
Health Care Committee

HB 2542

Brief Description: Providing for a subsidization of certain employer-sponsored health insurance plans.

Sponsors: Representatives Gombosky, Cody, Wood, Edwards, Kenney, Veloria and Schual-Berke.

Brief Summary of Bill

- Establishes pilot projects to determine the feasibility of using Basic Health Plan and medical assistance funds to subsidize employer-sponsored health insurance premiums.
- Requires the Health Care Authority and the Department of Social and Health Services to subsidize employer-sponsored health insurance premiums if requested to do so by an entity receiving federal funds from the federal Health Resources and Services Administration Community Access Program.

Hearing Date: 1/29/02

Staff: Dave Knutson (786-7146).

Background:

The Basic Health Plan offers subsidized health insurance coverage to approximately 125,000 people in Washington. The Plan contracts with and pays a managed health care system on behalf of enrollees, and collects premiums based on the enrollees income. Individuals eligible for medical assistance through the Medicaid Program receive their health care services either through a fee-for-service arrangement or through a managed health care system. Neither program subsidizes employer-sponsored health insurance premiums for low-income employees.

Summary of Bill:

The Basic Health Plan in the Health Care Authority and the Medical Assistance Program in the Department of Social and Health Services are required to determine the feasibility of using public funds to subsidize premiums of employer-sponsored health insurance when it would be cost-effective to the state.

If an entity that has received funding from the federal Health Resources and Services Administration Community Access Program to increase access to health services and health insurance coverage makes a request, the administrator of the Health Care Authority is required to apply subsidy payments toward premium share for employer-sponsored health insurance rather than as direct payments to managed health care systems participating in the Basic Health Plan. The mechanism to subsidize employer-sponsored health insurance premiums must be developed in consultation with the requesting entity, the Department of Social and Health Services, and other interested entities. The subsidy payments must meet the following criteria: (1) they must be made on behalf of individuals who meet Basic Health Plan eligibility criteria; (2) they may not exceed the subsidy amount that would be made to the benchmark health care system participating in the Basic Health Plan in the counties covered by the pilot project; and (3) the employer-sponsored health plan must be reasonably comparable to or better than the Basic Health Plan benefits package.

If an entity that has received funding from the federal Health Resources and Services Administration Community Access Program to increase access to health services and health insurance coverage makes a request, the secretary of the Department of Social and Health Services is required to pay premium shares for employer-sponsored health insurance for employees and their dependents, rather than as direct payments to managed health care systems participating in the Medicaid Program, or through a fee-for-service arrangement. The mechanism to subsidize employer-sponsored health insurance premiums must be developed in consultation with the requesting entity, the Health Care Authority, and other interested entities. The subsidy payments must meet the following criteria: (1) they must be made for individuals who meet medical assistance eligibility criteria; and (2) subsidy payments must be cost-effective, as defined in federal law.

Appropriation: None.

Fiscal Note: Requested on January 28, 2002.

Effective Date: Ninety days after adjournment of session in which bill is passed.