
HOUSE BILL 1029

State of Washington

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1995 Regular Session

By Representatives Dyer, Carlson, Benton, Cooke, Horn, Schoesler, Johnson, Thompson, B. Thomas, Radcliff, Hickel, Chandler, Mastin, Mitchell, Grant, Foreman, Sehlin, Sheldon, Huff, Mielke, Talcott and Hymes

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1 AN ACT Relating to adoption of the uniform benefits package;
2 amending RCW 41.05.022, 41.05.200, 43.72.010, 43.72.040, 43.72.130,
3 48.01.210, and 70.47.060; repealing RCW 43.72.180; providing an
4 effective date; providing an expiration date; and declaring an
5 emergency.

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

7 **Sec. 1.** RCW 41.05.022 and 1994 c 153 s 3 are each amended to read
8 as follows:

9 (1) The health care authority is hereby designated as the single
10 state agent for purchasing health services.

11 (2) On and after January 1, 1995, at least the following state-
12 purchased health services programs shall be merged into a single,
13 community-rated risk pool: Health benefits for employees of school
14 districts and educational service districts; health benefits for state
15 employees; health benefits for eligible retired or disabled school
16 employees not eligible for parts A and B of medicare; and health
17 benefits for eligible state retirees not eligible for parts A and B of
18 medicare. Beginning July 1, 1995, the basic health plan shall be
19 included in the risk pool. The administrator may develop mechanisms to

1 ensure that the cost of comparable benefits packages does not vary
2 widely across the risk pools before they are merged. At the earliest
3 opportunity the governor shall seek necessary federal waivers and state
4 legislation to place the medical and acute care components of the
5 medical assistance program, the limited casualty program, and the
6 medical care services program of the department of social and health
7 services in this single risk pool. Long-term care services that are
8 provided under the medical assistance program shall not be placed in
9 the single risk pool until such services have been added to the uniform
10 benefits package. On or before January 1, 1997, the governor shall
11 submit necessary legislation to place the purchasing of health benefits
12 for persons incarcerated in institutions administered by the department
13 of corrections into the single community-rated risk pool effective on
14 and after July 1, 1997.

15 (3) At a minimum, and regardless of other legislative enactments,
16 the state health services purchasing agent shall:

17 (a) Require that a public agency that provides subsidies for a
18 substantial portion of services now covered under the basic health plan
19 or a uniform benefits package as adopted (~~by the Washington health~~
20 ~~services commission as provided in~~) and from time to time revised
21 pursuant to RCW 43.72.130, use uniform eligibility processes, insofar
22 as may be possible, and ensure that multiple eligibility determinations
23 are not required;

24 (b) Require that a health care provider or a health care facility
25 that receives funds from a public program provide care to state
26 residents receiving a state subsidy who may wish to receive care from
27 them consistent with the provisions of chapter 492, Laws of 1993, and
28 that a health maintenance organization, health care service contractor,
29 insurer, or certified health plan that receives funds from a public
30 program accept enrollment from state residents receiving a state
31 subsidy who may wish to enroll with them under the provisions of
32 chapter 492, Laws of 1993;

33 (c) Strive to integrate purchasing for all publicly sponsored
34 health services in order to maximize the cost control potential and
35 promote the most efficient methods of financing and coordinating
36 services;

37 (d) Annually suggest changes in state and federal law and rules to
38 bring all publicly funded health programs in compliance with the goals
39 and intent of chapter 492, Laws of 1993;

1 (e) Consult regularly with the governor, the legislature, and state
2 agency directors whose operations are affected by the implementation of
3 this section.

4 **Sec. 2.** RCW 41.05.200 and 1993 c 492 s 228 are each amended to
5 read as follows:

6 (1) The Washington state group purchasing association is
7 established for the purpose of coordinating and enhancing the health
8 care purchasing power of the groups identified in subsection (2) of
9 this section. The purchasing association shall be administered by the
10 administrator.

11 (2) The following organizations or entities may seek the approval
12 of the administrator for membership in the purchasing association:

13 (a) Private nonprofit human services provider organizations under
14 contract with state agencies, on behalf of their employees and their
15 employees' spouses and dependent children;

16 (b) Individuals providing in-home long-term care services to
17 persons whose care is financed in whole or in part through the medical
18 assistance personal care or community options program entry system
19 program as provided in chapter 74.09 RCW, or the chore services
20 program, as provided in chapter 74.08 RCW, on behalf of themselves and
21 their spouses and dependent children;

22 (c) Owners and operators of child day care centers and family child
23 care homes licensed under chapter 74.15 RCW and of preschool or other
24 child care programs exempted from licensing under chapter 74.15 RCW on
25 behalf of themselves and their employees and employees' spouses and
26 dependent children; and

27 (d) Foster parents contracting with the department of social and
28 health services under chapter 74.13 RCW and licensed under chapter
29 74.15 RCW on behalf of themselves and their spouses and dependent
30 children.

31 (3) In administering the purchasing association, the administrator
32 shall:

33 (a) Negotiate and enter into contracts on behalf of the purchasing
34 association's members in conjunction with its contracting and
35 purchasing activities for employee benefits plans under RCW 41.05.075.
36 In negotiating and contracting with insuring entities on behalf of
37 employees and purchasing association members, two distinct pools shall
38 be maintained.

1 (b) Review and approve or deny applications from entities seeking
2 membership in the purchasing association:

3 (i) The administrator may require all or the substantial majority
4 of the employees of the organizations or entities listed in subsection
5 (2) of this section to enroll in the purchasing association.

6 (ii) The administrator shall require, that as a condition of
7 membership in the purchasing association, an entity or organization
8 listed in subsection (2) of this section that employs individuals pay
9 at least fifty percent of the cost of the health insurance coverage for
10 each employee enrolled in the purchasing association.

11 (iii) In offering and administering the purchasing association, the
12 administrator may not discriminate against individuals or groups based
13 on age, gender, geographic area, industry, or medical history.

14 (4) On and after July 1, 1995, the uniform benefits package and
15 schedule of premiums and point of service cost-sharing adopted and from
16 time to time revised (~~((by the health services commission))~~) pursuant to
17 (~~((chapter 492, Laws of 1993))~~) RCW 43.72.130 shall be applicable to the
18 association.

19 (5) The administrator shall adopt preexisting condition coverage
20 provisions for the association as provided in RCW 48.20.540, 48.21.340,
21 48.44.480, and 48.46.550.

22 (6) Premiums charged to purchasing association members shall
23 include the authority's reasonable administrative and marketing costs.
24 Purchasing association members may not receive any subsidy from the
25 state for the purchase of health insurance coverage through the
26 association.

27 (7)(a) The Washington state group purchasing association account is
28 established in the custody of the state treasurer, to be used by the
29 administrator for the deposit of premium payments from individuals and
30 entities described in subsection (2) of this section, and for payment
31 of premiums for benefit contracts entered into on behalf of the
32 purchasing association's participants and operating expenses incurred
33 by the authority in the administration of benefit contracts under this
34 section. Moneys from the account shall be disbursed by the state
35 treasurer by warrants on vouchers duly authorized by the administrator.

36 (b) Disbursements from the account are not subject to
37 appropriations, but shall be subject to the allotment procedure
38 provided under chapter 43.88 RCW.

1 **Sec. 3.** RCW 43.72.010 and 1994 c 4 s 1 are each amended to read as
2 follows:

3 In this chapter, unless the context otherwise requires:

4 (1) "Certified health plan" or "plan" means a disability insurer
5 regulated under chapter 48.20 or 48.21 RCW, a health care service
6 contractor as defined in RCW 48.44.010, a health maintenance
7 organization as defined in RCW 48.46.020, or an entity certified in
8 accordance with RCW 48.43.020 through 48.43.120.

9 (2) "Chair" means the presiding officer of the Washington health
10 services commission.

11 (3) "Commission" or "health services commission" means the
12 Washington health services commission.

13 (4) "Community rate" means the rating method used to establish the
14 premium for the uniform benefits package adjusted to reflect
15 actuarially demonstrated differences in utilization or cost
16 attributable to geographic region and family size as determined by the
17 commission.

18 (5) "Continuous quality improvement and total quality management"
19 means a continuous process to improve health services while reducing
20 costs.

21 (6) "Employee" means a resident who is in the employment of an
22 employer, as defined by chapter 50.04 RCW.

23 (7) "Enrollee" means any person who is a Washington resident
24 enrolled in a certified health plan.

25 (8) "Enrollee point of service cost-sharing" means amounts paid to
26 certified health plans directly providing services, health care
27 providers, or health care facilities by enrollees for receipt of
28 specific uniform benefits package services, and may include copayments,
29 coinsurance, or deductibles, that together must be actuarially
30 equivalent across plans and within overall limits established by the
31 commission.

32 (9) "Enrollee premium sharing" means that portion of the premium
33 that is paid by enrollees or their family members.

34 (10) "Federal poverty level" means the federal poverty guidelines
35 determined annually by the United States department of health and human
36 services or successor agency.

37 (11) "Health care facility" or "facility" means hospices licensed
38 under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW,
39 rural health care facilities as defined in RCW 70.175.020, psychiatric

1 hospitals licensed under chapter 71.12 RCW, nursing homes licensed
2 under chapter 18.51 RCW, community mental health centers licensed under
3 chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed
4 under chapter 70.41 RCW, ambulatory diagnostic, treatment or surgical
5 facilities licensed under chapter 70.41 RCW, drug and alcohol treatment
6 facilities licensed under chapter 70.96A RCW, and home health agencies
7 licensed under chapter 70.127 RCW, and includes such facilities if
8 owned and operated by a political subdivision or instrumentality of the
9 state and such other facilities as required by federal law and
10 implementing regulations, but does not include Christian Science
11 sanatoriums operated, listed, or certified by the First Church of
12 Christ Scientist, Boston, Massachusetts.

13 (12) "Health care provider" or "provider" means:

14 (a) A person regulated under Title 18 RCW and chapter 70.127 RCW,
15 to practice health or health-related services or otherwise practicing
16 health care services in this state consistent with state law; or

17 (b) An employee or agent of a person described in (a) of this
18 subsection, acting in the course and scope of his or her employment.

19 (13) "Health insurance purchasing cooperative" or "cooperative"
20 means a member-owned and governed nonprofit organization certified in
21 accordance with RCW 43.72.080 and 48.43.160.

22 (14) "Long-term care" means institutional, residential, outpatient,
23 or community-based services that meet the individual needs of persons
24 of all ages who are limited in their functional capacities or have
25 disabilities and require assistance with performing two or more
26 activities of daily living for an extended or indefinite period of
27 time. These services include case management, protective supervision,
28 in-home care, nursing services, convalescent, custodial, chronic, and
29 terminally ill care.

30 (15) "Major capital expenditure" means any project or expenditure
31 for capital construction, renovations, or acquisition, including
32 medical technological equipment, as defined by the commission, costing
33 more than one million dollars.

34 (16) "Managed care" means an integrated system of insurance,
35 financing, and health services delivery functions that: (a) Assumes
36 financial risk for delivery of health services and uses a defined
37 network of providers; or (b) assumes financial risk for delivery of
38 health services and promotes the efficient delivery of health services
39 through provider assumption of some financial risk including

1 capitation, prospective payment, resource-based relative value scales,
2 fee schedules, or similar method of limiting payments to health care
3 providers.

4 (17) "Maximum enrollee financial participation" means the income-
5 related total annual payments that may be required of an enrollee per
6 family who chooses one of the three lowest priced uniform benefits
7 packages offered by plans in a geographic region including both premium
8 sharing and enrollee point of service cost-sharing.

9 (18) "Persons of color" means Asians/Pacific Islanders, African,
10 Hispanic, and Native Americans.

11 (19) "Premium" means all sums charged, received, or deposited by a
12 certified health plan as consideration for a uniform benefits package
13 or the continuance of a uniform benefits package. Any assessment, or
14 any "membership," "policy," "contract," "service," or similar fee or
15 charge made by the certified health plan in consideration for the
16 uniform benefits package is deemed part of the premium. "Premium"
17 shall not include amounts paid as enrollee point of service cost-
18 sharing.

19 (20) "Qualified employee" means an employee who is employed at
20 least thirty hours during a week or one hundred twenty hours during a
21 calendar month.

22 (21) "Registered employer health plan" means a health plan
23 established by a private employer of more than seven thousand active
24 employees in this state solely for the benefit of such employees and
25 their dependents and that meets the requirements of RCW 43.72.120.
26 Nothing contained in this subsection shall be deemed to preclude the
27 plan from providing benefits to retirees of the employer.

28 (22) "Supplemental benefits" means those appropriate and effective
29 health services that are not included in the uniform benefits package
30 or that expand the type or level of health services available under the
31 uniform benefits package and that are offered to all residents in
32 accordance with the provisions of RCW 43.72.160 and 43.72.170.

33 (23) "Technology" means the drugs, devices, equipment, and medical
34 or surgical procedures used in the delivery of health services, and the
35 organizational or supportive systems within which such services are
36 provided. It also means sophisticated and complicated machinery
37 developed as a result of ongoing research in the basic biological and
38 physical sciences, clinical medicine, electronics, and computer
39 sciences, as well as specialized professionals, medical equipment,

1 procedures, and chemical formulations used for both diagnostic and
2 therapeutic purposes.

3 (24) "Uniform benefits package" or "package" means those
4 appropriate and effective health services, (~~defined by the commission~~
5 ~~under~~) adopted and from time to time revised pursuant to RCW
6 43.72.130, that must be offered to all Washington residents through
7 certified health plans.

8 (25) "Washington resident" or "resident" means a person who intends
9 to reside in the state permanently or indefinitely and who did not move
10 to Washington for the primary purpose of securing health services under
11 RCW 43.72.090 through 43.72.240, 43.72.300, 43.72.310, 43.72.800, and
12 chapters 48.43 and 48.85 RCW. "Washington resident" also includes
13 people and their accompanying family members who are residing in the
14 state for the purpose of engaging in employment for at least one month,
15 who did not enter the state for the primary purpose of obtaining health
16 services. The confinement of a person in a nursing home, hospital, or
17 other medical institution in the state shall not by itself be
18 sufficient to qualify such person as a resident.

19 **Sec. 4.** RCW 43.72.040 and 1994 c 4 s 3 are each amended to read as
20 follows:

21 The commission has the following powers and duties:

22 (1) Ensure that all residents of Washington state are enrolled in
23 a certified health plan to receive the uniform benefits package,
24 regardless of age, sex, family structure, ethnicity, race, health
25 condition, geographic location, employment, or economic status.

26 (2) Endeavor to ensure that all residents of Washington state have
27 access to appropriate, timely, confidential, and effective health
28 services, and monitor the degree of access to such services. If the
29 commission finds that individuals or populations lack access to
30 certified health plan services, the commission shall:

31 (a) Authorize appropriate state agencies, local health departments,
32 community or migrant health clinics, public hospital districts, or
33 other nonprofit health service entities to take actions necessary to
34 assure such access. This includes authority to contract for or
35 directly deliver services described within the uniform benefits package
36 to special populations; or

37 (b) Notify appropriate certified health plans and the insurance
38 commissioner of such findings. The commission shall adopt by rule

1 standards by which the insurance commissioner may, in such event,
2 require certified health plans in closest proximity to such individuals
3 and populations to extend their catchment areas to those individuals
4 and populations and offer them enrollment.

5 (3) Adopt necessary rules in accordance with chapter 34.05 RCW to
6 carry out the purposes of chapter 492, Laws of 1993. An initial set of
7 draft rules establishing at least the commission's organization
8 structure, the uniform benefits package, and standards for certified
9 health plan certification, must be submitted in draft form to
10 appropriate committees of the legislature by December 1, 1994.

11 (4) Establish and modify as necessary, in consultation with the
12 state board of health and the department of health, and coordination
13 with the planning process set forth in RCW 43.70.520 a uniform set of
14 health services based on the recommendations of the health care cost
15 control and access commission established under House Concurrent
16 Resolution No. 4443 adopted by the legislature in 1990.

17 (5) (~~Establish and modify as necessary~~) Make recommendations to
18 the legislature for the uniform benefits package as provided in RCW
19 43.72.130, which shall be offered to enrollees of a certified health
20 plan. The benefit package shall be provided at no more than the
21 maximum premium specified in subsection (6) of this section.

22 (6)(a) Establish for each year a community-rated maximum premium
23 for the uniform benefits package that shall operate to control overall
24 health care costs. The maximum premium cost of the uniform benefits
25 package in the base year 1995 shall be established upon an actuarial
26 determination of the costs of providing the uniform benefits package
27 and such other cost impacts as may be deemed relevant by the
28 commission. Beginning in 1996, the growth rate of the premium cost of
29 the uniform benefits package for each certified health plan shall be
30 allowed to increase by a rate no greater than the average growth rate
31 in the cost of the package between 1990 and 1993 as actuarially
32 determined, reduced by two percentage points per year until the growth
33 rate is no greater than the five-year rolling average of growth in
34 Washington per capita personal income, as determined by the office of
35 financial management.

36 (b) In establishing the community-rated maximum premium under this
37 subsection, the commission shall review various methods for
38 establishing the community-rated maximum premium and shall recommend
39 such methods to the legislature by December 1, 1994.

1 The commission may develop and recommend a rate for employees that
2 provides nominal, if any, variance between the rate for individual
3 employees and employees with dependents to minimize any economic
4 incentive to an employer to discriminate between prospective employees
5 based upon whether or not they have dependents for whom coverage would
6 be required.

7 (c) If (~~the commission adds or deletes~~) services or benefits are
8 added to or deleted from the uniform benefits package in subsequent
9 years, (~~it~~) the commission may increase or decrease the maximum
10 premium to reflect the actual cost experience of a broad sample of
11 providers of that service in the state, considering the factors
12 enumerated in (a) of this subsection and adjusted actuarially. The
13 addition of services or benefits shall not result in a redetermination
14 of the entire cost of the uniform benefits package.

15 (d) The level of state expenditures for the uniform benefits
16 package shall be limited to the appropriation of funds specifically for
17 this purpose.

18 (7) Determine the need for medical risk adjustment mechanisms to
19 minimize financial incentives for certified health plans to enroll
20 individuals who present lower health risks and avoid enrolling
21 individuals who present higher health risks, and to minimize financial
22 incentives for employer hiring practices that discriminate against
23 individuals who present higher health risks. In the design of medical
24 risk distribution mechanisms under this subsection, the commission
25 shall (a) balance the benefits of price competition with the need to
26 protect certified health plans from any unsustainable negative effects
27 of adverse selection; (b) consider the development of a system that
28 creates a risk profile of each certified health plan's enrollee
29 population that does not create disincentives for a plan to control
30 benefit utilization, that requires contributions from plans that enjoy
31 a low-risk enrollee population to plans that have a high-risk enrollee
32 population, and that does not permit an adjustment of the premium
33 charged for the uniform benefits package or supplemental coverage based
34 upon either receipt or contribution of assessments; and (c) consider
35 whether registered employer health plans should be included in any
36 medical risk adjustment mechanism. (~~Proposed~~) Any medical risk
37 adjustment mechanisms proposed by the commission shall be submitted to
38 the legislature (~~as provided in RCW 43.72.180~~) for legislative
39 consideration.

1 (8) Design a mechanism to assure minors have access to confidential
2 health care services as currently provided in RCW 70.24.110 and
3 71.34.030.

4 (9) Monitor the actual growth in total annual health services
5 costs.

6 (10) Monitor the increased application of technology as required by
7 chapter 492, Laws of 1993 and take necessary action to ensure that such
8 application is made in a cost-effective and efficient manner and
9 consistent with existing laws that protect individual privacy.

10 (11) Establish reporting requirements for certified health plans
11 that own or manage health care facilities, health care facilities, and
12 health care providers to periodically report to the commission
13 regarding major capital expenditures of the plans. The commission
14 shall review and monitor such reports and shall report to the
15 legislature regarding major capital expenditures on at least an annual
16 basis. The Washington health care facilities authority and the
17 commission shall develop standards jointly for evaluating and approving
18 major capital expenditure financing through the Washington health care
19 facilities authority, as authorized pursuant to chapter 70.37 RCW. By
20 December 1, 1994, the commission and the authority shall submit jointly
21 to the legislature such proposed standards. The commission and the
22 authority shall, after legislative review, but no later than June 1,
23 1995, publish such standards. Upon publication, the authority may not
24 approve financing for major capital expenditures unless approved by the
25 commission.

26 (12) Establish maximum enrollee financial participation levels.
27 The levels shall be related to enrollee household income.

28 (13) Establish rules requiring employee enrollee premium sharing,
29 as defined in RCW 43.72.010(9), be paid through deductions from wages
30 or earnings.

31 (14) For health services provided under the uniform benefits
32 package and supplemental benefits, adopt standards for enrollment, and
33 standardized billing and claims processing forms. The standards shall
34 ensure that these procedures minimize administrative burdens on health
35 care providers, health care facilities, certified health plans, and
36 consumers. Subject to federal approval or phase-in schedules whenever
37 necessary or appropriate, the standards also shall apply to state-
38 purchased health services, as defined in RCW 41.05.011.

1 (15) Propose that certified health plans adopt certain practice
2 indicators or risk management protocols for quality assurance,
3 utilization review, or provider payment. The commission may consider
4 indicators or protocols recommended according to RCW 43.70.500 for
5 these purposes.

6 (16) Propose other guidelines to certified health plans for
7 utilization management, use of technology and methods of payment, such
8 as diagnosis-related groups and a resource-based relative value scale.
9 Such guidelines shall be voluntary and shall be designed to promote
10 improved management of care, and provide incentives for improved
11 efficiency and effectiveness within the delivery system.

12 (17) Adopt standards and oversee and develop policy for personal
13 health data and information system as provided in chapter 70.170 RCW.

14 (18) Adopt standards that prevent conflict of interest by health
15 care providers as provided in RCW 18.130.320.

16 (19) At the appropriate juncture and in the fullness of time,
17 consider the extent to which medical research and health professions
18 training activities should be included within the health service system
19 set forth in chapter 492, Laws of 1993.

20 (20) Evaluate and monitor the extent to which racial and ethnic
21 minorities have access to and receive health services within the state,
22 and develop strategies to address barriers to access.

23 (21) Develop standards for the certification process to certify
24 health plans and employer health plans to provide the uniform benefits
25 package, according to the provisions for certified health plans and
26 registered employer health plans under chapter 492, Laws of 1993.

27 (22) Develop rules for implementation of individual and employer
28 participation under RCW 43.72.210 and 43.72.220 specifically applicable
29 to persons who work in this state but do not live in the state or
30 persons who live in this state but work outside of the state. The
31 rules shall be designed so that these persons receive coverage and
32 financial requirements that are comparable to that received by persons
33 who both live and work in the state.

34 (23) After receiving advice from the health services effectiveness
35 committee, adopt rules that must be used by certified health plans,
36 disability insurers, health care service contractors, and health
37 maintenance organizations to determine whether a procedure, treatment,
38 drug, or other health service is no longer experimental or
39 investigative.

1 (24) Establish a process for purchase of uniform benefits package
2 services by enrollees when they are out-of-state.

3 (25) Develop recommendations to the legislature as to whether state
4 and school district employees, on whose behalf health benefits are or
5 will be purchased by the health care authority pursuant to chapter
6 41.05 RCW, should have the option to purchase health benefits through
7 health insurance purchasing cooperatives on and after July 1, 1997. In
8 developing its recommendations, the commission shall consider:

9 (a) The impact of state or school district employees purchasing
10 through health insurance purchasing cooperatives on the ability of the
11 state to control its health care costs; and

12 (b) Whether state or school district employees purchasing through
13 health insurance purchasing cooperatives will result in inequities in
14 health benefits between or within groups of state and school district
15 employees.

16 (26) Establish guidelines for providers dealing with terminal or
17 static conditions, taking into consideration the ethics of providers,
18 patient and family wishes, costs, and survival possibilities.

19 (27) Evaluate the extent to which Taft-Hartley health care trusts
20 provide benefits to certain individuals in the state; review the
21 federal laws under which these trusts are organized; and make
22 appropriate recommendations to the governor and the legislature on or
23 before December 1, 1994, as to whether these trusts should be brought
24 under the provisions of chapter 492, Laws of 1993 when it is fully
25 implemented, and if the commission recommends inclusion of the trusts,
26 how to implement such inclusion.

27 (28) Evaluate whether Washington is experiencing a higher
28 percentage in in-migration of residents from other states and
29 territories than would be expected by normal trends as a result of the
30 availability of unsubsidized and subsidized health care benefits for
31 all residents and report to the governor and the legislature their
32 findings.

33 (29) In developing recommendations for the uniform benefits package
34 and other standards pursuant to this section, consider the likelihood
35 of the establishment of a national health services plan adopted by the
36 federal government and its implications.

37 (30) Evaluate the effect of reforms under chapter 492, Laws of 1993
38 on access to care and economic development in rural areas.

1 To the extent that the exercise of any of the powers and duties
2 specified in this section may be inconsistent with the powers and
3 duties of other state agencies, offices, or commissions, the authority
4 of the commission shall supersede that of such other state agency,
5 office, or commission, except in matters of personal health data, where
6 the commission shall have primary data system policy-making authority
7 and the department of health shall have primary responsibility for the
8 maintenance and routine operation of personal health data systems.

9 **Sec. 5.** RCW 43.72.130 and 1993 c 492 s 449 are each amended to
10 read as follows:

11 (1) The commission shall ~~((define))~~ develop recommendations for the
12 uniform benefits package, which shall include those health services
13 that, consistent with the goals and intent of chapter 492, Laws of
14 1993, are effective and necessary on a societal basis for the
15 maintenance of the health of citizens of the state, weighed against the
16 need to control state health services expenditures.

17 (2) The recommended schedule of covered health services shall
18 emphasize proven preventive and primary health care and shall be
19 composed of the following essential health services: (a) Primary and
20 specialty health services; (b) inpatient and outpatient hospital
21 services; (c) prescription drugs and medications; (d) reproductive
22 services; (e) services necessary for maternity and well-child care,
23 including preventive dental services for children; and (f) case-managed
24 chemical dependency, mental health, short-term skilled nursing
25 facility, home health, and hospice services, to the extent that such
26 services reduce inappropriate utilization of more intensive or less
27 efficacious medical services. The commission's recommendations shall
28 ~~((determine))~~ include the specific schedule of health services within
29 the uniform benefits package, including limitations on scope and
30 duration of services. The recommended schedule shall be the benefit
31 and actuarial equivalent of the schedule of benefits offered by the
32 basic health plan on January 1, 1993, including any additions that may
33 result from the inclusion of the services listed in (c) through (f) of
34 this subsection. ~~((The commission shall consider the recommendations
35 of health services effectiveness panels [committee] established
36 pursuant to RCW 43.72.060 in defining the uniform benefits package.))~~

37 (3) The uniform benefits package shall not limit coverage for
38 preexisting or prior conditions, except that ~~((the commission shall~~

1 establish)) exclusions for preexisting or prior conditions shall be
2 included to the extent necessary to prevent residents from waiting
3 until health services are needed before enrolling in a certified health
4 plan.

5 (4) In making recommendations for the uniform benefits package, the
6 commission shall seek the opinions of and information from the public.
7 The commission shall also consider the recommendations of the health
8 services effectiveness committee established in RCW 43.72.060 and the
9 results of the public health assessment and policy development
10 activities of the department of health.

11 (5) By December 1, 1994, and by December 1 of the year preceding
12 any year in which the commission will request revision of the uniform
13 benefits package, the commission shall submit the following to the
14 legislature for consideration: (a) The recommended uniform benefits
15 package or recommended revisions to the uniform benefits package; and
16 (b) an independent actuarial analysis of the cost of the proposed
17 package or proposed revisions giving consideration to the factors
18 considered under RCW 43.72.040(6). The commission may not propose
19 modification of the services included in the uniform benefits package
20 before January 1, 1999. The uniform benefits package or uniform
21 benefits package revisions may not take effect unless adopted by an act
22 of law.

23 (6) The commission shall establish enrollee point of service cost-
24 sharing for nonpreventive health services, related to enrollee
25 household income, such that financial considerations are not a barrier
26 to access for low-income persons, but that, for those of means, the
27 uniform benefits package provides for moderate point of service cost-
28 sharing. All point of service cost-sharing and cost control
29 requirements shall apply uniformly to all health care providers
30 providing substantially similar uniform benefits package services. The
31 schedule shall provide for an alternate and lower schedule of cost-
32 sharing applicable to enrollees with household income below the federal
33 poverty level.

34 ((+5)) (7) The commission shall adopt rules related to
35 coordination of benefits and premium payments. The rules shall not
36 have the effect of eliminating enrollee financial participation. The
37 commission shall endeavor to assure an equitable distribution, among
38 both employers and employees, of the costs of coverage for those
39 households composed of more than one member in the work force.

1 (~~(6) In determining the uniform benefits package, the commission~~
2 ~~shall endeavor to seek the opinions of and information from the public.~~
3 ~~The commission shall consider the results of official public health~~
4 ~~assessment and policy development activities including recommendations~~
5 ~~of the department of health in discharging its responsibilities under~~
6 ~~this section.~~

7 (~~(7) The commission shall submit the following to the legislature by~~
8 ~~December 1, 1994, and by December 1 of the year preceding any year in~~
9 ~~which the commission proposes to significantly modify the uniform~~
10 ~~benefits package:—(a) The uniform benefits package; and (b) an~~
11 ~~independent actuarial analysis of the cost of the proposed package,~~
12 ~~giving consideration to the factors considered under RCW 43.72.040(6).~~
13 ~~The commission shall not modify the services included in the uniform~~
14 ~~benefits package before January 1, 1999.)~~)

15 **Sec. 6.** RCW 48.01.210 and 1993 c 462 s 51 are each amended to read
16 as follows:

17 (1) An insurer, health care service contractor, or health
18 maintenance organization that offers coverage for dental services and
19 is in full compliance with all applicable laws under chapter 48.05,
20 48.44, or 48.46 RCW governing the financial supervision and solvency of
21 such organizations, including but not limited to laws concerning
22 capital and surplus requirements, reserves, deposits, bonds, and
23 indemnities, may provide coverage for dental services, to individuals
24 and to employers for the benefit of employees or for the benefit of
25 employees and their dependents, by separate policy, contract, or rider.
26 If an individual or an employer purchases coverage for dental services
27 from such a company and the coverage is part of the uniform benefits
28 package (~~designed by the Washington health services commission~~)
29 adopted and from time to time revised pursuant to RCW 43.72.130, the
30 certified health plan covering the individual, employees, or employees
31 and dependents need not provide dental services under the uniform
32 benefits package. A certified health plan may subcontract with such a
33 company to provide any dental services required under the uniform
34 benefits package.

35 (2) An insurer, health care service contractor, or health
36 maintenance organization described in subsection (1) of this section is
37 deemed certified and registered as a certified health plan under RCW
38 43.72.090 and 48.43.010 for the delivery of coverage for dental

1 services. The Washington health services commission and the
2 commissioner shall adopt standards and procedures to permit, upon
3 request, the prompt certification and registration of such a company.
4 Such a company may offer coverage for dental services supplemental to
5 the uniform benefits package, but the supplemental benefits are not
6 subject to RCW 43.72.100, 43.72.160, and 43.72.170.

7 **Sec. 7.** RCW 70.47.060 and 1994 c 309 s 5 are each amended to read
8 as follows:

9 The administrator has the following powers and duties:

10 (1) To design and from time to time revise a schedule of covered
11 basic health care services, including physician services, inpatient and
12 outpatient hospital services, prescription drugs and medications, and
13 other services that may be necessary for basic health care, which
14 subsidized and nonsubsidized enrollees in any participating managed
15 health care system under the Washington basic health plan shall be
16 entitled to receive in return for premium payments to the plan. The
17 schedule of services shall emphasize proven preventive and primary
18 health care and shall include all services necessary for prenatal,
19 postnatal, and well-child care. However, with respect to coverage for
20 groups of subsidized enrollees who are eligible to receive prenatal and
21 postnatal services through the medical assistance program under chapter
22 74.09 RCW, the administrator shall not contract for such services
23 except to the extent that such services are necessary over not more
24 than a one-month period in order to maintain continuity of care after
25 diagnosis of pregnancy by the managed care provider. The schedule of
26 services shall also include a separate schedule of basic health care
27 services for children, eighteen years of age and younger, for those
28 subsidized or nonsubsidized enrollees who choose to secure basic
29 coverage through the plan only for their dependent children. In
30 designing and revising the schedule of services, the administrator
31 shall consider the guidelines for assessing health services under the
32 mandated benefits act of 1984, RCW 48.42.080, and such other factors as
33 the administrator deems appropriate. On and after July 1, 1995, the
34 uniform benefits package adopted and from time to time revised (~~by the~~
35 ~~Washington health services commission~~) pursuant to RCW 43.72.130 shall
36 be implemented by the administrator as the schedule of covered basic
37 health care services. However, with respect to coverage for subsidized
38 enrollees who are eligible to receive prenatal and postnatal services

1 through the medical assistance program under chapter 74.09 RCW, the
2 administrator shall not contract for such services except to the extent
3 that the services are necessary over not more than a one-month period
4 in order to maintain continuity of care after diagnosis of pregnancy by
5 the managed care provider.

6 (2)(a) To design and implement a structure of periodic premiums due
7 the administrator from subsidized enrollees that is based upon gross
8 family income, giving appropriate consideration to family size and the
9 ages of all family members. The enrollment of children shall not
10 require the enrollment of their parent or parents who are eligible for
11 the plan. The structure of periodic premiums shall be applied to
12 subsidized enrollees entering the plan as individuals pursuant to
13 subsection (9) of this section and to the share of the cost of the plan
14 due from subsidized enrollees entering the plan as employees pursuant
15 to subsection (10) of this section.

16 (b) To determine the periodic premiums due the administrator from
17 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
18 shall be in an amount equal to the cost charged by the managed health
19 care system provider to the state for the plan plus the administrative
20 cost of providing the plan to those enrollees and the premium tax under
21 RCW 48.14.0201.

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

28 (3) To design and implement a structure of copayments due a managed
29 health care system from subsidized and nonsubsidized enrollees. The
30 structure shall discourage inappropriate enrollee utilization of health
31 care services, but shall not be so costly to enrollees as to constitute
32 a barrier to appropriate utilization of necessary health care services.
33 On and after July 1, 1995, the administrator shall endeavor to make the
34 copayments structure of the plan consistent with enrollee point of
35 service cost-sharing levels adopted by the Washington health services
36 commission, giving consideration to funding available to the plan.

37 (4) To limit enrollment of persons who qualify for subsidies so as
38 to prevent an overexpenditure of appropriations for such purposes.
39 Whenever the administrator finds that there is danger of such an

1 overexpenditure, the administrator shall close enrollment until the
2 administrator finds the danger no longer exists.

3 (5) To limit the payment of subsidies to subsidized enrollees, as
4 defined in RCW 70.47.020.

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

9 (7) To solicit and accept applications from managed health care
10 systems, as defined in this chapter, for inclusion as eligible basic
11 health care providers under the plan. The administrator shall endeavor
12 to assure that covered basic health care services are available to any
13 enrollee of the plan from among a selection of two or more
14 participating managed health care systems. In adopting any rules or
15 procedures applicable to managed health care systems and in its
16 dealings with such systems, the administrator shall consider and make
17 suitable allowance for the need for health care services and the
18 differences in local availability of health care resources, along with
19 other resources, within and among the several areas of the state.
20 Contracts with participating managed health care systems shall ensure
21 that basic health plan enrollees who become eligible for medical
22 assistance may, at their option, continue to receive services from
23 their existing providers within the managed health care system if such
24 providers have entered into provider agreements with the department of
25 social and health services.

26 (8) To receive periodic premiums from or on behalf of subsidized
27 and nonsubsidized enrollees, deposit them in the basic health plan
28 operating account, keep records of enrollee status, and authorize
29 periodic payments to managed health care systems on the basis of the
30 number of enrollees participating in the respective managed health care
31 systems.

32 (9) To accept applications from individuals residing in areas
33 served by the plan, on behalf of themselves and their spouses and
34 dependent children, for enrollment in the Washington basic health plan
35 as subsidized or nonsubsidized enrollees, to establish appropriate
36 minimum-enrollment periods for enrollees as may be necessary, and to
37 determine, upon application and at least semiannually thereafter, or at
38 the request of any enrollee, eligibility due to current gross family
39 income for sliding scale premiums. No subsidy may be paid with

1 respect to any enrollee whose current gross family income exceeds twice
2 the federal poverty level or, subject to RCW 70.47.110, who is a
3 recipient of medical assistance or medical care services under chapter
4 74.09 RCW. If, as a result of an eligibility review, the administrator
5 determines that a subsidized enrollee's income exceeds twice the
6 federal poverty level and that the enrollee knowingly failed to inform
7 the plan of such increase in income, the administrator may bill the
8 enrollee for the subsidy paid on the enrollee's behalf during the
9 period of time that the enrollee's income exceeded twice the federal
10 poverty level. If a number of enrollees drop their enrollment for no
11 apparent good cause, the administrator may establish appropriate rules
12 or requirements that are applicable to such individuals before they
13 will be allowed to re-enroll in the plan.

14 (10) To accept applications from business owners on behalf of
15 themselves and their employees, spouses, and dependent children, as
16 subsidized or nonsubsidized enrollees, who reside in an area served by
17 the plan. The administrator may require all or the substantial
18 majority of the eligible employees of such businesses to enroll in the
19 plan and establish those procedures necessary to facilitate the orderly
20 enrollment of groups in the plan and into a managed health care system.
21 The administrator shall require that a business owner pay at least
22 fifty percent of the nonsubsidized premium cost of the plan on behalf
23 of each employee enrolled in the plan. Enrollment is limited to those
24 not eligible for medicare who wish to enroll in the plan and choose to
25 obtain the basic health care coverage and services from a managed care
26 system participating in the plan. The administrator shall adjust the
27 amount determined to be due on behalf of or from all such enrollees
28 whenever the amount negotiated by the administrator with the
29 participating managed health care system or systems is modified or the
30 administrative cost of providing the plan to such enrollees changes.

31 (11) To determine the rate to be paid to each participating managed
32 health care system in return for the provision of covered basic health
33 care services to enrollees in the system. Although the schedule of
34 covered basic health care services will be the same for similar
35 enrollees, the rates negotiated with participating managed health care
36 systems may vary among the systems. In negotiating rates with
37 participating systems, the administrator shall consider the
38 characteristics of the populations served by the respective systems,
39 economic circumstances of the local area, the need to conserve the

1 resources of the basic health plan trust account, and other factors the
2 administrator finds relevant.

3 (12) To monitor the provision of covered services to enrollees by
4 participating managed health care systems in order to assure enrollee
5 access to good quality basic health care, to require periodic data
6 reports concerning the utilization of health care services rendered to
7 enrollees in order to provide adequate information for evaluation, and
8 to inspect the books and records of participating managed health care
9 systems to assure compliance with the purposes of this chapter. In
10 requiring reports from participating managed health care systems,
11 including data on services rendered enrollees, the administrator shall
12 endeavor to minimize costs, both to the managed health care systems and
13 to the plan. The administrator shall coordinate any such reporting
14 requirements with other state agencies, such as the insurance
15 commissioner and the department of health, to minimize duplication of
16 effort.

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

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

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

26 NEW SECTION. **Sec. 8.** Section 2 of this act shall expire June 30,
27 1998.

28 NEW SECTION. **Sec. 9.** RCW 43.72.180 and 1993 c 492 s 454 are each
29 repealed.

30 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
31 preservation of the public peace, health, or safety, or support of the
32 state government and its existing public institutions, and shall take
33 effect July 1, 1995.

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