

---

HOUSE BILL 2115

---

State of Washington

55th Legislature

1997 Regular Session

By Representatives Cody, Dyer, Conway, Wood, Anderson, Murray, Wolfe, Blalock and Costa

Read first time 02/20/97. Referred to Committee on Health Care.

1 AN ACT Relating to employer group health insurance pilot program;  
2 reenacting and amending RCW 70.47.060; and making an appropriation.

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

4 **Sec. 1.** RCW 70.47.060 and 1995 c 266 s 1 and 1995 c 2 s 4 are each  
5 reenacted and amended to read 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 offer as basic health plan services  
12 chemical dependency services, mental health services and organ  
13 transplant services; however, no one service or any combination of  
14 these three services shall increase the actuarial value of the basic  
15 health plan benefits by more than five percent excluding inflation, as  
16 determined by the office of financial management. All subsidized and  
17 nonsubsidized enrollees in any participating managed health care system  
18 under the Washington basic health plan shall be entitled to receive  
19 (~~covered basic health care services~~) covered basic health care

1 services in return for premium payments to the plan. The schedule of  
2 services shall emphasize proven preventive and primary health care and  
3 shall include all services necessary for prenatal, postnatal, and well-  
4 child care. However, with respect to coverage for groups of subsidized  
5 enrollees who are eligible to receive prenatal and postnatal services  
6 through the medical assistance program under chapter 74.09 RCW, the  
7 administrator shall not contract for such services except to the extent  
8 that such services are necessary over not more than a one-month period  
9 in order to maintain continuity of care after diagnosis of pregnancy by  
10 the managed care provider. The schedule of services shall also include  
11 a separate schedule of basic health care services for children,  
12 eighteen years of age and younger, for those subsidized or  
13 nonsubsidized enrollees who choose to secure basic coverage through the  
14 plan only for their dependent children. In designing and revising the  
15 schedule of services, the administrator shall consider the guidelines  
16 for assessing health services under the mandated benefits act of 1984,  
17 RCW 48.42.080, and such other factors as the administrator deems  
18 appropriate.

19 However, with respect to coverage for subsidized enrollees who are  
20 eligible to receive prenatal and postnatal services through the medical  
21 assistance program under chapter 74.09 RCW, the administrator shall not  
22 contract for such services except to the extent that the services are  
23 necessary over not more than a one-month period in order to maintain  
24 continuity of care after diagnosis of pregnancy by the managed care  
25 provider.

26 (2)(a) To design and implement a structure of periodic premiums due  
27 the administrator from subsidized enrollees that is based upon gross  
28 family income, giving appropriate consideration to family size and the  
29 ages of all family members. The enrollment of children shall not  
30 require the enrollment of their parent or parents who are eligible for  
31 the plan. The structure of periodic premiums shall be applied to  
32 subsidized enrollees entering the plan as individuals pursuant to  
33 subsection (9) of this section and to the share of the cost of the plan  
34 due from subsidized enrollees entering the plan as employees pursuant  
35 to subsection (10) of this section.

36 (b) To determine the periodic premiums due the administrator from  
37 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees  
38 shall be in an amount equal to the cost charged by the managed health  
39 care system provider to the state for the plan plus the administrative

1 cost of providing the plan to those enrollees and the premium tax under  
2 RCW 48.14.0201.

3 (c) An employer or other financial sponsor may, with the prior  
4 approval of the administrator, pay the premium, rate, or any other  
5 amount on behalf of a subsidized or nonsubsidized enrollee, by  
6 arrangement with the enrollee and through a mechanism acceptable to the  
7 administrator, but in no case shall the payment made on behalf of the  
8 enrollee exceed the total premiums due from the enrollee.

9 (d) To develop, as an offering by all health carriers providing  
10 coverage identical to the basic health plan, a model plan benefits  
11 package with uniformity in enrollee cost-sharing requirements.

12 (3) To design and implement a structure of enrollee cost sharing  
13 due a managed health care system from subsidized and nonsubsidized  
14 enrollees. The structure shall discourage inappropriate enrollee  
15 utilization of health care services, and may utilize copayments,  
16 deductibles, and other cost-sharing mechanisms, but shall not be so  
17 costly to enrollees as to constitute a barrier to appropriate  
18 utilization of necessary health care services.

19 (4) To limit enrollment of persons who qualify for subsidies so as  
20 to prevent an overexpenditure of appropriations for such purposes.  
21 Whenever the administrator finds that there is danger of such an  
22 overexpenditure, the administrator shall close enrollment until the  
23 administrator finds the danger no longer exists.

24 (5) To limit the payment of subsidies to subsidized enrollees, as  
25 defined in RCW 70.47.020. The level of subsidy provided to persons who  
26 qualify may be based on the lowest cost plans, as defined by the  
27 administrator.

28 (6) To adopt a schedule for the orderly development of the delivery  
29 of services and availability of the plan to residents of the state,  
30 subject to the limitations contained in RCW 70.47.080 or any act  
31 appropriating funds for the plan.

32 (7) To solicit and accept applications from managed health care  
33 systems, as defined in this chapter, for inclusion as eligible basic  
34 health care providers under the plan. The administrator shall endeavor  
35 to assure that covered basic health care services are available to any  
36 enrollee of the plan from among a selection of two or more  
37 participating managed health care systems. In adopting any rules or  
38 procedures applicable to managed health care systems and in its  
39 dealings with such systems, the administrator shall consider and make

1 suitable allowance for the need for health care services and the  
2 differences in local availability of health care resources, along with  
3 other resources, within and among the several areas of the state.  
4 Contracts with participating managed health care systems shall ensure  
5 that basic health plan enrollees who become eligible for medical  
6 assistance may, at their option, continue to receive services from  
7 their existing providers within the managed health care system if such  
8 providers have entered into provider agreements with the department of  
9 social and health services.

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

16 (9) To accept applications from individuals residing in areas  
17 served by the plan, on behalf of themselves and their spouses and  
18 dependent children, for enrollment in the Washington basic health plan  
19 as subsidized or nonsubsidized enrollees, to establish appropriate  
20 minimum-enrollment periods for enrollees as may be necessary, and to  
21 determine, upon application and on a reasonable schedule defined by the  
22 authority, or at the request of any enrollee, eligibility due to  
23 current gross family income for sliding scale premiums. No subsidy  
24 may be paid with respect to any enrollee whose current gross family  
25 income exceeds twice the federal poverty level or, subject to RCW  
26 70.47.110, who is a recipient of medical assistance or medical care  
27 services under chapter 74.09 RCW. If, as a result of an eligibility  
28 review, the administrator determines that a subsidized enrollee's  
29 income exceeds twice the federal poverty level and that the enrollee  
30 knowingly failed to inform the plan of such increase in income, the  
31 administrator may bill the enrollee for the subsidy paid on the  
32 enrollee's behalf during the period of time that the enrollee's income  
33 exceeded twice the federal poverty level. If a number of enrollees  
34 drop their enrollment for no apparent good cause, the administrator may  
35 establish appropriate rules or requirements that are applicable to such  
36 individuals before they will be allowed to reenroll in the plan.

37 (10) To accept applications from business owners on behalf of  
38 themselves and their employees, spouses, and dependent children, as  
39 subsidized or nonsubsidized enrollees, who reside in an area served by

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

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

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

1 commissioner and the department of health, to minimize duplication of  
2 effort.

3 (13) To evaluate the effects this chapter has on private employer-  
4 based health care coverage and to take appropriate measures consistent  
5 with state and federal statutes that will discourage the reduction of  
6 such coverage in the state.

7 (14) To develop a program of proven preventive health measures and  
8 to integrate it into the plan wherever possible and consistent with  
9 this chapter.

10 (15) To provide, consistent with available funding, assistance for  
11 rural residents, underserved populations, and persons of color.

12 (16)(a) To develop and implement a three-year pilot program to  
13 provide group health insurance coverage that is attractive and  
14 affordable for employers seeking to offer health insurance benefits for  
15 employees and their dependents, and that addresses the employers'  
16 administrative needs. The goal of the pilot program is to encourage  
17 employers in Washington state to provide employee health benefits, with  
18 particular focus on small businesses and employers that are uninsured.  
19 By October 1, 1998, the health care authority shall make available  
20 group insurance coverage for purchase by employers who apply and are  
21 selected to participate in the pilot program. Coverage provided under  
22 the pilot program shall replace group coverage currently offered for  
23 employers, including home care agencies, through the basic health plan.  
24 The health care authority may contract with managed health care systems  
25 or other health insurance carriers to provide group coverage under this  
26 program. The health care authority may establish enrollment limits for  
27 the employer group pilot program, based on available funding, and may  
28 adopt rules to implement the pilot program consistent with this  
29 subsection. Participation of employers and home care agencies in the  
30 pilot program is subject to reasonable guidelines and eligibility rules  
31 established by the health care authority.

32 (b) To establish a technical advisory committee to advise the  
33 health care authority on the development of the employer group pilot  
34 program under this subsection, including administrative policies and  
35 procedures, eligibility criteria, structure of premium subsidies, and  
36 benefit design. The technical advisory committee shall include, but is  
37 not limited to, representatives of small businesses both those that  
38 have not participated in basic health plan coverage as well as those  
39 that have; home care agencies; employees; licensed insurance agents and

1 brokers with expertise in employee health benefit programs; and managed  
2 health care plans. The technical advisory committee shall review  
3 current barriers to providing employer group coverage through the basic  
4 health plan, including issues regarding the administration of state  
5 premium funding for low-income group enrollees. The committee shall  
6 study alternative strategies for encouraging employers to offer  
7 employee health insurance coverage, including but not limited to:  
8 Incentives such as reduced premiums and tax credits for employers  
9 providing coverage; alternative eligibility criteria and benefit  
10 designs for the employer group product; strategies and requirements for  
11 marketing to employer groups; and policies on commissions for licensed  
12 agents and brokers for sale of the employer group coverage. The  
13 committee shall consider ways to prevent undue competition with private  
14 insurance carriers; prevent impacts on access to health care coverage;  
15 and ensure compliance with applicable state and federal laws and  
16 regulations. The health care authority may contract with consultants  
17 with expertise in group products to assist the technical advisory  
18 committee in developing and evaluating alternatives.

19 (c) To submit to the legislature by December 1, 1997, a report that  
20 summarizes the work of the technical advisory committee and provides a  
21 plan for implementing the employer group pilot program. The report  
22 must include recommended statutory changes, if any, and must outline  
23 the proposed design of the employer group coverage and other  
24 administrative policies for implementation of the pilot program.

25 (d) To monitor and evaluate the effectiveness of the employer group  
26 pilot program established under this subsection. By December 1, 2000,  
27 the health care authority shall submit a report to the legislature on  
28 the preliminary results of the pilot program. The report must include  
29 recommendations on whether to continue the program beyond the  
30 three-year pilot period.

31 NEW SECTION. Sec. 2. The sum of . . . . . dollars, or as much  
32 thereof as may be necessary, is appropriated for the biennium ending  
33 June 30, 1999, from the health services account to the health care  
34 authority to fund the employer group pilot program under this act.

--- END ---