

HOUSE BILL REPORT

HB 1566

As Reported By House Committee On:

Health Care
Appropriations

Title: An act relating to implementation of health care authority responsibilities.

Brief Description: Changing health care authority responsibilities.

Sponsors: Representative Dyer; by request of Health Care Authority.

Brief History:

Committee Activity:

Health Care: 2/10/95, 2/28/95 [DPS];
Appropriations: 3/21/95 [DP2S(w/o sub HC)].

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Hymes, Vice Chairman; Dellwo, Ranking Minority Member; Cody, Assistant Ranking Minority Member; Campbell; Casada; Conway; Crouse; Kessler; Morris; Sherstad and Skinner.

Staff: Bill Hagens (786-7131).

Background: The Health Care Authority (HCA) is state government's purchaser of health insurance for its employees and retirees, for enrollees in the Basic Health Plan and for other public employee groups who choose to use the HCA as their health insurance purchasing agent. At the present time, the HCA purchases health insurance for approximately 400,000 people.

Under the 1993 Health Services Act, the HCA is designated as the state's consolidated health care purchasing agent and required to purchase health insurance for school district employees and retirees beginning in October 1995.

Upon authorizing legislation, the HCA must also assume purchasing responsibility for certain portions of the state Medicaid program and prisoner health services. The HCA must also pursue various managed competition purchasing strategies in an effort to maximize the value the state receives in its purchase of health insurance.

HCA administers the Caregivers Program which enables nonprofit agencies to purchase health insurance through the state, however, at present, fewer than 50 people have enrolled.

In connection with the employer-mandate, HCA was directed to establish a depository for employer contributions on behalf of part-time workers; however, since the employer-mandate is not forthcoming because of the lack of federal approval, the utility of the depository is diminished.

A number of other statutes affecting the HCA have been identified as needing modification.

Summary of Substitute Bill: The requirement that school district employees purchase health insurance through the HCA is deleted and numerous changes are made to reflect this reversion to previous 1993 status, including a salary cap for teachers.

References to the Health Services Commission and related health reform provisions are deleted.

School district and other public employees may choose to waive their right to health insurance coverage under terms and conditions to be established by the Public Employee Benefits Board (PEBB).

If the PEBB opts to limit the state's contribution to health insurance benefits to a percentage of the lowest priced available plan, the requirement to structure employee premium shares to take account of their income is maintained.

The requirement to place the Basic Health Plan, state employees, school district employees, retirees, prisoner health services ,and some Medicaid programs in a single, community-rated risk pool is deleted in statute. The state will continue to seek appropriate federal waivers and pursue other strategies to improve the state's purchasing power.

Several statutory requirements governing the optional transfer of political subdivision employees into HCA health purchasing are removed from current law, including the requirement that the entire subdivision transfer as a unit, the requirement that the subdivision obligate itself to make employer contributions at least equal to those provided by the state as an employer, and the requirement that there be a public hearing on the application for transfer to HCA.

The depository for employer contributions on behalf of part-time workers, the Caregivers Program, and the HCA responsibility to develop an Indian health care delivery plan are repealed.

The language requiring that state employees benefits be "substantially equivalent" to those received on January 1993 is changed to "not be decreased in comparison . . ."

A voc-tech school is given the option of purchasing benefits through an employee trust if it did so prior to the implementation of the Vocational Education Act of 1991.

The HCA is required to study the feasibility of a voucher-type process for enrollment for state employees.

The Joint Committee on Health System Oversight (if created by law) is required to study the desirability of HCA future self-funding of the Uniform Medical Plan.

Substitute Bill Compared to Original Bill: The HCA-school employee merger, depository, and single community-rated pool provisions are repealed. The voc-tech school trust option is added. Managed competition is made permissive and the effective date is changed from July 1, 1995, to January 1, 1996. The HCA is required to study the feasibility of a voucher-type process for HCA enrollees. The Joint Committee on Health Systems Oversight (if created by law) is required to study the desirability of HCA future self-funding. The "not be decreased in comparison . . ." language is added.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: These changes are necessary for the effective purchase and delivery of public employee benefits.

Testimony Against: The imposition of the salary cap hampers school employees from negotiating for needed health benefits in their communities.

Testified: Margaret Stanley, Health Care Authority (pro); and Randy Parr, SEIU (concerns).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care. Signed by 25 members: Representatives Silver, Chairman; Clements, Vice Chairman; Huff, Vice Chairman; Pelesky, Vice Chairman; Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Beeksma; Brumsickle; Carlson; Chappell; Cooke; Crouse; Hargrove; Hickel; Jacobsen; Lambert; Lisk; McMorris; Rust; Sehlin; Sheahan; Talcott; Thibaudeau and Wolfe.

Minority Report: Without recommendation. Signed by 2 members: Representatives G. Fisher and Poulsen.

Staff: Jennifer Priddy (786-7118).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Health Care: The second substitute bill requires the Health Care Authority to implement managed competition by January 1, 1996; eliminates the requirement that managed competition premium co-payments be paid by employees based on a sliding fee scale; and makes explicit that employees may be required to make point-of-service or premium co-payments. Additionally, current statutes permitting school district employees to bargain with school districts for non-state fund contributions for health benefits will continue in force. Finally, the substitute bill requires that if vocational technical college employees transfer from the Health Care Authority to an employee trust for health benefits purchasing, all employees and retirees must transfer.

Appropriation: None.

Fiscal Note: Available.

Effective Date The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: The substitute bill gives school district employees the right to voluntarily purchase benefits through the Health Care Authority or purchase benefits through their district.

Testimony Against: Managed competition should be voluntary; employees should be given the right to pay any benefits co-payments on a sliding scale based on household income. School district employees should have representation on the public employees' benefits board.

Testified: David Westberg, Stationary Engineers (pro); Randy Parr, Washington State Employees International Union (pro); Steven Aldrich, Washington State Labor Council (pro); Jeff Larsen, Washington Naturopathic Physicians (pro); Jean Leonard,

School Insurance Trusts (pro); Cliff Webster, Standard Insurance Company (pro); Lynn McKinnon, Public School Employees (pro with concerns); and Karen Davis, Washington Education Association (pro with concerns).