

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE SENATE BILL 5945

Chapter 545, Laws of 2009
(partial veto)

61st Legislature
2009 Regular Session

WASHINGTON HEALTH PARTNERSHIP PLAN

EFFECTIVE DATE: 07/26/09

Passed by the Senate April 21, 2009
YEAS 28 NAYS 19

BRAD OWEN

President of the Senate

Passed by the House April 16, 2009
YEAS 62 NAYS 35

FRANK CHOPP

Speaker of the House of Representatives

Approved May 18, 2009, 3:59 p.m., with
the exception of Section 3 which is
vetoed.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of
the Senate of the State of
Washington, do hereby certify that
the attached is **SECOND SUBSTITUTE
SENATE BILL 5945** as passed by the
Senate and the House of
Representatives on the dates
hereon set forth.

THOMAS HOEMANN

Secretary

FILED

May 20, 2009

**Secretary of State
State of Washington**

SECOND SUBSTITUTE SENATE BILL 5945

AS AMENDED BY THE HOUSE

Passed Legislature - 2009 Regular Session

State of Washington **61st Legislature** **2009 Regular Session**

By Senate Ways & Means (originally sponsored by Senators Keiser, Franklin, and Kohl-Welles)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to creating the Washington health partnership plan;
2 adding new sections to chapter 43.06 RCW; adding new sections to
3 chapter 74.09 RCW; creating a new section; repealing RCW 43.20A.560 and
4 74.09.740; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the principles
7 for health care reform articulated by the president of the United
8 States in his proposed federal fiscal year 2010 budget to the congress
9 of the United States provide an opportunity for the state of Washington
10 to be both a partner with, and a model for, the federal government in
11 its health care reform efforts. The legislature further finds that the
12 recommendations of the 2007 blue ribbon commission on health care costs
13 and access are consistent with these principles.

14 NEW SECTION. **Sec. 2.** (1) The following principles shall provide
15 guidance to the state of Washington in its health care reform
16 deliberations:

17 (a) Guarantee choice. Provide the people of Washington state with
18 a choice of health plans and physicians, including health plans offered

1 through the private insurance market and public programs, for those who
2 meet eligibility standards. People will be allowed to keep their own
3 doctor and their employer-based health plan.

4 (b) Make health coverage affordable. Reduce waste and fraud, high
5 administrative costs, unnecessary tests and services, and other
6 inefficiencies that drive up costs with no added health benefits.

7 (c) Protect families' financial health. Reduce the growing
8 premiums and other costs that the people of Washington state pay for
9 health care. People must be protected from bankruptcy due to
10 catastrophic illness.

11 (d) Invest in prevention and wellness. Invest in public health
12 measures proven to reduce cost drivers in our system, such as obesity,
13 sedentary lifestyles, and smoking, as well as guarantee access to
14 proven preventive treatments.

15 (e) Provide portability of coverage. People should not be locked
16 into their job just to secure health coverage, and no American should
17 be denied coverage because of preexisting conditions.

18 (f) Aim for universality. Building on the work of the blue ribbon
19 commission and other state health care reform initiatives and
20 recognizing the current economic climate, the state will partner with
21 national health care reform efforts toward a goal of enabling all
22 Washingtonians to have access to affordable, effective health care by
23 2014 as economic conditions and national reforms indicate.

24 (g) Improve patient safety and quality care. Ensure the
25 implementation of proven patient safety measures and provide incentives
26 for changes in the delivery system to reduce unnecessary variability in
27 patient care. Support the widespread use of health information
28 technology with rigorous privacy protections and the development of
29 data on the effectiveness of medical interventions to improve the
30 quality of care delivered.

31 (h) Maintain long-term fiscal sustainability. Any reform plan must
32 pay for itself by reducing the level of cost growth, improving
33 productivity, dedicating additional sources of revenue, and defining
34 the appropriate role of the private and public sectors in financing
35 health care coverage in Washington state.

36 (2) Over the past twenty years, both the private and public health
37 care sectors in the state of Washington have implemented policies that
38 are consistent with the principles in subsection (1) of this section.

1 Most recently, the governor's blue ribbon commission on health reform
2 agreed to recommendations that are highly consistent with those
3 principles. Current policies in Washington state in accord with those
4 principles include:

5 (a) With respect to aiming for universality and access to a choice
6 of affordable health care plans and health care providers:

7 (i) The Washington basic health plan offers affordable health
8 coverage to low-income families and individuals in Washington state
9 through a choice of private managed health care plans and health care
10 providers;

11 (ii) Apple health for kids will achieve its dual goals that every
12 child in Washington state have health care coverage by 2010 and that
13 the health status of children in Washington state be improved. Only
14 four percent of children in Washington state lack health insurance, due
15 largely to efforts to expand coverage that began in 1993;

16 (iii) Through the health insurance partnership program, Washington
17 state has designed the infrastructure for a health insurance exchange
18 for small employers that would give employers and employees a choice of
19 private health benefit plans and health care providers, offer
20 portability of coverage and provide a mechanism to offer premium
21 subsidies to low-wage employees of these employers;

22 (iv) Purchasers, insurance carriers, and health care providers are
23 working together to significantly reduce health care administrative
24 costs. These efforts have already produced efficiencies, and will
25 continue through the activities provided in Second Substitute Senate
26 Bill No. 5346, if enacted by the 2009 legislature; and

27 (v) Over one hundred thousand Washingtonians have enrolled in the
28 state's discount prescription drug card program, saving consumers over
29 six million dollars in prescription drug costs since February 2007,
30 with an average discount of twenty-two dollars or forty-three percent
31 of the price of each prescription filled.

32 (b) With respect to improving patient safety and quality of care
33 and investing in prevention and wellness, the public and private health
34 care sectors are engaged in numerous nationally recognized efforts:

35 (i) The Puget Sound health alliance is a national leader in
36 identifying evidence-based health care practices, and reporting to the
37 public on health care provider performance with respect to these

1 practices. Many of these practices address disease prevention and
2 management of chronic illness;

3 (ii) The Washington state health technology assessment program and
4 prescription drug program use medical evidence and independent clinical
5 advisors to guide the purchasing of clinically and cost-effective
6 health care services by state-purchased health care programs;

7 (iii) Washington state's health record bank pilot projects are
8 testing a new model of patient controlled electronic health records in
9 three geographic regions of the state. The state has also provided
10 grants to a number of small provider practices to help them implement
11 electronic health records;

12 (iv) Efforts are underway to ensure that the people of Washington
13 state have a medical home, with primary care providers able to
14 understand their needs, meet their care needs effectively, better
15 manage their chronic illnesses, and coordinate their care across the
16 health care system. These efforts include group health cooperative of
17 Puget Sound's medical home projects, care collaboratives sponsored by
18 the state department of health, state agency chronic care management
19 pilot projects; development of apple health for kids health improvement
20 measures as indicators of children having a medical home, and
21 implementation of medical home reimbursement pilot projects under
22 Substitute Senate Bill No. 5891, if enacted by the 2009 legislature;
23 and

24 (v) Health care providers, purchasers, the state, and private
25 quality improvement organizations are partnering to undertake numerous
26 patient safety efforts, including hospital and ambulatory surgery
27 center adverse events reporting, with root cause analysis to identify
28 actions to be undertaken to prevent further adverse events; reporting
29 of hospital acquired infections and undertaking efforts to reduce the
30 rate of these infections; developing a surgical care outcomes
31 assessment program that includes a presurgery checklist to reduce
32 medical errors, and developing a patient decision aid pilot to more
33 fully inform patients of the risks and benefits of treatment
34 alternatives, decrease unnecessary procedures and variation in care,
35 and provide increased legal protection to physicians whose patients use
36 a patient decision aid to provide informed consent.

1 *NEW SECTION. Sec. 3. (1) Beginning October 1, 2009, the governor
2 shall convene quarterly meetings of the Washington health partnership
3 advisory group. The advisory group will review progress and provide
4 input related to further actions that can be taken in both the public
5 and private sectors to implement the principles stated in section 2 of
6 this act and the findings of the governor's blue ribbon commission on
7 health reform. The membership of the advisory group shall include:

8 (a) Two members of the house of representatives and two members of
9 the senate, representing the majority and minority caucuses of each
10 body;

11 (b) The insurance commissioner;

12 (c) The secretary of the department of social and health services,
13 the administrator of the health care authority, the director of the
14 department of labor and industries, and the director of the office of
15 financial management;

16 (d) Members of the forum, the Puget Sound health alliance, national
17 federation of independent business, and the healthy Washington
18 coalition, who will ensure that the perspectives of large and small
19 employers, providers, health carriers, labor organizations, and
20 consumers are actively involved in the group.

21 (2) The advisory group shall monitor the status and outcomes of
22 activities at the state level with respect to their impact on access to
23 affordable health care, cost containment and quality of care including,
24 but not limited to:

25 (a) The programs and efforts described in section 2(2) of this act;

26 (b) Medicaid waivers submitted under sections 4 and 5 of this act;

27 (c) Efforts to consolidate state health purchasing and streamline
28 administration of the purchasing; and

29 (d) Reforms in the private health insurance market to provide
30 individuals and employers with more affordable health insurance
31 options.

32 (3) The advisory group shall monitor the progress of health care
33 reform legislation at the federal level, with the goal of aligning
34 state health care activities so that the state is poised to participate
35 in federal health care reform. If federal legislation is enacted that
36 offers states the opportunity to undertake health care reform
37 demonstration efforts, the governor, with the advice of the group

1 *established under this section, should actively seek to participate as*
2 *a demonstration site.*

3 *(4) In its deliberations, the advisory group shall consider recent*
4 *reports that have analyzed various health care reform proposals in*
5 *Washington state.*

6 *(5) Members of the advisory group shall not be reimbursed for*
7 *travel and per diem related to activities of the advisory group.*

8 *(6) The advisory group expires June 30, 2010.*

**Sec. 3 was vetoed. See message at end of chapter.*

9 NEW SECTION. **Sec. 4.** (1) The department shall submit a section
10 1115 demonstration waiver request to the federal department of health
11 and human services to expand and revise the medical assistance program
12 as codified in Title XIX of the federal social security act. The
13 waiver request should be designed to ensure the broadest federal
14 financial participation under Title XIX and XXI of the federal social
15 security act. To the extent permitted under federal law, the waiver
16 request should include the following components:

17 (a) Establishment of a single eligibility standard for low-income
18 persons, including expansion of categorical eligibility to include
19 childless adults. The department shall request that the single
20 eligibility standard be phased in such that incremental steps are taken
21 to cover additional low-income parents and individuals over time, with
22 the goal of offering coverage to persons with household income at or
23 below two hundred percent of the federal poverty level;

24 (b) Establishment of a single seamless application and eligibility
25 determination system for all state low-income medical programs included
26 in the waiver. Applications may be electronic and may include an
27 electronic signature for verification and authentication. Eligibility
28 determinations should maximize federal financing where possible;

29 (c) The delivery of all low-income coverage programs as a single
30 program, with a common core benefit package that may be similar to the
31 basic health benefit package or an alternative benefit package approved
32 by the secretary of the federal department of health and human
33 services, including the option of supplemental coverage for select
34 categorical groups, such as children, and individuals who are aged,
35 blind, and disabled;

36 (d) A program design to include creative and innovative approaches
37 such as: Coverage for preventive services with incentives to use

1 appropriate preventive care; enhanced medical home reimbursement and
2 bundled payment methodologies; cost-sharing options; use of care
3 management and care coordination programs to improve coordination of
4 medical and behavioral health services; application of an innovative
5 predictive risk model to better target care management services; and
6 mandatory enrollment in managed care, as may be necessary;

7 (e) The ability to impose enrollment limits or benefit design
8 changes for eligibility groups that were not eligible under the Title
9 XIX state plan in effect on the date of submission of the waiver
10 application;

11 (f) A premium assistance program whereby employers can participate
12 in coverage options for employees and dependents of employees otherwise
13 eligible under the waiver. The waiver should make every effort to
14 maximize enrollment in employer-sponsored health insurance when it is
15 cost-effective for the state to do so, and the purchase is consistent
16 with the requirements of Titles XIX and XXI of the federal social
17 security act. To the extent allowable under federal law, the
18 department shall require enrollment in available employer-sponsored
19 coverage as a condition of eligibility for coverage under the waiver;
20 and

21 (g) The ability to share savings that might accrue to the federal
22 medicare program, Title XVIII of the federal social security act, from
23 improved care management for persons who are eligible for both medicare
24 and medicaid. Through the waiver application process, the department
25 shall determine whether the state could serve, directly or by contract,
26 as a medicare special needs plan for persons eligible for both medicare
27 and medicaid.

28 (2) The department shall hold ongoing stakeholder discussions as it
29 is developing the waiver request, and provide opportunities for public
30 review and comment as the request is being developed.

31 (3) The department and the health care authority shall identify
32 statutory changes that may be necessary to ensure successful and timely
33 implementation of the waiver request as submitted to the federal
34 department of health and human services as the apple health program for
35 adults.

36 (4) The legislature must authorize implementation of any waiver
37 approved by the federal department of health and human services under
38 this section.

1 NEW SECTION. **Sec. 5.** (1) The department shall continue to submit
2 applications for the family planning waiver program.

3 (2) The department shall submit a request to the federal department
4 of health and human services to amend the current family planning
5 waiver program as follows:

6 (a) Provide coverage for sexually transmitted disease testing and
7 treatment;

8 (b) Return to the eligibility standards used in 2005 including, but
9 not limited to, citizenship determination based on declaration or
10 matching with federal social security databases, insurance eligibility
11 standards comparable to 2005, and confidential service availability for
12 minors and survivors of domestic and sexual violence; and

13 (c) Within available funds, increase income eligibility to two
14 hundred fifty percent of the federal poverty level, to correspond with
15 income eligibility for publicly funded maternity care services.

16 NEW SECTION. **Sec. 6.** Sections 2 and 3 of this act are each added
17 to chapter 43.06 RCW.

18 NEW SECTION. **Sec. 7.** Sections 4 and 5 of this act are each added
19 to chapter 74.09 RCW.

20 NEW SECTION. **Sec. 8.** The following acts or parts of acts are each
21 repealed:

22 (1) RCW 43.20A.560 (Development of options to expand health care
23 options--Consideration of federal waivers and state plan amendments
24 required) and 2007 c 259 s 23; and

25 (2) RCW 74.09.740 (Amendments to state plan--Federal approval
26 required) and 2002 c 3 s 14.

Passed by the Senate April 21, 2009.

Passed by the House April 16, 2009.

Approved by the Governor May 18, 2009, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 20, 2009.

Note: Governor's explanation of partial veto is as follows:

"I have approved, except for Section 3, Second Substitute Senate Bill
5945 entitled:

"AN ACT Relating to creating the Washington health partnership
plan."

Section 3 creates the Washington health partnership advisory group and
requires me to convene quarterly meetings of the group from October
2009 through June 2010. Creating in statute a new advisory group,
even one of limited duration, is contrary to our recent effort to

reduce the number of such groups across all of state government. I will emphasize to the relevant state agencies the importance of keeping all interested parties up to date on our state's health care reform efforts, and if appropriate will convene the type of meeting called for in this section without the need to create this group in statute.

With the exception of Section 3, Second Substitute Senate Bill 5945 is approved."