
HOUSE BILL 2097

State of Washington

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By Representatives Dyer, Campbell, Foreman, Casada, Hymes, L. Thomas, D. Schmidt, Mulliken, Crouse, Carrell, Boldt, Lisk, Lambert, Johnson, Hankins, Ballasiotes, Pelesky, Sterk, Silver, Radcliff, Mitchell, Robertson, Skinner, Pennington, Clements, Chandler, Blanton, Carlson, Schoesler, Smith, Brumsickle, Hargrove, B. Thomas, Koster, Goldsmith, McMorris, Basich, Sehlin, Morris, Ebersole, Conway, Stevens, Kremen, Chappell, Huff, Talcott, Kessler, Dickerson, Grant, Cody, Hatfield, Cooke, Sheldon, Thompson, Cairnes, McMahan, Van Luven, Costa, Delvin, Benton and Mason

Read first time 04/23/95. Referred to Committee on Health Care.

1 AN ACT Relating to basic health plan services; and amending RCW
2 70.47.060.

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

4 **Sec. 1.** RCW 70.47.060 and 1995 c 2 (SB 5038) s 4 are each amended
5 to read as follows:

6 The administrator has the following powers and duties:

7 (1) To design and from time to time revise a schedule of covered
8 basic health care services, including physician services, inpatient and
9 outpatient hospital services, prescription drugs and medications, and
10 other services that may be necessary for basic health care(~~(, which)~~).
11 In addition, the administrator may offer as basic health plan services
12 chemical dependency services, mental health services, chiropractic
13 services, and organ transplant services; however, no one service or any
14 combination of these four services shall increase the actuarial value
15 of the benefits under the subsidized basic health plan by more than
16 five percent above the value of benefits offered during the 1995 plan
17 year, excluding adjustments for medical inflation, enrollee age, and
18 geographic area, as determined by the office of financial management.
19 All subsidized and nonsubsidized enrollees in any participating managed

1 health care system under the Washington basic health plan shall be
2 entitled to receive in return for premium payments to the plan. The
3 schedule of services shall emphasize proven preventive and primary
4 health care and shall include all services necessary for prenatal,
5 postnatal, and well-child care. However, with respect to coverage for
6 groups of subsidized enrollees who are eligible to receive prenatal and
7 postnatal services through the medical assistance program under chapter
8 74.09 RCW, the administrator shall not contract for such services
9 except to the extent that such services are necessary over not more
10 than a one-month period in order to maintain continuity of care after
11 diagnosis of pregnancy by the managed care provider. The schedule of
12 services shall also include a separate schedule of basic health care
13 services for children, eighteen years of age and younger, for those
14 subsidized or nonsubsidized enrollees who choose to secure basic
15 coverage through the plan only for their dependent children. In
16 designing and revising the schedule of services, the administrator
17 shall consider the guidelines for assessing health services under the
18 mandated benefits act of 1984, RCW 48.42.080, and such other factors as
19 the administrator deems appropriate. On and after December 31, 1995,
20 the uniform benefits package adopted and from time to time revised by
21 the Washington health services commission pursuant to RCW 43.72.130
22 shall be implemented by the administrator as the schedule of covered
23 basic health care services. However, with respect to coverage for
24 subsidized enrollees who are eligible to receive prenatal and postnatal
25 services through the medical assistance program under chapter 74.09
26 RCW, the administrator shall not contract for such services except to
27 the extent that the services are necessary over not more than a one-
28 month period in order to maintain continuity of care after diagnosis of
29 pregnancy by the managed care provider.

30 (2)(a) To design and implement a structure of periodic premiums due
31 the administrator from subsidized enrollees that is based upon gross
32 family income, giving appropriate consideration to family size and the
33 ages of all family members. The enrollment of children shall not
34 require the enrollment of their parent or parents who are eligible for
35 the plan. The structure of periodic premiums shall be applied to
36 subsidized enrollees entering the plan as individuals pursuant to
37 subsection (9) of this section and to the share of the cost of the plan
38 due from subsidized enrollees entering the plan as employees pursuant
39 to subsection (10) of this section.

1 (b) To determine the periodic premiums due the administrator from
2 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
3 shall be in an amount equal to the cost charged by the managed health
4 care system provider to the state for the plan plus the administrative
5 cost of providing the plan to those enrollees and the premium tax under
6 RCW 48.14.0201.

7 (c) An employer or other financial sponsor may, with the prior
8 approval of the administrator, pay the premium, rate, or any other
9 amount on behalf of a subsidized or nonsubsidized enrollee, by
10 arrangement with the enrollee and through a mechanism acceptable to the
11 administrator, but in no case shall the payment made on behalf of the
12 enrollee exceed the total premiums due from the enrollee.

13 (3) To design and implement a structure of copayments due a managed
14 health care system from subsidized and nonsubsidized enrollees. The
15 structure shall discourage inappropriate enrollee utilization of health
16 care services, but shall not be so costly to enrollees as to constitute
17 a barrier to appropriate utilization of necessary health care services.
18 On and after July 1, 1995, the administrator shall endeavor to make the
19 copayments structure of the plan consistent with enrollee point of
20 service cost-sharing levels adopted by the Washington health services
21 commission, giving consideration to funding available to the plan.

22 (4) To limit enrollment of persons who qualify for subsidies so as
23 to prevent an overexpenditure of appropriations for such purposes.
24 Whenever the administrator finds that there is danger of such an
25 overexpenditure, the administrator shall close enrollment until the
26 administrator finds the danger no longer exists.

27 (5) To limit the payment of subsidies to subsidized enrollees, as
28 defined in RCW 70.47.020.

29 (6) To adopt a schedule for the orderly development of the delivery
30 of services and availability of the plan to residents of the state,
31 subject to the limitations contained in RCW 70.47.080 or any act
32 appropriating funds for the plan.

33 (7) To solicit and accept applications from managed health care
34 systems, as defined in this chapter, for inclusion as eligible basic
35 health care providers under the plan. The administrator shall endeavor
36 to assure that covered basic health care services are available to any
37 enrollee of the plan from among a selection of two or more
38 participating managed health care systems. In adopting any rules or
39 procedures applicable to managed health care systems and in its

1 dealings with such systems, the administrator shall consider and make
2 suitable allowance for the need for health care services and the
3 differences in local availability of health care resources, along with
4 other resources, within and among the several areas of the state.
5 Contracts with participating managed health care systems shall ensure
6 that basic health plan enrollees who become eligible for medical
7 assistance may, at their option, continue to receive services from
8 their existing providers within the managed health care system if such
9 providers have entered into provider agreements with the department of
10 social and health services.

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

17 (9) To accept applications from individuals residing in areas
18 served by the plan, on behalf of themselves and their spouses and
19 dependent children, for enrollment in the Washington basic health plan
20 as subsidized or nonsubsidized enrollees, to establish appropriate
21 minimum-enrollment periods for enrollees as may be necessary, and to
22 determine, upon application and at least semiannually thereafter, or at
23 the request of any enrollee, eligibility due to current gross family
24 income for sliding scale premiums. No subsidy may be paid with
25 respect to any enrollee whose current gross family income exceeds twice
26 the federal poverty level or, subject to RCW 70.47.110, who is a
27 recipient of medical assistance or medical care services under chapter
28 74.09 RCW. If, as a result of an eligibility review, the administrator
29 determines that a subsidized enrollee's income exceeds twice the
30 federal poverty level and that the enrollee knowingly failed to inform
31 the plan of such increase in income, the administrator may bill the
32 enrollee for the subsidy paid on the enrollee's behalf during the
33 period of time that the enrollee's income exceeded twice the federal
34 poverty level. If a number of enrollees drop their enrollment for no
35 apparent good cause, the administrator may establish appropriate rules
36 or requirements that are applicable to such individuals before they
37 will be allowed to re-enroll in the plan.

38 (10) To accept applications from business owners on behalf of
39 themselves and their employees, spouses, and dependent children, as

1 subsidized or nonsubsidized enrollees, who reside in an area served by
2 the plan. The administrator may require all or the substantial
3 majority of the eligible employees of such businesses to enroll in the
4 plan and establish those procedures necessary to facilitate the orderly
5 enrollment of groups in the plan and into a managed health care system.
6 The administrator shall require that a business owner pay at least
7 fifty percent of the nonsubsidized premium cost of the plan on behalf
8 of each employee enrolled in the plan. Enrollment is limited to those
9 not eligible for medicare who wish to enroll in the plan and choose to
10 obtain the basic health care coverage and services from a managed care
11 system participating in the plan. The administrator shall adjust the
12 amount determined to be due on behalf of or from all such enrollees
13 whenever the amount negotiated by the administrator with the
14 participating managed health care system or systems is modified or the
15 administrative cost of providing the plan to such enrollees changes.

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

27 (12) To monitor the provision of covered services to enrollees by
28 participating managed health care systems in order to assure enrollee
29 access to good quality basic health care, to require periodic data
30 reports concerning the utilization of health care services rendered to
31 enrollees in order to provide adequate information for evaluation, and
32 to inspect the books and records of participating managed health care
33 systems to assure compliance with the purposes of this chapter. In
34 requiring reports from participating managed health care systems,
35 including data on services rendered enrollees, the administrator shall
36 endeavor to minimize costs, both to the managed health care systems and
37 to the plan. The administrator shall coordinate any such reporting
38 requirements with other state agencies, such as the insurance

1 commissioner and the department of health, to minimize duplication of
2 effort.

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

7 (14) To develop a program of proven preventive health measures and
8 to integrate it into the plan wherever possible and consistent with
9 this chapter.

10 (15) To provide, consistent with available funding, assistance for
11 rural residents, underserved populations, and persons of color.

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