

FINAL BILL REPORT

2E2SHB 1566

C 6 L 95 E1
Synopsis as Enacted

Brief Description: Changing health care authority responsibilities.

Sponsors: Representative Dyer; by request of Health Care Authority.

House Committee on Health Care
House Committee on Appropriations

Background: The Health Care Authority (HCA) is state government's purchaser of health insurance for its employees and retirees, for enrollees in the Basic Health Plan and for other public employee groups who choose to use the HCA as their health insurance purchasing agent. At the present time, the HCA purchases health insurance for approximately 400,000 people.

Under the 1993 Health Services Act, the HCA is designated as the state's consolidated health care purchasing agent and required to purchase health insurance for school district employees and retirees beginning in October 1995.

Upon enactment of authorizing legislation, the HCA must also assume purchasing responsibility for certain portions of the state Medicaid program and prisoner health services. The HCA must also pursue various managed competition purchasing strategies in an effort to maximize the value the state receives in its purchase of health insurance.

HCA administers the Caregivers Program which enables nonprofit agencies to purchase health insurance through the state. At present, however, fewer than 50 people have enrolled.

In connection with the 1993 Health Services Act's employer mandate, the HCA was directed to establish a depository for employer contributions made on behalf of part-time workers. However, the depository will be most useful to employers if the state receives approval under the federal Employee Retirement Income Security Act to implement employer-mandated benefits.

Under federal income tax law, employers may establish benefit plans (cafeteria plans or flexible benefit plans) that enable employees to receive certain employee benefits using "before-tax" dollars.

Summary: The requirement for school district employees to purchase benefits through the Health Care Authority beginning October 1995 is deleted. These employees may purchase benefits from the HCA if the authority agrees to provide the insurance. Districts who do not purchase benefits through the HCA must continue to remit a subsidy for retired school employee's coverage to the HCA. Public employees are given the choice to waive state sponsored health insurance coverage. The requirement to structure employee premium shares to take into account household income when the state contribution is less than 100 percent of the premium cost is deleted. Changes or increases in employee point-of-service payments or premium payments for benefits are not prohibited. Payroll deduction of state employee premium contributions is authorized without written consent of the employee.

The requirement to place the Basic Health Plan, state employees, school district employees, retirees, prisoner health services, and some Medicaid programs in a single, community-rated risk pool is deleted. (The state will continue to seek appropriate federal waivers and pursue other strategies to improve the state's purchasing power.) As the state health services purchasing agent, the HCA must ensure the control of benefit costs under managed competition through rules limiting employer and employee agreements that would result in increased utilization or lower than expected savings from managed competition.

The member of the Public Employees' Benefits Board who represents a school employees' association and one member with health benefit experience are nonvoting members until at least 12,000 school employees are enrolled with the HCA.

Several statutory requirements governing the optional transfer of political subdivision employees into HCA health purchasing are removed from law, including the requirement that the entire subdivision transfer as a unit, the requirement that the subdivision obligate itself to make employer contributions at least equal to those provided by the state as an employer, and the requirement that there be a public hearing on the application for transfer to the HCA. Participation in the HCA plans is subject to applicable collective bargaining laws.

Both the depository for employer contributions on behalf of part-time workers and the Caregivers Program are repealed. The HCA's responsibility to develop an Indian health care delivery plan is repealed. (This responsibility is transferred to the Department of Health in SSB 5253.)

Employees of technical colleges who were members of a benefits trust and, as a result of the 1991 vocational training reform act, were required to enroll with the HCA, must decide whether to reenroll in the trust by January 1, 1996. This one-time reenrollment option is available to be exercised in January 2001, or only every five years thereafter, until exercised.

The HCA is required to study the feasibility of a voucher-type process for enrolling state employees with any health carrier for employee benefits. The Washington State Health Care Policy Board (created by SHB 1046) is required to study the desirability of HCA future self-funding of the Uniform Medical Plan.

The state is authorized to establish a benefit contribution plan under which state employees may select certain benefits on a "before-tax" basis. The HCA is responsible for adopting a plan and procedures and for administering the plan, to begin with plan year 1996. The plan may be terminated at the end of a plan year and may be amended at any time if the rights of participants to receive eligible reimbursement are not affected.

Votes on Final Passage:

House 95 0

First Special Session

House 94 0

Senate 47 0

Effective: July 1, 1995