
SUBSTITUTE SENATE BILL 5596

State of Washington

62nd Legislature

2011 Regular Session

By Senate Health & Long-Term Care (originally sponsored by Senators Parlette, Zarelli, Becker, and Hewitt)

READ FIRST TIME 02/21/11.

1 AN ACT Relating to creating flexibility in the medicaid program;
2 adding a new section to chapter 74.09 RCW; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that mounting budget
5 pressures combined with growth in enrollment and constraints in the
6 medicaid program have forced open discussion throughout the country and
7 in our state concerning complete withdrawal from the medicaid program.
8 The legislature recognizes that a better and more sustainable way
9 forward would involve new state flexibility for managing its medicaid
10 program built on the success of the basic health plan and Washington's
11 transitional bridge waiver, where elements of consumer participation
12 and choice, benefit design flexibility, and payment flexibility have
13 helped keep costs low. The legislature further finds that either a
14 centers for medicare and medicaid services' innovation center project
15 or a section 1115 demonstration project, or both, with capped
16 eligibility group per capita payments would allow the state to operate
17 as a laboratory of innovation for bending the cost curve, preserving
18 the safety net, and improving the management of care for low-income
19 populations.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09 RCW
2 to read as follows:

3 (1) The department shall submit a request to the centers for
4 medicare and medicaid services' innovation center and, if needed to
5 achieve one or all of the objectives outlined in this section, a
6 section 1115 demonstration waiver request to the federal department of
7 health and human services to expand and revise the medical assistance
8 program as codified in Title XIX of the federal social security act.
9 The demonstration shall be known as the "medicaid modernization"
10 demonstration. The demonstration request shall be designed to ensure
11 the broadest federal financial participation under Titles XIX and XXI
12 of the federal social security act. To the extent permitted under
13 federal law, the demonstration shall include the following components:

14 (a) Establishment of base-year, eligibility group per capita
15 payments for the state medicaid program, with maximum flexibility
16 provided to the state for managing the health care trend as well as
17 provisions for shared savings if per capita expenditures were below the
18 negotiated rates. The capped eligibility group per capita payments
19 shall be based on targeted per capita costs and estimated caseload for
20 the full duration of the five-year demonstration period and shall
21 include due consideration and flexibility for unforeseen events,
22 changes in the delivery of health care, and changes in federal or state
23 law. The capped eligibility group per capita payments shall take into
24 account any and all provisions of the federal patient protection and
25 affordable care act which will have an impact on federal resources
26 devoted to Titles XIX and XXI of the federal social security act
27 programs. Federal payments for each eligibility group shall be based
28 on the sum of the negotiated per capita payments for the eligibility
29 group times the actual caseload for the eligibility group;

30 (b) Flexibility over benefit design for all categories of
31 eligibility under Titles XIX and XXI to include:

32 (i) Alignment with the federal patient protection and affordable
33 care act's Sec. 1302(b) essential health benefits design; and

34 (ii) The ability to provide supplemental benefits beyond the
35 essential health benefits design for certain populations that meet
36 clinical criteria such as children, individuals with disabilities, and
37 elderly adults.

1 (c) The ability to implement limited, reasonable, and enforceable
2 cost sharing and premiums for all categories of eligibility under Title
3 XIX and XXI to encourage informed consumer behavior and lower
4 utilization of health services, while ensuring that access to evidence-
5 based, preventative and primary care is not hindered;

6 (d) The ability to streamline eligibility determination and
7 administration of multiple categories of eligibility through the use of
8 the federal patient protection and affordable care act's modified
9 adjusted gross income determination for all medicaid eligibility
10 groups;

11 (e) The flexibility to adopt innovative reimbursement methods such
12 as bundled, global, and risk-bearing payment arrangements, that promote
13 effective purchasing, efficient use of health services, and support
14 health homes, accountable care organizations, and other innovations
15 intended to contain costs, improve health, and incent smart consumer
16 decision making;

17 (f) The ability for all medicaid and children's health insurance
18 program clients to voluntarily enroll in the insurance exchange and
19 broadened authority to enroll clients in employer-sponsored insurance
20 when available and deemed cost-effective for the state, with authority
21 to require clients to remain enrolled in their chosen plan for the
22 calendar year;

23 (g) An expedited process of forty-five days or less in which the
24 centers for medicare and medicaid services must respond to any state
25 request for certain changes to the demonstration once it is implemented
26 to ensure that the state has the necessary flexibility to manage within
27 its eligibility group per capita payment caps and caseload changes.

28 (2) The department shall evaluate the merits of moving to an
29 insurance subsidy model for certain medicaid populations and shall
30 explore any federal flexibility if and when it is provided to the
31 states for such purpose.

32 (3) The department shall consider steps to remove the
33 administrative silos that surround the developmental disabilities and
34 long-term care components of the medicaid program and evaluate whether
35 their inclusion in a more global approach to medical services for these
36 populations would improve health outcomes and lower costs.

37 (4) The department shall hold ongoing stakeholder discussions as it

1 is developing the waiver request, and provide opportunities for public
2 review and comment as the request is being developed.

3 (5) The department and the health care authority shall identify
4 statutory changes that may be necessary to ensure successful and timely
5 implementation of the demonstration, submitted to the federal
6 department of health and human services as the medicaid modernization
7 demonstration.

8 (6) The legislature must authorize implementation of any
9 demonstration approved by the federal department of health and human
10 services under this section.

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