S-0942.1

SENATE BILL 5596

State of Washington 62nd Legislature 2011 Regular Session

By Senators Parlette, Zarelli, Becker, and Hewitt

Read first time 01/31/11. Referred to Committee on Health & Long-Term Care.

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

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

NEW SECTION. **Sec. 1.** The legislature finds that mounting budget pressures combined with an inflexible medicaid program have forced open discussion throughout the country and in our state concerning complete withdrawal from the medicaid program. The legislature recognizes that a better and more sustainable way forward would involve new state flexibility for managing its medicaid program built on the success of the basic health plan where elements of consumer participation and choice have helped keep costs low. The legislature further finds that a section 1115 demonstration waiver with block grant authority would allow the state to operate as a laboratory of innovation for bending the cost curve, preserving the safety net, and improving the management of care for low-income populations.

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

(1) The department shall submit a section 1115 demonstration waiver

request to the federal department of health and human services to expand and revise the medical assistance program as codified in Title XIX of the federal social security act. The waiver shall be known as the "medicaid marketplace" demonstration waiver. The waiver request shall be designed to ensure the broadest federal financial participation under Titles XIX and XXI of the federal social security act. To the extent permitted under federal law, the waiver request shall include the following components:

(a) Establishment of an indexed block grant for the state medicaid program, with maximum flexibility provided to the state for managing within that appropriation. The capped allotment shall be based on targeted per capita costs and estimated caseload for the full duration of the five-year demonstration period and shall include due consideration and flexibility for unforeseen events and changes in federal law. The indexed block grant shall take into account any and all provisions of the federal patient protection and affordable care act which will have an impact on federal resources devoted to Titles XIX and XXI of the federal social security act programs and any anticipated increase in enrollment;

(b) Flexibility over benefit design for all categories of eligibility under Titles XIX and XXI to align with the basic health benefits package approved by the federal department of health and human services in the section 1115 bridge waiver submitted by the state department of social and health services under RCW 74.09.5222;

(c) The ability to implement variable cost sharing and premiums for all categories of eligibility under Title XIX and XXI to encourage good consumer behavior and lower utilization of health services. Special attention should be given to obtaining the maximum amount of flexibility for innovation around areas of cost-sharing within a given set of parameters;

(d)The ability to streamline eligibility determination, free from maintenance of eligibility requirements imposed by the federal patient protection and affordable care act or any future federal laws, with the opportunity to streamline administration of the multiple categories of eligibility;

(e) The incorporation and extension of all active section 1115 and 1915(b) waivers under the medicaid state plan;

(f) The ability to impose enrollment limits and benefit design changes for all optional eligibility groups;

(g) The flexibility to innovate around plan design in the context of a dynamic and competitive marketplace, with specific flexibility in the following areas: Differential cost-sharing and premium arrangements between plans in the procurement; wellness incentives; tiered prescription drug copays with formularies; selective contracting for certain services; benefit design flexibility around optional benefits; new payment methodologies; and health savings accounts paired with mid-level deductibles and other innovations intended to contain costs, improve health, and incentivize smart consumer decisions; and

(h) An expedited process of sixty days or less in which the centers for medicare and medicaid services must respond to any state request for certain changes to the waiver once it is implemented to ensure that the state has the necessary flexibility to manage within its appropriation.

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

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

(4) The department shall hold ongoing stakeholder discussions as it is developing the waiver request, and provide opportunities for public review and comment as the request is being developed.

(5) The department and the health care authority shall identify statutory changes that may be necessary to ensure successful and timely implementation of the waiver request, submitted to the federal department of health and human services as the medicaid marketplace waiver.

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

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