

SENATE BILL REPORT

SB 6824

As of March 7, 2002

Title: An act relating to the health care authority.

Brief Description: Concerning health care authority duties.

Sponsors: Senators Rossi, Parlette and West.

Brief History:

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tim Yowell (786-7435)

Background: Through the Basic Health Plan (BHP), the state subsidizes medical insurance for about 125,000 people per month. To be eligible for state subsidy, a person must be a state resident, and have an income below 200 percent of the federal poverty level (about \$18,000 per year for a single person, and \$24,000 per year for a couple). The amount of state subsidy varies with income. Persons with incomes below 125 percent of the poverty level generally pay less than 10 percent of the cost of their coverage, while those at 200 percent pay a little less than half the full cost.

At the time of application, the Health Care Authority requires BHP applicants to provide a copy of their most recent tax return, and documentation of their income for the prior month. Enrollees are responsible for notifying the Health Care Authority of any changes in income or family composition which might affect their subsidy level. For enrollees who have not reported any income changes within the prior year, the Health Care Authority runs a check of the most recent income reported by the enrollee with Department of Employment Security payroll records.

During the 12 months ending in March 2001, there were about 83,000 enrollees who had not provided updated income data within the previous year. Of these:

Employment Security data indicated that about 26,000 (31 percent) had income at or below the level reported to the Health Care Authority; about 31,000 (37 percent) could not be matched against Employment Security records, either because they exercised their option under federal law to not provide a Social Security number which could be used for matching purposes, or because they did not have any income

Employment Security's databases. The Health Care Authority did not take any specific action to verify the continued eligibility of these 31,000 non-matches. The remaining 26,000 (84 percent) had higher income on Employment Security databases than on file with the Health Care Authority. The Authority contacted 62 percent of these individuals for income verification, but took no action on the other 10,000.

Summary of Bill: The Health Care Authority must send written notice to all Basic Health Plan enrollees within 30 days, requiring them to verify their eligibility. Enrollees failing to verify their eligibility within 90 days of the notice are disenrolled. The Health Care Authority is to verify eligibility at least annually. The Office of Financial Management must approve the authority's procedure for doing so.

Appropriation: None.

Fiscal Note: Requested on March 5, 2002.

Effective Date: The bill contains an emergency clause and takes effect immediately.