
ENGROSSED SUBSTITUTE HOUSE BILL 2097

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Dyer, Campbell, Foreman, Casada, Hymes, L. Thomas, D. Schmidt, Mulliken, Crouse, Carrell, Boldt, Lisk, Lambert, Johnson, Hankins, Ballasiotes, Pelesky, Sterk, Silver, Radcliff, Mitchell, Robertson, Skinner, Pennington, Clements, Chandler, Blanton, Carlson, Schoesler, Smith, Brumsickle, Hargrove, B. Thomas, Koster, Goldsmith, McMorris, Basich, Sehlin, Morris, Ebersole, Conway, Stevens, Kremen, Chappell, Huff, Talcott, Kessler, Dickerson, Grant, Cody, Hatfield, Cooke, Sheldon, Thompson, Cairnes, McMahan, Van Luven, Costa, Delvin, Benton and Mason)

Read first time 01/30/96.

1 AN ACT Relating to basic health plan services; and reenacting and
2 amending RCW 70.47.060.

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

4 **Sec. 1.** RCW 70.47.060 and 1995 c 266 s 1 and 1995 c 2 s 4 are
5 each reenacted and amended to read as follows:

6 The administrator has the following powers and duties:

7 (1) To design and from time to time revise a schedule of covered
8 basic health care services, including physician services, inpatient and
9 outpatient hospital services, prescription drugs and medications, and
10 other services that may be necessary for basic health care. In
11 addition, the administrator may offer as basic health plan services
12 chemical dependency services, mental health services and organ
13 transplant services; however, no one service or any combination of
14 these three services shall increase the actuarial value of the basic
15 health plan benefits by more than five percent excluding inflation, as
16 determined by the office of financial management. Effective January 1,
17 1998, the administrator shall offer as basic health plan services
18 rehabilitation services and chiropractic services; however, the
19 combination of these services shall not increase the actuarial value of

1 the basic health plan benefits by more than one percent excluding
2 inflation, as determined by the office of financial management. All
3 subsidized and nonsubsidized enrollees in any participating managed
4 health care system under the Washington basic health plan shall be
5 entitled to receive in return for premium payments to the plan. The
6 schedule of services shall emphasize proven preventive and primary
7 health care and shall include all services necessary for prenatal,
8 postnatal, and well-child care. However, with respect to coverage for
9 groups of subsidized enrollees who are eligible to receive prenatal and
10 postnatal services through the medical assistance program under chapter
11 74.09 RCW, the administrator shall not contract for such services
12 except to the extent that such services are necessary over not more
13 than a one-month period in order to maintain continuity of care after
14 diagnosis of pregnancy by the managed care provider. The schedule of
15 services shall also include a separate schedule of basic health care
16 services for children, eighteen years of age and younger, for those
17 subsidized or nonsubsidized enrollees who choose to secure basic
18 coverage through the plan only for their dependent children. In
19 designing and revising the schedule of services, the administrator
20 shall consider the guidelines for assessing health services under the
21 mandated benefits act of 1984, RCW 48.42.080, and such other factors as
22 the administrator deems appropriate.

23 However, with respect to coverage for subsidized enrollees who are
24 eligible to receive prenatal and postnatal services through the medical
25 assistance program under chapter 74.09 RCW, the administrator shall not
26 contract for such services except to the extent that the services are
27 necessary over not more than a one-month period in order to maintain
28 continuity of care after diagnosis of pregnancy by the managed care
29 provider.

30 (2)(a) To design and implement a structure of periodic premiums due
31 the administrator from subsidized enrollees that is based upon gross
32 family income, giving appropriate consideration to family size and the
33 ages of all family members. The enrollment of children shall not
34 require the enrollment of their parent or parents who are eligible for
35 the plan. The structure of periodic premiums shall be applied to
36 subsidized enrollees entering the plan as individuals pursuant to
37 subsection (9) of this section and to the share of the cost of the plan
38 due from subsidized enrollees entering the plan as employees pursuant
39 to subsection (10) of this section.

1 (b) To determine the periodic premiums due the administrator from
2 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
3 shall be in an amount equal to the cost charged by the managed health
4 care system provider to the state for the plan plus the administrative
5 cost of providing the plan to those enrollees and the premium tax under
6 RCW 48.14.0201.

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

13 (d) To develop, as an offering by all health carriers providing
14 coverage identical to the basic health plan, a model plan benefits
15 package (~~((with uniformity in enrollee cost-sharing requirements))~~).
16 This model plan benefits package shall include an optional provision
17 for enrollee cost-sharing requirements utilizing deductible and
18 coinsurance features that are actuarially equivalent to the
19 nonsubsidized level of cost sharing of the Washington basic health
20 plan. The administrator shall revise the model plan cost-sharing
21 features periodically to maintain actuarial equivalency with the cost-
22 sharing features of the Washington basic health plan.

23 (3) To design and implement a structure of enrollee cost sharing
24 due a managed health care system from subsidized and nonsubsidized
25 enrollees. The structure shall discourage inappropriate enrollee
26 utilization of health care services, and may utilize copayments,
27 deductibles, and other cost-sharing mechanisms, but shall not be so
28 costly to enrollees as to constitute a barrier to appropriate
29 utilization of necessary health care services.

30 (4) To limit enrollment of persons who qualify for subsidies so as
31 to prevent an overexpenditure of appropriations for such purposes.
32 Whenever the administrator finds that there is danger of such an
33 overexpenditure, the administrator shall close enrollment until the
34 administrator finds the danger no longer exists.

35 (5) To limit the payment of subsidies to subsidized enrollees, as
36 defined in RCW 70.47.020. The level of subsidy provided to persons who
37 qualify may be based on the lowest cost plans, as defined by the
38 administrator.

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

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

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

28 (9) To accept applications from individuals residing in areas
29 served by the plan, on behalf of themselves and their spouses and
30 dependent children, for enrollment in the Washington basic health plan
31 as subsidized or nonsubsidized enrollees, to establish appropriate
32 minimum-enrollment periods for enrollees as may be necessary, and to
33 determine, upon application and on a reasonable schedule defined by the
34 authority, or at the request of any enrollee, eligibility due to
35 current gross family income for sliding scale premiums. No subsidy
36 may be paid with respect to any enrollee whose current gross family
37 income exceeds twice the federal poverty level or, subject to RCW
38 70.47.110, who is a recipient of medical assistance or medical care
39 services under chapter 74.09 RCW. If, as a result of an eligibility

1 review, the administrator determines that a subsidized enrollee's
2 income exceeds twice the federal poverty level and that the enrollee
3 knowingly failed to inform the plan of such increase in income, the
4 administrator may bill the enrollee for the subsidy paid on the
5 enrollee's behalf during the period of time that the enrollee's income
6 exceeded twice the federal poverty level. If a number of enrollees
7 drop their enrollment for no apparent good cause, the administrator may
8 establish appropriate rules or requirements that are applicable to such
9 individuals before they will be allowed to reenroll in the plan.

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

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

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

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

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

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

24 (16) The administrator shall adopt rules pursuant to chapter 34.05
25 RCW setting forth the requirements of RCW 70.47.160(3).

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