
SENATE BILL 5846

State of Washington

55th Legislature

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By Senators Deccio, Wood, Wojahn and Winsley; by request of Health Care Authority

Read first time 02/17/97. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to defining basic health plan eligibility for
2 persons in institutions; and reenacting and amending RCW 70.47.020 and
3 70.47.060.

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

5 **Sec. 1.** RCW 70.47.020 and 1995 c 266 s 2 and 1995 c 2 s 3 are each
6 reenacted and amended to read as follows:

7 As used in this chapter:

8 (1) "Washington basic health plan" or "plan" means the system of
9 enrollment and payment on a prepaid capitated basis for basic health
10 care services, administered by the plan administrator through
11 participating managed health care systems, created by this chapter.

12 (2) "Administrator" means the Washington basic health plan
13 administrator, who also holds the position of administrator of the
14 Washington state health care authority.

15 (3) "Managed health care system" means any health care
16 organization, including health care providers, insurers, health care
17 service contractors, health maintenance organizations, or any
18 combination thereof, that provides directly or by contract basic health
19 care services, as defined by the administrator and rendered by duly

1 licensed providers, on a prepaid capitated basis to a defined patient
2 population enrolled in the plan and in the managed health care system.

3 (4) "Subsidized enrollee" means an individual, or an individual
4 plus the individual's spouse or dependent children((7)): (a) Who is
5 not eligible for medicare((7)); (b) who is not confined or residing in
6 a government-operated institution, unless he or she meets eligibility
7 criteria adopted by the administrator; (c) who resides in an area of
8 the state served by a managed health care system participating in the
9 plan((7)); (d) whose gross family income at the time of enrollment does
10 not exceed twice the federal poverty level as adjusted for family size
11 and determined annually by the federal department of health and human
12 services((7)); and (e) who chooses to obtain basic health care coverage
13 from a particular managed health care system in return for periodic
14 payments to the plan.

15 (5) "Nonsubsidized enrollee" means an individual, or an individual
16 plus the individual's spouse or dependent children((7)): (a) Who is
17 not eligible for medicare((7)); (b) who is not confined or residing in
18 a government-operated institution, unless he or she meets eligibility
19 criteria adopted by the administrator; (c) who resides in an area of
20 the state served by a managed health care system participating in the
21 plan((7)and)); (d) who chooses to obtain basic health care coverage
22 from a particular managed health care system((7)); and (e) who pays or
23 on whose behalf is paid the full costs for participation in the plan,
24 without any subsidy from the plan.

25 (6) "Subsidy" means the difference between the amount of periodic
26 payment the administrator makes to a managed health care system on
27 behalf of a subsidized enrollee plus the administrative cost to the
28 plan of providing the plan to that subsidized enrollee, and the amount
29 determined to be the subsidized enrollee's responsibility under RCW
30 70.47.060(2).

31 (7) "Premium" means a periodic payment, based upon gross family
32 income which an individual, their employer or another financial sponsor
33 makes to the plan as consideration for enrollment in the plan as a
34 subsidized enrollee or a nonsubsidized enrollee.

35 (8) "Rate" means the per capita amount, negotiated by the
36 administrator with and paid to a participating managed health care
37 system, that is based upon the enrollment of subsidized and
38 nonsubsidized enrollees in the plan and in that system.

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

3 The administrator has the following powers and duties:

4 (1) To design and from time to time revise a schedule of covered
5 basic health care services, including physician services, inpatient and
6 outpatient hospital services, prescription drugs and medications, and
7 other services that may be necessary for basic health care. In
8 addition, the administrator may offer as basic health plan services
9 chemical dependency services, mental health services and organ
10 transplant services; however, no one service or any combination of
11 these three services shall increase the actuarial value of the basic
12 health plan benefits by more than five percent excluding inflation, as
13 determined by the office of financial management. All subsidized and
14 nonsubsidized enrollees in any participating managed health care system
15 under the Washington basic health plan shall be entitled to receive
16 covered services 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.

34 However, with respect to coverage for subsidized enrollees who are
35 eligible to receive prenatal and postnatal services through the medical
36 assistance program under chapter 74.09 RCW, the administrator shall not
37 contract for such services except to the extent that the services are
38 necessary over not more than a one-month period in order to maintain

1 continuity of care after diagnosis of pregnancy by the managed care
2 provider.

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

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

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

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

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

35 (4) To limit enrollment of persons who qualify for subsidies so as
36 to prevent an overexpenditure of appropriations for such purposes.
37 Whenever the administrator finds that there is danger of such an
38 overexpenditure, the administrator shall close enrollment until the
39 administrator finds the danger no longer exists.

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

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 on a reasonable schedule defined by the
38 authority, or at the request of any enrollee, eligibility due to
39 current gross family income for sliding scale premiums. No subsidy

1 may be paid with respect to any enrollee whose current gross family
2 income exceeds twice the federal poverty level or, subject to RCW
3 70.47.110, who is a recipient of medical assistance or medical care
4 services under chapter 74.09 RCW. If, as a result of an eligibility
5 review, the administrator determines that a subsidized enrollee's
6 income exceeds twice the federal poverty level and that the enrollee
7 knowingly failed to inform the plan of such increase in income, the
8 administrator may bill the enrollee for the subsidy paid on the
9 enrollee's behalf during the period of time that the enrollee's income
10 exceeded twice the federal poverty level. If a number of enrollees
11 drop their enrollment for no apparent good cause, the administrator may
12 establish appropriate rules or requirements that are applicable to such
13 individuals before they will be allowed to reenroll 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 may require that a business owner pay at least an
22 amount equal to what the employee pays after the state pays its portion
23 of the subsidized premium cost of the plan on behalf of each employee
24 enrolled in the plan. Enrollment is limited to those not eligible for
25 medicare who wish to enroll in the plan and choose to obtain the basic
26 health care coverage and services from a managed care system
27 participating in the plan. The administrator shall adjust the amount
28 determined to be due on behalf of or from all such enrollees whenever
29 the amount negotiated by the administrator with the participating
30 managed health care system or systems is modified or the administrative
31 cost of providing the plan to such enrollees changes.

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

1 economic circumstances of the local area, the need to conserve the
2 resources of the basic health plan trust account, and other factors the
3 administrator finds relevant.

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

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

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

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

27 (16) To establish criteria defining eligibility for persons
28 confined or residing in government-operated institutions.

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