

SENATE BILL REPORT

SB 5898

As Reported by Senate Committee On:
Health & Long-Term Care, March 26, 2009

Title: An act relating to reforming publicly funded health care through the creation of the apple health community care council.

Brief Description: Creating a health care council.

Sponsors: Senators Pflug, Keiser and Zarelli.

Brief History:

Committee Activity: Health & Long-Term Care: 2/18/09, 3/26/09 [DPS-WM, w/oRec].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5898 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Becker, Fairley, Marr and Murray.

Minority Report: That it be referred without recommendation.

Signed by Senator Parlette.

Staff: Mich'l Needham (786-7442)

Background: The Department of Social and Health Services (DSHS), Health Recovery Services Administration (HRSA), administers the state's medical assistance programs which include Medicaid and the State Children's Health Insurance Programs (SCHIP). The federal programs are established in the Social Security Act under Titles XIX and XXI, respectively. In general, the Medicaid program has categorical eligibility that focuses on low-income children, low-income families, or low-income individuals that meet the aged, blind, or disabled definitions. Other adults not eligible for these programs may have access to medical coverage through the state-funded programs such as the General Assistance Unemployable (GAU) program or the Basic Health program; however, the Governor's budget proposal for the upcoming biennium included elimination of the GAU program and a 42 percent cut of the Basic Health program.

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.

The Health Care Authority (HCA) administers the benefits for the Basic Health program and the Public Employees Benefits Board (PEBB) program. Although the PEBB board determines the benefit plans and the eligibility, the statute has required the board maintain employee eligibility criteria and benefits that are substantially equivalent to those that were in place on January 1, 1993. The 1993 Legislature passed health reform measures that included the implementation of managed competition, or premium sharing based on plan pricing, for employee benefits.

Summary of Bill (Recommended Substitute): The Washington State Apple Health Community Care Council is created within DSHS. The Secretary of DSHS or designee and the administrator of the HCA are co-chairs for the council. The council also includes four members of the Legislature: one from each caucus in the House of Representatives and the Senate, and additional members selected by the co-chairs. The primary duties of the council include the redesign and consolidation of medical assistance with other subsidized coverage programs, and preparation of a proposal to the federal Department of Health and Human Services (HHS), by September 1, 2009, to combine medical assistance, SCHIP, GAU, and the Basic Health program, to the extent allowed. The council must explore alternative benefit packages including health savings accounts, alternative cost-sharing arrangements, utilization review, and other cost-controlling measures to achieve cost neutrality.

The council must design one seamless program, and have one application and entryway for all programs. The council must consider a program that allows individuals to move from medical assistance to subsidized coverage to premium assistance programs and, ultimately, private nonsubsidized coverage; eligibility that does not allow individuals to enroll in two programs simultaneously; and improved reimbursement rates that enhance access to care, including enhanced medical home reimbursement.

The council must develop a premium assistance program called the Apple Health Employer Cooperative, that allows employers to participate in coverage options for employees and dependents that are eligible for state subsidized programs. To the extent allowable under federal law, the council must require enrollment in available employer-sponsored coverage as a condition of participating in the program. Infrastructure within the HCA may be used to coordinate payments and sliding scale premium contributions. By January 1, 2010, the council must prepare a proposal to HHS and the Legislature for a broadened Apple Health Employer Cooperative that will be accessible to employers of enrollees in any of the subsidized medical assistance programs.

By January 1, 2011, the council must produce a proposal to consolidate the major medical programs to streamline all operations and eliminate duplication while maximizing federal funds.

EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Substitute): All references to the PEBB program are removed.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is intended as a comprehensive approach for the state health care programs that will improve value, quality, and access while improving the program delivery with a single portal and make better use of public funds. It is not responsible to put our most vulnerable citizens in the streets. The change to the PEBB benefits and contribution level provides additional flexibility for the state to preserve the critical safety net for our most vulnerable.

CON: We support the bill's efforts to maximize employer-sponsored insurance, but we are opposed to any adjustment in state and K-12 employee benefits. We are opposed to removing the substantially equivalent language from the benefits program, and we've long opposed health savings accounts.

Persons Testifying: PRO: Senator Pflug, prime sponsor.

CON: Greg Deveraux, Washington Federation of State Employees.