
HOUSE BILL 1785

State of Washington

60th Legislature

2007 Regular Session

By Representatives Green, Curtis and Morrell

Read first time 01/29/2007. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to provider payment in state subsidized health
2 care; amending RCW 70.47.100; and adding a new section to chapter 74.09
3 RCW.

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

5 **Sec. 1.** RCW 70.47.100 and 2004 c 192 s 4 are each amended to read
6 as follows:

7 (1) A managed health care system participating in the plan shall do
8 so by contract with the administrator and shall provide, directly or by
9 contract with other health care providers, covered basic health care
10 services to each enrollee covered by its contract with the
11 administrator as long as payments from the administrator on behalf of
12 the enrollee are current. A participating managed health care system
13 may offer, without additional cost, health care benefits or services
14 not included in the schedule of covered services under the plan. A
15 participating managed health care system shall not give preference in
16 enrollment to enrollees who accept such additional health care benefits
17 or services. Managed health care systems participating in the plan
18 shall not discriminate against any potential or current enrollee based
19 upon health status, sex, race, ethnicity, or religion. The

1 administrator may receive and act upon complaints from enrollees
2 regarding failure to provide covered services or efforts to obtain
3 payment, other than authorized copayments, for covered services
4 directly from enrollees, but nothing in this chapter empowers the
5 administrator to impose any sanctions under Title 18 RCW or any other
6 professional or facility licensing statute.

7 (2) The plan shall allow, at least annually, an opportunity for
8 enrollees to transfer their enrollments among participating managed
9 health care systems serving their respective areas. The administrator
10 shall establish a period of at least twenty days in a given year when
11 this opportunity is afforded enrollees, and in those areas served by
12 more than one participating managed health care system the
13 administrator shall endeavor to establish a uniform period for such
14 opportunity. The plan shall allow enrollees to transfer their
15 enrollment to another participating managed health care system at any
16 time upon a showing of good cause for the transfer.

17 (3) Prior to negotiating with any managed health care system, the
18 administrator shall determine, on an actuarially sound basis, the
19 reasonable cost of providing the schedule of basic health care
20 services, expressed in terms of upper and lower limits, and recognizing
21 variations in the cost of providing the services through the various
22 systems and in different areas of the state.

23 (4) In negotiating with managed health care systems for
24 participation in the plan, the administrator shall adopt a uniform
25 procedure that includes at least the following:

26 (a) The administrator shall issue a request for proposals,
27 including standards regarding the quality of services to be provided;
28 financial integrity of the responding systems; and responsiveness to
29 the unmet health care needs of the local communities or populations
30 that may be served;

31 (b) The administrator shall then review responsive proposals and
32 may negotiate with respondents to the extent necessary to refine any
33 proposals;

34 (c) The administrator may then select one or more systems to
35 provide the covered services within a local area; and

36 (d) The administrator may adopt a policy that gives preference to
37 respondents, such as nonprofit community health clinics, that have a

1 history of providing quality health care services to low-income
2 persons.

3 (5) The administrator may contract with a managed health care
4 system to provide covered basic health care services to subsidized
5 enrollees, nonsubsidized enrollees, health coverage tax credit eligible
6 enrollees, or any combination thereof.

7 (6) For services rendered to basic health plan enrollees, the
8 administrator shall issue contracts that require managed health care
9 systems to reimburse health care providers in an amount equal to eighty
10 percent of the payment rates for the same medical services provided to
11 state employees through self-insured programs implemented by the
12 authority under RCW 41.05.140. For services rendered to subsidized
13 enrollees who are children or women receiving maternity services
14 through the basic health plan, the administrator shall issue contracts
15 that require managed health care systems to reimburse health care
16 providers in an amount equal to the payment rates paid for the same
17 medical services provided to state employees through self-insured
18 programs implemented by the authority under RCW 41.05.140.

19 (7) The administrator may establish procedures and policies to
20 further negotiate and contract with managed health care systems
21 following completion of the request for proposal process in subsection
22 (4) of this section, upon a determination by the administrator that it
23 is necessary to provide access, as defined in the request for proposal
24 documents, to covered basic health care services for enrollees.

25 ~~((7))~~ (8)(a) The administrator shall implement a self-funded or
26 self-insured method of providing insurance coverage to subsidized
27 enrollees, as provided under RCW 41.05.140, if one of the following
28 conditions is met:

29 (i) The authority determines that no managed health care system
30 other than the authority is willing and able to provide access, as
31 defined in the request for proposal documents, to covered basic health
32 care services for all subsidized enrollees in an area; or

33 (ii) The authority determines that no other managed health care
34 system is willing to provide access, as defined in the request for
35 proposal documents, for one hundred thirty-three percent of the
36 statewide benchmark price or less, and the authority is able to offer
37 such coverage at a price that is less than the lowest price at which

1 any other managed health care system is willing to provide such access
2 in an area.

3 (b) The authority shall initiate steps to provide the coverage
4 described in (a) of this subsection within ninety days of making its
5 determination that the conditions for providing a self-funded or self-
6 insured method of providing insurance have been met.

7 (c) The administrator may not implement a self-funded or self-
8 insured method of providing insurance in an area unless the
9 administrator has received a certification from a member of the
10 American academy of actuaries that the funding available in the basic
11 health plan self-insurance reserve account is sufficient for the self-
12 funded or self-insured risk assumed, or expected to be assumed, by the
13 administrator.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09 RCW
15 to read as follows:

16 (1) The department shall establish physician-related payment rates
17 for services provided by health care providers for services to clients,
18 age nineteen and older who are eligible for medical programs in this
19 chapter, to be an amount equal to eighty percent of the payment rates
20 for the same services provided to state employees through self-insured
21 programs implemented by the health care authority under RCW 41.05.140,
22 except that maternity services shall be an amount equal to one hundred
23 percent of the payment rate for maternity services under RCW 41.05.140.

24 (2) The department shall establish physician-related payment rates
25 for services provided by health care providers for services to clients,
26 under age nineteen who are eligible for medical programs in this
27 chapter, to be an amount equal to one hundred percent of the payment
28 rates for the same services provided to state employees through self-
29 insured programs implemented by the health care authority under RCW
30 41.05.140.

31 (3) The department shall issue contracts authorized under RCW
32 74.09.522 that require managed care systems' contractors to pay health
33 care providers for services rendered to department clients enrolled in
34 the contracted managed care system at no less than the physician-
35 related payment rates set forth in subsections (1) and (2) of this

1 section.

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