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HOUSE BILL 1701

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By Representatives Bowman, Rasmussen, Sprenkle, Prentice, Fuhrman, Sheldon, Moyer, Cooper, Tate, Grant, Beck, Rust, Braddock, Casada, Riley, Pruitt, R. Meyers, Jacobsen, Franklin, Winsley, Van Luven, Bray, Ogden, Paris, Mitchell, Orr, Inslee, Cantwell, Nealey, Wineberry and Dorn.

Read first time February 6, 1991. Referred to Committee on Health Care.

1 AN ACT Relating to allowing additional enrollees to enroll in the  
2 Washington basic health plan; and amending RCW 70.47.020 and 70.47.060.

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

4 **Sec. 1.** RCW 70.47.020 and 1987 1st ex.s. c 5 s 4 are each amended  
5 to read as follows:

6 As used in this chapter:

7 (1) "Washington basic health plan" or "plan" means the system of  
8 enrollment and payment on a prepaid capitated basis for basic health  
9 care services, administered by the plan administrator through  
10 participating managed health care systems, created by this chapter.

11 (2) "Administrator" means the Washington basic health plan  
12 administrator.

13 (3) "Managed health care system" means any health care  
14 organization, including health care providers, insurers, health care  
15 service contractors, health maintenance organizations, or any

1 combination thereof, that provides directly or by contract basic health  
2 care services, as defined by the administrator and rendered by duly  
3 licensed providers, on a prepaid capitated basis to a defined patient  
4 population enrolled in the plan and in the managed health care system.

5 (4) "Enrollee" means an individual, or an individual plus the  
6 individual's spouse and/or dependent children, all under the age of  
7 sixty-five and not otherwise eligible for medicare, who resides in an  
8 area of the state served by a managed health care system participating  
9 in the plan, whose gross family income at the time of enrollment does  
10 not exceed twice the federal poverty level as adjusted for family size  
11 and determined annually by the federal department of health and human  
12 services, who chooses to obtain basic health care coverage from a  
13 particular managed health care system in return for periodic payments  
14 to the plan. Additional enrollees shall be considered enrollees unless  
15 otherwise specified.

16 (5) "Additional enrollee" means an individual and, when requested,  
17 members of the individual's family, who is, and continues to be, a  
18 resident of the state of Washington, is employed by a business not  
19 employing more than twenty-five full-time employees for more than six  
20 consecutive months during the immediate preceding calendar year,  
21 resides in an area of the state served by a managed health care system  
22 participating in the plan, and chooses to obtain basic health care  
23 coverage from a particular managed health care system in return for  
24 periodic payments to the plan.

25 (6) "Subsidy" means the difference between the amount of periodic  
26 payment the administrator makes, from funds appropriated from the basic  
27 health plan trust account, to a managed health care system on behalf of  
28 an enrollee and the amount determined to be the enrollee's  
29 responsibility under RCW 70.47.060(2).

1       (~~(6)~~) (7) "Premium" means a periodic payment, based upon gross  
2 family income and determined under RCW 70.47.060(2), which an enrollee  
3 makes to the plan as consideration for enrollment in the plan.

4       (~~(7)~~) (8) "Rate" means the per capita amount, negotiated by the  
5 administrator with and paid to a participating managed health care  
6 system, that is based upon the enrollment of enrollees in the plan and  
7 in that system.

8       **Sec. 2.** RCW 70.47.060 and 1987 1st ex.s. c 5 s 8 are each amended  
9 to read as follows:

10       The administrator has the following powers and duties:

11       (1) To design and from time to time revise a schedule of covered  
12 basic health care services, including physician services, inpatient and  
13 outpatient hospital services, and other services that may be necessary  
14 for basic health care, which enrollees in any participating managed  
15 health care system under the Washington basic health plan shall be  
16 entitled to receive in return for premium payments to the plan. The  
17 schedule of services shall emphasize proven preventive and primary  
18 health care, shall include all services necessary for prenatal,  
19 postnatal, and well-child care, and shall include a separate schedule  
20 of basic health care services for children, eighteen years of age and  
21 younger, for those enrollees who choose to secure basic coverage  
22 through the plan only for their dependent children. In designing and  
23 revising the schedule of services, the administrator shall consider the  
24 guidelines for assessing health services under the mandated benefits  
25 act of 1984, RCW 48.42.080, and such other factors as the administrator  
26 deems appropriate.

27       (2) (a) To design and implement a structure of periodic premiums  
28 due the administrator from enrollees that is based upon gross family  
29 income, giving appropriate consideration to family size as well as the

1 ages of all family members. The enrollment of children shall not  
2 require the enrollment of their parent or parents who are eligible for  
3 the plan.

4 (b) Premiums due from additional enrollees, who are not otherwise  
5 eligible to be enrollees, shall be in an amount equal to the cost  
6 charged by the managed health care system provider to the state for the  
7 plan.

8 (3) To design and implement a structure of nominal copayments due  
9 a managed health care system from enrollees. The structure shall  
10 discourage inappropriate enrollee utilization of health care services,  
11 but shall not be so costly to enrollees as to constitute a barrier to  
12 appropriate utilization of necessary health care services.

13 (4) To design and implement, in concert with a sufficient number of  
14 potential providers in a discrete area, an enrollee financial  
15 participation structure, separate from that otherwise established under  
16 this chapter, that has the following characteristics:

17 (a) Nominal premiums that are based upon ability to pay, but not  
18 set at a level that would discourage enrollment;

19 (b) A modified fee-for-services payment schedule for providers;

20 (c) Coinsurance rates that are established based on specific  
21 service and procedure costs and the enrollee's ability to pay for the  
22 care. However, coinsurance rates for families with incomes below one  
23 hundred twenty percent of the federal poverty level shall be nominal.  
24 No coinsurance shall be required for specific proven prevention  
25 programs, such as prenatal care. The coinsurance rate levels shall not  
26 have a measurable negative effect upon the enrollee's health status;  
27 and

28 (d) A case management system that fosters a provider-enrollee  
29 relationship whereby, in an effort to control cost, maintain or improve  
30 the health status of the enrollee, and maximize patient involvement in

1 her or his health care decision-making process, every effort is made by  
2 the provider to inform the enrollee of the cost of the specific  
3 services and procedures and related health benefits.

4 The potential financial liability of the plan to any such providers  
5 shall not exceed in the aggregate an amount greater than that which  
6 might otherwise have been incurred by the plan on the basis of the  
7 number of enrollees multiplied by the average of the prepaid capitated  
8 rates negotiated with participating managed health care systems under  
9 RCW 70.47.100 and reduced by any sums charged enrollees on the basis of  
10 the coinsurance rates that are established under this subsection.

11 (5) To limit enrollment of persons who qualify for subsidies so as  
12 to prevent an overexpenditure of appropriations for such purposes.  
13 Whenever the administrator finds that there is danger of such an  
14 overexpenditure, the administrator shall close enrollment until the  
15 administrator finds the danger no longer exists.

16 (6) To adopt a schedule for the orderly development of the delivery  
17 of services and availability of the plan to residents of the state,  
18 subject to the limitations contained in RCW 70.47.080.

19 In the selection of any area of the state for the initial operation  
20 of the plan, the administrator shall take into account the levels and  
21 rates of unemployment in different areas of the state, the need to  
22 provide basic health care coverage to a population reasonably  
23 representative of the portion of the state's population that lacks such  
24 coverage, and the need for geographic, demographic, and economic  
25 diversity.

26 Before July 1, 1988, the administrator shall endeavor to secure  
27 participation contracts with managed health care systems in discrete  
28 geographic areas within at least five congressional districts.

29 (7) To solicit and accept applications from managed health care  
30 systems, as defined in this chapter, for inclusion as eligible basic

1 health care providers under the plan. The administrator shall endeavor  
2 to assure that covered basic health care services are available to any  
3 enrollee of the plan from among a selection of two or more  
4 participating managed health care systems. In adopting any rules or  
5 procedures applicable to managed health care systems and in its  
6 dealings with such systems, the administrator shall consider and make  
7 suitable allowance for the need for health care services and the  
8 differences in local availability of health care resources, along with  
9 other resources, within and among the several areas of the state.

10 (8) To receive periodic premiums from enrollees, deposit them in  
11 the basic health plan operating account, keep records of enrollee  
12 status, and authorize periodic payments to managed health care systems  
13 on the basis of the number of enrollees participating in the respective  
14 managed health care systems.

15 (9) To accept applications from individuals residing in areas  
16 served by the plan, on behalf of themselves and their spouses and  
17 dependent children, for enrollment in the Washington basic health plan,  
18 to establish appropriate minimum-enrollment periods for enrollees as  
19 may be necessary, and to determine, upon application and at least  
20 annually thereafter, or at the request of any enrollee, eligibility due  
21 to current gross family income for sliding scale premiums. An enrollee  
22 who remains current in payment of the sliding-scale premium, as  
23 determined under subsection (2) of this section, and whose gross family  
24 income has risen above twice the federal poverty level, may continue  
25 enrollment unless and until the enrollee's gross family income has  
26 remained above twice the poverty level for six consecutive months, by  
27 making payment at the unsubsidized rate required for the managed health  
28 care system in which he or she may be enrolled. No subsidy may be paid  
29 with respect to any enrollee whose current gross family income exceeds  
30 twice the federal poverty level or, subject to RCW 70.47.110, who is a

1 recipient of medical assistance or medical care services under chapter  
2 74.09 RCW. If a number of enrollees drop their enrollment for no  
3 apparent good cause, the administrator may establish appropriate rules  
4 or requirements that are applicable to such individuals before they  
5 will be allowed to re-enroll in the plan.

6 (10) To require that prospective enrollees who may be eligible for  
7 categorically needy medical coverage under RCW 74.09.510 or whose  
8 income does not exceed the medically needy income level under RCW  
9 74.09.700 apply for such coverage, but the administrator shall enroll  
10 the individuals in the plan pending the determination of eligibility  
11 under chapter 74.09 RCW.

12 (11) To determine the rate to be paid to each participating managed  
13 health care system in return for the provision of covered basic health  
14 care services to enrollees in the system. Although the schedule of  
15 covered basic health care services will be the same for similar  
16 enrollees, the rates negotiated with participating managed health care  
17 systems may vary among the systems. In negotiating rates with  
18 participating systems, the administrator shall consider the  
19 characteristics of the populations served by the respective systems,  
20 economic circumstances of the local area, the need to conserve the  
21 resources of the basic health plan trust account, and other factors the  
22 administrator finds relevant.

23 (12) To monitor the provision of covered services to enrollees by  
24 participating managed health care systems in order to assure enrollee  
25 access to good quality basic health care, to require periodic data  
26 reports concerning the utilization of health care services rendered to  
27 enrollees in order to provide adequate information for evaluation, and  
28 to inspect the books and records of participating managed health care  
29 systems to assure compliance with the purposes of this chapter. In  
30 requiring reports from participating managed health care systems,

1 including data on services rendered enrollees, the administrator shall  
2 endeavor to minimize costs, both to the managed health care systems and  
3 to the administrator. The administrator shall coordinate any such  
4 reporting requirements with other state agencies, such as the insurance  
5 commissioner and the ((hospital commission)) department of health, to  
6 minimize duplication of effort.

7 (13) To monitor the access that state residents have to adequate  
8 and necessary health care services, determine the extent of any unmet  
9 needs for such services or lack of access that may exist from time to  
10 time, and make such reports and recommendations to the legislature as  
11 the administrator deems appropriate.

12 (14) To evaluate the effects this chapter has on private employer-  
13 based health care coverage and to take appropriate measures consistent  
14 with state and federal statutes that will discourage the reduction of  
15 such coverage in the state.

16 (15) To develop a program of proven preventive health measures and  
17 to integrate it into the plan wherever possible and consistent with  
18 this chapter.

19 (16) To provide, consistent with available resources, technical  
20 assistance for rural health activities that endeavor to develop needed  
21 health care services in rural parts of the state.