

SENATE BILL REPORT

SB 5149

As of January 26, 2021

Title: An act relating to funding foundational public health services.

Brief Description: Funding foundational public health services.

Sponsors: Senators Robinson, Conway, Das, Dhingra, Kuderer, Lias, Nobles, Saldaña and Wilson, C.; by request of Office of the Governor.

Brief History:

Committee Activity: Health & Long Term Care: 1/27/21.

Brief Summary of Bill

- Establishes a covered lives assessment for health carriers, Medicaid managed care organizations, and third-party administrator assessed and collected by the Office of the Insurance Commissioner.
- Requires third-party administrators to register with the Office of the Insurance Commissioner annually.
- Directs money collected from the assessment to the Foundational Public Health Services Account.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: Greg Attanasio (786-7410)

Background: The Foundational Public Health Services Account holds money used to:

- fund foundational health services;
- fund tobacco, vapor product, and nicotine control and prevention;
- fund enforcement by the Liquor and Cannabis Board to prevent sales of vapor products to minors; and
- support increased access and training of public health professionals at public health

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programs at accredited public institutions of higher education in Washington.

The account is funded with half of the money collected from the vapor products tax.

All funding for foundational public health services must be appropriated to the Office of Financial Management (OFM). OFM may only allocate funding to the Department of Health (DOH) if DOH, after consultation with federally recognized Indian tribes, jointly certifies with a state association representing local health jurisdictions and the State Board of Health, that they are in agreement on the distribution and uses of the funds across the public health system. If joint certification is provided, DOH shall distribute the funding according to the agreed-upon distribution and uses. If joint certification is not provided, appropriations for this purpose shall lapse.

The Washington Vaccine Association collects and remits adequate funds from health carriers and third-party administrators for the cost of vaccines provided to certain children in Washington State. All third-party administrators conducting business on behalf of residents of Washington or Washington health care providers and facilities are required to register with the association.

Summary of Bill: Beginning March 1, 2022, and annually thereafter, each health carrier, Medicaid managed care organization, and third-party administrator with more than 50 covered lives must file a statement of covered lives with the Office of the Insurance Commissioner (OIC). For fiscal year 2023, OIC shall assess health carriers, Medicaid managed care organizations, and third-party administrators a covered lives assessment of \$3.25 per member, per month.

The covered lives assessment will be \$143,000,000 for fiscal year 2024 and \$200,000,000 for fiscal year 2025 and beyond. Based on the number of covered lives reported, all health carriers, Medicaid managed care organizations, and third-party administrators must pay a pro rata share of the total assessment. OIC must annually, on or before July 1st, calculate and bill each health carrier, Medicaid managed care organization, and third-party administrator for its portion of the assessment, and the assessment is due by July 15th of each year.

OIC may use assessment factors from the prior year to calculate the assessment if the necessary financial records are not available for the current year. If an entity fails to pay the assessment by July 31st it must be assessed a penalty of 5 percent of the total assessment due. If an entity fails to pay the assessment within 45 days of the due date, it must be assessed a penalty of 10 percent of the total assessment due. If an entity fails to pay the assessment within 60 days of the due date, it must be assessed a penalty of 20 percent of the total assessment due. Interest will begin to accrue on the assessment due 61 days after it is due.

Assessments and penalties collected by OIC must be deposited into the Foundational Public

Health Services Account.

Every third-party administrator must register with OIC by December 31, 2021, and renew its registration annually thereafter. Third-party administrators that begin administering health benefits in Washington on or after December 31, 2021, must register with OIC within 30 days of when they begin administering such benefits. OIC may fine a third-party administrator up to \$5,000 per violation for failing to register or providing incomplete, misleading, incorrect, or materially untrue information. Upon request of OIC, the Secretary of Health and the Washington Vaccine Association must provide OIC with any available information maintained by the association needed to initiate third-party administrator registration.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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