

# HOUSE BILL REPORT

## SHB 2341

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### As Amended by the Senate

**Title:** An act relating to changes in the basic health plan program necessary to implement the 2009-2011 operating budget.

**Brief Description:** Modifying the basic health plan program.

**Sponsors:** House Committee on Ways & Means (originally sponsored by Representatives Cody and Kelley).

### Brief History:

#### Committee Activity:

Ways & Means: 4/14/09, 4/18/09 [DPS].

#### Floor Activity

Passed House: 4/20/09, 89-9.

Senate Amended.

Passed Senate: 4/26/09, 30-13.

### Brief Summary of Substitute Bill

- Prohibits individuals enrolled in medical assistance programs at the Department of Social and Health Services from being enrolled in the Basic Health Plan (BHP).
- Allows the Health Care Authority to disenroll individuals on the BHP according to established criteria.

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### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

**Staff:** Chris Blake (786-7392)

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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.*

**Background:**

The Health Care Authority (Authority) administers the Basic Health Plan (BHP), which is a health care insurance program for low-income Washington residents. The BHP assists enrollees by providing a state subsidy to offset the costs of premiums. The BHP currently has approximately 100,000 subsidized enrollees statewide.

Residents of Washington with an income of less than 200 percent of federal poverty level are eligible for enrollment in the BHP. In addition, the enrollee must not be: (1) eligible for Medicare; (2) institutionalized; or (3) in school on a temporary work visa.

The BHP offers general health care services, including physician services, inpatient and outpatient hospital services, prescription drugs, and medications. In addition, the BHP provides coverage for chemical dependency services, mental health services, and organ transplant services; however, these services may not exceed 5 percent of the value of the benefit package.

Enrollees in the BHP are required to contribute to the cost of enrollment in the health care plan through premiums. The premiums are established on a sliding scale according to the enrollee's income level. Providers and other organizations may sponsor enrollees through the payment of their premiums. Enrollees make other contributions in the form of co-pays, deductibles, and co-insurance.

**Summary of Substitute Bill:**

Individuals who are receiving medical assistance through the Department of Social and Health Services (DSHS) are not eligible for subsidized coverage under the Basic Health Plan (BHP).

The limitation of chemical dependency services, mental health services, and organ transplant services to a combined maximum limit of 5 percent of the value of the BHP benefit package is eliminated.

The Health Care Authority (Authority) shall encourage enrollees who have been continuously enrolled in the BHP for at least one year to complete a health risk assessment and participate in programs to improve health status, such as wellness, smoking cessation, and chronic disease management programs.

The Authority is authorized to disenroll subsidized enrollees to prevent overexpenditure of the BHP. The Authority shall establish criteria for selecting individuals to disenroll which may include the amount of time that an individual has been continually enrolled on the BHP, the individual's income level, or the individual's eligibility for other coverage. Prior to disenrolling an enrollee, the Authority shall attempt to identify enrollees who are eligible for other coverage and assist in transitioning those who are eligible for coverage through medical assistance. The criteria shall also address circumstances for allowing individuals who have been disenrolled to reapply.

The situations under which the Authority must implement a self-insured coverage system for subsidized BHP enrollees are removed and the Authority is permitted to establish a self-insurance system, at its discretion, as long as there is sufficient funding in the BHP Self-Insurance Reserve Account.

The BHP is exempt from insurance requirements to cover the full difference between the enrollee's coverage and other coverage available to the enrollee. Managed health care systems participating in the BHP are required to determine whether an enrollee has other insurance coverage and report to the Authority on their coordination of benefits activities.

The requirements that the Authority and the DSHS report each year on the employment status of BHP enrollees are suspended until November 2012.

**EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment establishes a voluntary contribution program for public employees to provide a monthly donation to maintain enrollment capacity in the Basic Health Plan. The amendment also adds an emergency clause.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The removal of the restrictions on chemical dependency services is helpful.

(With concerns) The risk assessments should be broader than just smoking and obesity screenings. The wellness services should be available to all enrollees. The criteria for disenrollment should be based upon what funding projections look like.

(Opposed) This is not the time to be cutting people off of health insurance. The Legislature should look at ways to increase revenue to cover these programs. The wellness options should be incentive-based, not penalties. This bill will lead to more difficulties for low-income vulnerable populations. The bill should be changed to track the cuts to the BHP and monitor the fiscal and human impacts.

**Persons Testifying:** (In support) Melissa Johnson, Association of Alcoholism and Addictions Programs.

(With concerns) Lonnie Johns-Brown, National Organization for Women.

(Opposed) Sarah Chernin, United FC Workers; and Teresa Mosqueda, Children's Alliance.

**Persons Signed In To Testify But Not Testifying:** None.