

# SENATE BILL REPORT

## HB 1544

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As Reported by Senate Committee On:  
Ways & Means, March 16, 2011

**Title:** An act relating to restricting the eligibility for the basic health plan to the basic health transition eligibles population under the medicaid waiver.

**Brief Description:** Restricting the eligibility for the basic health plan to the basic health transition eligibles population under the medicaid waiver.

**Sponsors:** Representatives Hunter and Anderson.

**Brief History:** Passed House: 3/01/11, 96-2.

**Committee Activity:** Ways & Means: 3/14/11, 3/16/11 [DPA].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Rockefeller, Schoesler and Tom.

**Staff:** Tim Yowell (786-7435)

**Background:** The Basic Health Plan (BHP) provides state-subsidized medical insurance coverage for Washington residents whose incomes are below 200 percent of the federal poverty level. In 2010 an average of about 64,000 people per month were covered by the BHP, at an annual state cost of \$137 million.

In the 2010 Supplemental Operating Budget, the Legislature directed the Department of Social and Health Services and the Health Care Authority to seek a federal demonstration waiver under which the federal Medicaid program would cover half of the cost of premium subsidies for certain BHP enrollees. Under the terms of the waiver, to be eligible for federal subsidy, a person must be legally resident in the United States; have a countable income less than 133 percent of the federal poverty level after disregarding half of the person's earned income; and be aged 19-64.

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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.*

In the second 2011 Supplemental Operating Budget enacted in February, the Legislature directed that, as soon as practicable after February 2011, only those persons eligible for the federal demonstration waiver are to be eligible for participation in the subsidized BHP. This is expected to result in approximately 12,000 persons losing subsidized coverage, and in reduced state expenditures of approximately \$70 million through the end of the 2011-13 biennium.

**Summary of Bill (Recommended Amendments):** After February 2011, in order to be eligible for the state-subsidized BHP, individuals must either be (1) a licensed foster parent with an income below 300 percent of the federal poverty level; or (2) eligible for the federal Medicaid demonstration waiver. The Legislature is to define BHP eligibility for periods subsequent to expiration of the waiver following recommendations by the Joint Select Committee on Health Reform.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments):** BHP eligibility for periods subsequent to expiration of the federal demonstration waiver is to be defined by the Legislature based upon recommendations from its Joint Select Committee on Health Reform.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony on Original Bill:** PRO: Acceptance of the federal waiver will cut the state's cost for the Basic Health Plan and the Disability Lifeline programs in half. All of the people eligible for the waiver will be covered by the federal government in 2014 when federal health reform legislation is fully implemented.

**Persons Testifying:** PRO: Roger Gantz, Department of Social & Health Services; Pam Crone, Friends of the Basic Health Plan.