

# SENATE BILL REPORT

## SB 5386

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 16, 1995

**Title:** An act relating to the basic health plan.

**Brief Description:** Modifying provision of the basic health plan.

**Sponsors:** Senators Quigley, Franklin, C. Anderson and Wojahn; by request of Health Care Authority.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/31/95, 2/16/95 [DPS].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5386 be substituted therefor, and the substitute bill do pass.

Signed by Senators Quigley, Chair; C. Anderson, Deccio, Fairley, Franklin, Moyer, Winsley and Wood.

**Staff:** Don Sloma (786-7319)

**Background:** The Basic Health Plan (BHP) is a state-funded health insurance program that offers subsidized coverage for individuals whose incomes are below 200 percent of the federal poverty level (approximately \$30,000 for a family of four). In addition, unsubsidized enrollment is available for any individual, family or group in the state. The BHP offers coverage for hospital, outpatient and related health services with no deductible and modest co-payments.

The BHP is administered by the Health Care Authority which contracts with more than a dozen privately owned and operated managed care health plans. The Health Care Authority has identified several provisions within the authorizing legislation as barriers to more efficient and effective implementation and use of the BHP. In addition, the Washington Health Services Act of 1993 required that the services insured by the BHP must equal the uniform benefits package adopted by the Health Services Commission in July 1995. This legislation, requested by HCA, is intended to remove barriers to more effective implementation of the BHP, and to modify the dates of its transition to the uniform benefits package to comport with delayed implementation of health reform as recommended by the Health Services Commission.

**Summary of Substitute Bill:** The date when the benefits within the BHP must be the same as the uniform benefits package, as determined by the Health Services commission, is moved to the first plan anniversary date after February 1, 1996.

The HCA administrator must strive to make enrollee point of service cost sharing similar to that required for the uniform benefits package when it becomes effective.

The HCA administrator must base the state's subsidy level for the BHP on the cost of the lowest cost plan. BHP enrollees choosing more expensive plan options are required to pay the difference.

The amount the BHP administrator may bill enrollees who fail to provide notice of an increase in their income to more than twice the federal poverty level is increased from the amount of premiums they owe for the period to twice that amount.

The requirement to review income based eligibility for BHP subsidies is relaxed from a semiannual requirement to one defined by the HCA as reasonable.

The amount that employers who wish to enroll their employees in BHP must pay is reduced from at least 50 percent of the premium to 33 percent of premium.

The requirement that the BHP use a premium pricing structure substantially equivalent to that used in January 1993 is repealed.

**Substitute Bill Compared to Original Bill:** The BHP administrator may bill subsidized enrollees an amount equal to twice their premium share for the period of time the administrator determines they knowingly fail to inform the BHP of their income exceeding the program's income eligibility ceiling (200 percent of the federal poverty level).

The employer premium share for employer sponsored BHP enrollees is established at no less than 33 percent of premium.

The requirement that BHP employer premium share amounts be based on Health Services Commission recommendations upon the state's receipt of an exemption from the employee retirement income security act is deleted from the bill.

The existing BHP eligibility requirement for both the state subsidized and the unsubsidized program that persons may not have relinquished more comprehensive health coverage as of the effective date of their intended BHP enrollment is retained in current law.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 1995.

**Testimony For:** The bill is needed to adjust the BHP to changes in health reform and to lower the barriers to employer sponsorships of the BHP.

**Testimony Against:** None.

**Testified:** Margaret Stanley, Health Care Authority; Cherie Tessier, WADC; Randy Ray, WA Assn. of Temp. Services.

