
SENATE BILL 5206

State of Washington

53rd Legislature

1993 Regular Session

By Senators Prentice and Niemi

Read first time 01/18/93. Referred to Committee on Health & Human Services.

1 AN ACT Relating to health reform; and adding a new chapter to Title
2 48 RCW.

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

4 NEW SECTION. **Sec. 1.** FINDINGS. We the people of the state of
5 Washington find that our health and financial security are jeopardized
6 by current health insurance and health system practices. These
7 practices result in unaffordable costs and cost increases that far
8 exceed ordinary inflation. Current total health care expenditures are
9 more than sufficient to provide access to all within a reformed,
10 efficient system.

11 We find that too many of our state's residents are without health
12 insurance, that each year many individuals and families are forced into
13 poverty because of serious illness and that many must leave gainful
14 employment to be eligible for publicly funded health services.
15 Additionally, thousands of us are at risk of losing adequate health
16 insurance, or have had insurance canceled in the past year, or cannot
17 afford to renew existing coverage.

1 We find that businesses can no longer afford to pay for health
2 insurance and remain competitive in a global economy, and that
3 individuals and small businesses bear an inequitable insurance burden.

4 NEW SECTION. **Sec. 2.** PURPOSES, GOALS, AND INTENT. Be it enacted
5 by the people of the state of Washington that we intend that the state
6 government establish health care policy that will reduce and stabilize
7 costs, assure access for all residents, improve the public's health,
8 and ensure that health care cost increases do not endanger business
9 viability.

10 We intend that total health care costs be stabilized and kept
11 within increases similar to the rates of general economic inflation by
12 encouraging consumers, providers, and insurers to make more cost-
13 effective health care decisions.

14 We intend that all state residents be enrolled in an insurance plan
15 of their choice so long as the plan offers affordable, accessible,
16 cost-effective, and comprehensive health services.

17 We intend that individuals and businesses have the option to
18 purchase any health services they may choose in addition to those
19 defined in the benefits package referenced in this chapter.

20 We intend that all state residents, all businesses, employees, and
21 government participate in payment for health services, and that
22 individual premium costs and access to service fees be on a sliding
23 scale based on income with the lowest-income citizens exempt from
24 premium payments.

25 We intend that these goals be accomplished within a reformed system
26 using available private providers and facilities, and that consumers be
27 free to choose among competing plans operating within total budget
28 limits.

29 NEW SECTION. **Sec. 3.** ENROLLMENT IN A CERTIFIED INSURANCE PLAN
30 REQUIRED. By November 1, 1997, all Washington state residents, as
31 defined by the governor in rule, shall be enrolled in the certified
32 insurance plan of their choice.

33 NEW SECTION. **Sec. 4.** POWERS OF THE GOVERNOR AND THE INSURANCE
34 COMMISSIONER. The governor, in consultation with the insurance
35 commissioner, shall:

1 (1) By January 1, 1995, determine in rule a comprehensive package
2 of cost-effective health and long-term care services that shall be
3 known as "the benefits package." In determining the benefits package,
4 the health services offered to Washington state employees through the
5 state health care authority during 1992 shall be used as an example,
6 and the benefits package recommendations of the health care commission
7 shall also be considered. The benefits package shall include, but not
8 be limited to, inpatient services, outpatient services, preventive
9 services, and community residential services for physical, mental, and
10 developmental illnesses and disabilities.

11 (2) By July 1, 1996, establish and make public the maximum total
12 funds that a certified insurance plan may receive per enrollee during
13 each year for the benefits package. In establishing these maximum
14 levels, all Washington state residents must be considered as a single
15 community. However, regional variations may be allowed in total funds
16 received by a certified insurance plan based on documented demographic
17 factors, or other factors established by rule that predict utilization
18 within a community. The annual increase in the per enrollee costs of
19 the benefits package may not exceed one and one-half times the
20 percentage increase in the annual average wage in the state for the
21 previous year. Annual average wage shall mean that wage calculated by
22 the employment security department for unemployment insurance
23 contributions purposes as defined in RCW 50.04.355.

24 (3) By July 1, 1997, establish and implement requirements according
25 to section 5 of this act.

26 (4) Establish by rule requirements for all residents, all
27 businesses, and government to make payments that shall be received by
28 certified insurance plans and that will be sufficient to implement this
29 chapter while providing the comprehensive benefits package to all state
30 residents. The payment requirements must result in as little change in
31 current aggregate payment levels for health services as is possible
32 within each of these groups. The payment levels must give
33 consideration to the financial viability of small low-wage businesses
34 and to low-income families and individuals. Payment requirements
35 established under this subsection may be modified or replaced by an
36 alternative set of payment requirements that fulfills the intent of
37 this chapter, and that is approved by two-thirds of each house of the
38 state legislature.

1 (5) Reorganize state government as needed to implement this
2 chapter; however no more than fifty new, full-time equivalent employees
3 shall be hired for this purpose. Additional employees who may be
4 needed must be added by reassigning personnel employed by the state on
5 the effective date of this act.

6 (6) Determine, in conjunction with the medical community, practice
7 parameters and peer review mechanisms for reducing malpractice. Also,
8 apply the malpractice reform recommendations of the health care
9 commission, as appropriate, to reform the system.

10 (7) Ensure that an amount equal to at least five percent of total
11 funds received by certified insurance plans for the benefits package is
12 allocated to state and local public health departments to provide
13 public health status assessment, policy development, and other services
14 to protect the public health, including vital records, infectious and
15 contagious disease control, assurance of the safety of food and
16 drinking water, and protection from contamination by pollutants or
17 toxic substances.

18 (8) Negotiate with congress and federal agencies to obtain waivers
19 or exemptions from federal rules or statutes as needed to implement
20 this chapter without losing federal funds that now come to the state.

21 (9) Establish rules, appoint advisory commissions, conduct
22 research, receive grants or gifts, convene task forces, or engage in
23 any other actions that may be needed to implement this chapter.

24 (10) Establish, if certified plans are insufficient or unable to
25 meet a populations's health service needs, contracts with local health
26 departments, community or migrant health centers, or other nonprofit
27 health service entities for all or part of the benefits package, and
28 recognize the unique ability of community and migrant health centers to
29 serve populations within their communities.

30 (11) Apply all mechanisms as necessary, including those recommended
31 by the health care commission, to control costs and assure quality of
32 care consistent with this chapter.

33 NEW SECTION. **Sec. 5.** REQUIREMENTS FOR CERTIFIED INSURANCE PLANS.
34 A health maintenance organization, health care service contractor,
35 group disability insurer, or other entity is qualified to be a
36 certified insurance plan if they meet requirements established by the
37 governor in consultation with the insurance commissioner.

38 These requirements must include that a certified insurance plan:

1 (1) Accept enrollment from any Washington state resident regardless
2 of preexisting health condition, employment, or income.

3 (2) Provide the benefits package to all of its enrollees.

4 (3) Receive payments for the benefits package only in the form of
5 fixed, prepaid, per capita payments, and access to service fees so long
6 as these limited fees do not become a barrier to appropriate and timely
7 access.

8 (4) Receive from all sources no more than the maximum funding
9 levels per enrollee established by the state for the benefits package
10 and prohibit balance billing or unauthorized cost sharing.

11 (5) Comply with uniform billing, reporting, and inspection
12 requirements, monitoring processes and standards for continuous quality
13 improvement and total quality management as determined by rule.

14 (6) Promote community health education to increase awareness of
15 injury and illness prevention; encourage enrollees to take
16 responsibility for protecting their own health; and stimulate community
17 discussion about the use and limits of medical care in improving the
18 health of individuals and communities.

19 (7) Comply with rules established by the governor, consistent with
20 this chapter, for freedom of choice of plans and providers, consumer
21 participation in policy development, portability of benefits, enrollee
22 grievance procedures, uniform billing procedures, avoidance or
23 elimination of barriers to access, and other rules, all of which shall
24 be established through an open, public process.

25 NEW SECTION. **Sec. 6.** PROHIBITIONS AGAINST NONCERTIFIED ENTITIES
26 RECEIVING PAYMENT FOR BENEFITS PACKAGE SERVICES.--NO RESTRICTION ON
27 SERVICES NOT INCLUDED WITHIN THE BENEFITS PACKAGE. It is unlawful for
28 a person or corporation to receive payments for services for an
29 enrollee covered within the benefits package unless they are within a
30 certified plan or qualify as an exception, established in rule, under
31 section 4(10) of this act. However nothing in this chapter precludes
32 an entity from insuring, providing, contracting, or receiving payment
33 for health services not included in the benefits package, nor does
34 anything in this chapter restrict an employer from offering, and an
35 employee representative from negotiating for, or an individual from
36 purchasing, services not included in the benefits package.

1 NEW SECTION. **Sec. 7.** PUBLIC REPORTS AND DETAILED PLAN REQUIRED;
2 MORE SWIFT ACTION NOT PROHIBITED. Quarterly, beginning in January
3 1994, the governor and insurance commissioner or their designees, shall
4 report to the people on progress in implementing this chapter by making
5 presentations to local boards of health in public meetings. Local
6 boards may convene joint, regional meetings for this purpose.

7 By July 1994, the governor and the insurance commissioner shall
8 present to the public a detailed plan to implement this chapter. All
9 rules proposed for implementation of this chapter must be adopted in
10 accordance with statutes that ensure public scrutiny and an ability for
11 public response and must conform to the requirements of chapter 34.05
12 RCW. Nothing in this chapter prevents the government from taking
13 action to contain health care costs, or to expand access more quickly
14 than required in this chapter, or to adopt recommendations of the
15 health care commission, so long as these actions are consistent with
16 sections 3 through 6 of this act, and do not conflict with the intent
17 of this chapter.

18 NEW SECTION. **Sec. 8.** SEVERABILITY. If any provision of this act
19 or its application to any person or circumstance is held invalid, the
20 remainder of the act or the application of the provision to other
21 persons or circumstances is not affected.

22 NEW SECTION. **Sec. 9.** CAPTIONS NOT LAW. Captions as used in this
23 act constitute no part of the law.

24 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act shall
25 constitute a new chapter in Title 48 RCW.

--- END ---