 must contract to provide such care to economic recovery and health  
10 coverage tax credit eligible enrollees.

11 (6) The administrator may establish procedures and policies to  
12 further negotiate and contract with managed health care systems  
13 following completion of the request for proposal process in subsection  
14 (4) of this section, upon a determination by the administrator that it  
15 is necessary to provide access, as defined in the request for proposal  
16 documents, to covered basic health care services for enrollees.

17 (7)(a) The administrator shall implement a self-funded or self-  
18 insured method of providing insurance coverage to subsidized enrollees,  
19 as provided under RCW 41.05.140, if one of the following conditions is  
20 met:

21 (i) The authority determines that no managed health care system  
22 other than the authority is willing and able to provide access, as  
23 defined in the request for proposal documents, to covered basic health  
24 care services for all subsidized enrollees in an area; or

25 (ii) The authority determines that no other managed health care  
26 system is willing to provide access, as defined in the request for  
27 proposal documents, for one hundred thirty-three percent of the  
28 statewide benchmark price or less, and the authority is able to offer  
29 such coverage at a price that is less than the lowest price at which  
30 any other managed health care system is willing to provide such access  
31 in an area.

32 (b) The authority shall initiate steps to provide the coverage  
33 described in (a) of this subsection within ninety days of making its  
34 determination that the conditions for providing a self-funded or self-  
35 insured method of providing insurance have been met.

36 (c) The administrator may not implement a self-funded or self-  
37 insured method of providing insurance in an area unless the  
38 administrator has received a certification from a member of the

1 American academy of actuaries that the funding available in the basic  
2 health plan self-insurance reserve account is sufficient for the self-  
3 funded or self-insured risk assumed, or expected to be assumed, by the  
4 administrator.

5 **Sec. 6.** RCW 50.20.210 and 1987 1st ex.s. c 5 s 16 are each amended  
6 to read as follows:

7 (1) The commissioner shall notify any person filing a claim under  
8 this chapter who resides in a local area served by the Washington basic  
9 health plan of the availability of basic health care coverage to  
10 qualified enrollees in the Washington basic health plan under chapter  
11 70.47 RCW, unless the Washington basic health plan administrator has  
12 notified the commissioner of a closure of enrollment in the area. The  
13 commissioner shall maintain a supply of Washington basic health plan  
14 enrollment application forms, which shall be provided in reasonably  
15 necessary quantities by the administrator, in each appropriate  
16 employment service office for the use of persons wishing to apply for  
17 enrollment in the Washington basic health plan.

18 (2) During periods when the basic health plan serves economic  
19 recovery enrollees, as defined in RCW 70.47.020, the commissioner  
20 shall:

21 (a) Notify any person filing a claim under this chapter of the  
22 availability of basic health care coverage for economic recovery  
23 enrollees; and

24 (b) Provide separate notification of the availability of such  
25 coverage to persons receiving unemployment benefits and persons who  
26 have exhausted their benefits.

27 NEW SECTION. **Sec. 7.** This act takes effect January 1, 2010.

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