
SECOND SUBSTITUTE SENATE BILL 6124

State of Washington

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1996 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Quigley, Fairley, Kohl, Franklin, McAuliffe, Sheldon, Loveland, Drew, Smith, Bauer, Thibaudeau, Snyder, Spanel, Pelz, Roach and Schow)

Read first time 02/06/96.

1 AN ACT Relating to optional basic health plan services; and
2 reenacting and 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 each
5 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~~) shall offer as basic health plan
12 services chemical dependency services, mental health services (~~and~~),
13 organ transplant services, and, effective January 1, 1998, medical
14 rehabilitation services, chiropractic services, and midwifery services;
15 however, no one service or any combination of these three services
16 shall increase the actuarial value of the basic health plan benefits by
17 more than five percent excluding inflation, as determined by the office
18 of financial management. All subsidized and nonsubsidized enrollees in
19 any participating managed health care system under the Washington basic

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

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

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

36 (b) To determine the periodic premiums due the administrator from
37 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
38 shall be in an amount equal to the cost charged by the managed health
39 care system provider to the state for the plan plus the administrative

1 cost of providing the plan to those enrollees and the premium tax under
2 RCW 48.14.0201.

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

9 (d) To develop, as an offering by all health carriers providing
10 coverage identical to the basic health plan, a model plan benefits
11 package with uniformity in enrollee cost-sharing requirements.

12 (3) To design and implement a structure of enrollee cost sharing
13 due a managed health care system from subsidized and nonsubsidized
14 enrollees. The structure shall discourage inappropriate enrollee
15 utilization of health care services, and may utilize copayments,
16 deductibles, and other cost-sharing mechanisms, but shall not be so
17 costly to enrollees as to constitute a barrier to appropriate
18 utilization of necessary health care services.

19 (4) To limit enrollment of persons who qualify for subsidies so as
20 to prevent an overexpenditure of appropriations for such purposes.
21 Whenever the administrator finds that there is danger of such an
22 overexpenditure, the administrator shall close enrollment until the
23 administrator finds the danger no longer exists.

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

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

32 (7) To solicit and accept applications from managed health care
33 systems, as defined in this chapter, for inclusion as eligible basic
34 health care providers under the plan. The administrator shall endeavor
35 to assure that covered basic health care services are available to any
36 enrollee of the plan from among a selection of two or more
37 participating managed health care systems. In adopting any rules or
38 procedures applicable to managed health care systems and in its
39 dealings with such systems, the administrator shall consider and make

1 suitable allowance for the need for health care services and the
2 differences in local availability of health care resources, along with
3 other resources, within and among the several areas of the state.
4 Contracts with participating managed health care systems shall ensure
5 that basic health plan enrollees who become eligible for medical
6 assistance may, at their option, continue to receive services from
7 their existing providers within the managed health care system if such
8 providers have entered into provider agreements with the department of
9 social and health services.

10 (8) To receive periodic premiums from or on behalf of subsidized
11 and nonsubsidized enrollees, deposit them in the basic health plan
12 operating account, keep records of enrollee status, and authorize
13 periodic payments to managed health care systems on the basis of the
14 number of enrollees participating in the respective managed health care
15 systems.

16 (9) To accept applications from individuals residing in areas
17 served by the plan, on behalf of themselves and their spouses and
18 dependent children, for enrollment in the Washington basic health plan
19 as subsidized or nonsubsidized enrollees, to establish appropriate
20 minimum-enrollment periods for enrollees as may be necessary, and to
21 determine, upon application and on a reasonable schedule defined by the
22 authority, or at the request of any enrollee, eligibility due to
23 current gross family income for sliding scale premiums. No subsidy
24 may be paid with respect to any enrollee whose current gross family
25 income exceeds twice the federal poverty level or, subject to RCW
26 70.47.110, who is a recipient of medical assistance or medical care
27 services under chapter 74.09 RCW. If, as a result of an eligibility
28 review, the administrator determines that a subsidized enrollee's
29 income exceeds twice the federal poverty level and that the enrollee
30 knowingly failed to inform the plan of such increase in income, the
31 administrator may bill the enrollee for the subsidy paid on the
32 enrollee's behalf during the period of time that the enrollee's income
33 exceeded twice the federal poverty level. If a number of enrollees
34 drop their enrollment for no apparent good cause, the administrator may
35 establish appropriate rules or requirements that are applicable to such
36 individuals before they will be allowed to reenroll in the plan.

37 (10) To accept applications from business owners on behalf of
38 themselves and their employees, spouses, and dependent children, as
39 subsidized or nonsubsidized enrollees, who reside in an area served by

1 the plan. The administrator may require all or the substantial
2 majority of the eligible employees of such businesses to enroll in the
3 plan and establish those procedures necessary to facilitate the orderly
4 enrollment of groups in the plan and into a managed health care system.
5 The administrator may require that a business owner pay at least an
6 amount equal to what the employee pays after the state pays its portion
7 of the subsidized premium cost of the plan on behalf of each employee
8 enrolled in the plan. Enrollment is limited to those not eligible for
9 medicare who wish to enroll in the plan and choose to obtain the basic
10 health care coverage and services from a managed care system
11 participating in the plan. The administrator shall adjust the amount
12 determined to be due on behalf of or from all such enrollees whenever
13 the amount negotiated by the administrator with the participating
14 managed health care system or systems is modified or the administrative
15 cost of providing the plan to such enrollees changes.

16 (11) To determine the rate to be paid to each participating managed
17 health care system in return for the provision of covered basic health
18 care services to enrollees in the system. Although the schedule of
19 covered basic health care services will be the same for similar
20 enrollees, the rates negotiated with participating managed health care
21 systems may vary among the systems. In negotiating rates with
22 participating systems, the administrator shall consider the
23 characteristics of the populations served by the respective systems,
24 economic circumstances of the local area, the need to conserve the
25 resources of the basic health plan trust account, and other factors the
26 administrator finds relevant.

27 (12) To monitor the provision of covered services to enrollees by
28 participating managed health care systems in order to assure enrollee
29 access to good quality basic health care, to require periodic data
30 reports concerning the utilization of health care services rendered to
31 enrollees in order to provide adequate information for evaluation, and
32 to inspect the books and records of participating managed health care
33 systems to assure compliance with the purposes of this chapter. In
34 requiring reports from participating managed health care systems,
35 including data on services rendered enrollees, the administrator shall
36 endeavor to minimize costs, both to the managed health care systems and
37 to the plan. The administrator shall coordinate any such reporting
38 requirements with other state agencies, such as the insurance

1 commissioner and the department of health, to minimize duplication of
2 effort.

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

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

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

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