
SENATE BILL 5462

State of Washington

54th Legislature

1995 Regular Session

By Senators Quigley, Moyer, Wojahn, Franklin, Deccio and Winsley; by request of Health Services Commission

Read first time 01/24/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to clarifying the requirements for calculating the
2 growth rate of the maximum premium; and amending RCW 43.72.040.

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

4 **Sec. 1.** RCW 43.72.040 and 1994 c 4 s 3 are each amended to read as
5 follows:

6 The commission has the following powers and duties:

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

11 (2) Endeavor to ensure that all residents of Washington state have
12 access to appropriate, timely, confidential, and effective health
13 services, and monitor the degree of access to such services. If the
14 commission finds that individuals or populations lack access to
15 certified health plan services, the commission shall:

16 (a) Authorize appropriate state agencies, local health departments,
17 community or migrant health clinics, public hospital districts, or
18 other nonprofit health service entities to take actions necessary to
19 assure such access. This includes authority to contract for or

1 directly deliver services described within the uniform benefits package
2 to special populations; or

3 (b) Notify appropriate certified health plans and the insurance
4 commissioner of such findings. The commission shall adopt by rule
5 standards by which the insurance commissioner may, in such event,
6 require certified health plans in closest proximity to such individuals
7 and populations to extend their catchment areas to those individuals
8 and populations and offer them enrollment.

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

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

21 (5) Establish and modify as necessary the uniform benefits package
22 as provided in RCW 43.72.130, which shall be offered to enrollees of a
23 certified health plan. The benefit package shall be provided at no
24 more than the maximum premium specified in subsection (6) of this
25 section.

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

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

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

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

18 (d) The level of state expenditures for the uniform benefits
19 package shall be limited to the appropriation of funds specifically for
20 this purpose.

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

1 mechanisms shall be submitted to the legislature as provided in RCW
2 43.72.180.

3 (8) Design a mechanism to assure minors have access to confidential
4 health care services as currently provided in RCW 70.24.110 and
5 71.34.030.

6 (9) Monitor the actual growth in total annual health services
7 costs.

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

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

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

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

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

1 necessary or appropriate, the standards also shall apply to state-
2 purchased health services, as defined in RCW 41.05.011.

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

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

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

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

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

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

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

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

36 (23) After receiving advice from the health services effectiveness
37 committee, adopt rules that must be used by certified health plans,
38 disability insurers, health care service contractors, and health
39 maintenance organizations to determine whether a procedure, treatment,

1 drug, or other health service is no longer experimental or
2 investigative.

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

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

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

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

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

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

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

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

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

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

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