
HOUSE BILL 2750

State of Washington 54th Legislature 1996 Regular Session

By Representatives Dyer and Silver

Read first time 01/18/96. Referred to Committee on Health Care.

1 AN ACT Relating to insurance coverage of health care providers;
2 amending RCW 48.43.045; reenacting and amending RCW 70.47.060; and
3 declaring an emergency.

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

5 **Sec. 1.** RCW 48.43.045 and 1995 c 265 s 8 are each amended to read
6 as follows:

7 Every health plan delivered, issued for delivery, or renewed by a
8 health carrier on and after January 1, 1996, shall:

9 (1) Permit every category of health care provider to provide health
10 services (~~((or care for conditions included in the basic health plan~~
11 ~~services))~~ included in the model plan benefits package, as required by
12 RCW 70.47.060(2)(d), to the extent that:

13 (a) The provision of such health services or care is within the
14 health care providers' permitted scope of practice; and

15 (b) The providers agree to abide by standards related to:

16 (i) Provision, utilization review, and cost containment of health
17 services;

18 (ii) Management and administrative procedures; and

1 (iii) Provision of cost-effective and clinically efficacious health
2 services.

3 (2) Annually report the names and addresses of all officers,
4 directors, or trustees of the health carrier during the preceding year,
5 and the amount of wages, expense reimbursements, or other payments to
6 such individuals.

7 **Sec. 2.** RCW 70.47.060 and 1995 c 266 s 1 and 1995 c 2 s 4 are each
8 reenacted and amended to read as follows:

9 The administrator has the following powers and duties:

10 (1) To ~~((design and from time to time revise a))~~ recommend
11 periodically to the appropriate committees of the legislature
12 modifications of the schedule of covered basic health care services
13 upon the identification of scientific information that indicates such
14 modification is cost-effective and will generally improve enrollee
15 health status. However no expansion of or additions to the schedule
16 may be made after the effective date of this act without specific
17 statutory authorization. The schedule of covered basic health care
18 services(~~(, including))~~ shall include physician services, inpatient and
19 outpatient hospital services, prescription drugs and medications, and
20 other services that may be necessary for basic health care. In
21 addition, the administrator may offer as basic health plan services
22 chemical dependency services, mental health services, and organ
23 transplant services; however, no one service or any combination of
24 these three services shall increase the actuarial value of the basic
25 health plan benefits by more than five percent excluding inflation, as
26 determined by the office of financial management. All subsidized and
27 nonsubsidized enrollees in any participating managed health care system
28 under the Washington basic health plan shall be entitled to receive in
29 return for premium payments to the plan. The schedule of services
30 shall emphasize proven preventive and primary health care and shall
31 include all services necessary for prenatal, postnatal, and well-child
32 care. However, with respect to coverage for groups of subsidized
33 enrollees who are eligible to receive prenatal and postnatal services
34 through the medical assistance program under chapter 74.09 RCW, the
35 administrator shall not contract for such services except to the extent
36 that such services are necessary over not more than a one-month period
37 in order to maintain continuity of care after diagnosis of pregnancy by
38 the managed care provider. The schedule of services shall also include

1 a separate schedule of basic health care services for children,
2 eighteen years of age and younger, for those subsidized or
3 nonsubsidized enrollees who choose to secure basic coverage through the
4 plan only for their dependent children. In designing and revising the
5 schedule of services, the administrator shall consider the guidelines
6 for assessing health services under the mandated benefits act of 1984,
7 RCW 48.42.080, and such other factors as the administrator deems
8 appropriate.

9 However, with respect to coverage for subsidized enrollees who are
10 eligible to receive prenatal and postnatal services through the medical
11 assistance program under chapter 74.09 RCW, the administrator shall not
12 contract for such services except to the extent that the services are
13 necessary over not more than a one-month period in order to maintain
14 continuity of care after diagnosis of pregnancy by the managed care
15 provider.

16 (2)(a) To design and implement a structure of periodic premiums due
17 the administrator from subsidized enrollees that is based upon gross
18 family income, giving appropriate consideration to family size and the
19 ages of all family members. The enrollment of children shall not
20 require the enrollment of their parent or parents who are eligible for
21 the plan. The structure of periodic premiums shall be applied to
22 subsidized enrollees entering the plan as individuals pursuant to
23 subsection (9) of this section and to the share of the cost of the plan
24 due from subsidized enrollees entering the plan as employees pursuant
25 to subsection (10) of this section.

26 (b) To determine the periodic premiums due the administrator from
27 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
28 shall be in an amount equal to the cost charged by the managed health
29 care system provider to the state for the plan plus the administrative
30 cost of providing the plan to those enrollees and the premium tax under
31 RCW 48.14.0201.

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

38 (d) To develop, as an offering by all health carriers providing
39 coverage identical to the basic health plan, a model plan benefits

1 package with uniformity in enrollee cost-sharing requirements, however,
2 disability insurers regulated under chapters 48.20 and 48.21 RCW may
3 comply with this requirement by offering coverage that is the actuarial
4 equivalent to the benefits package.

5 (3) To design and implement a structure of enrollee cost sharing
6 due a managed health care system from subsidized and nonsubsidized
7 enrollees. The structure shall discourage inappropriate enrollee
8 utilization of health care services, and may utilize copayments,
9 deductibles, and other cost-sharing mechanisms, but shall not be so
10 costly to enrollees as to constitute a barrier to appropriate
11 utilization of necessary health care services.

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

17 (5) To limit the payment of subsidies to subsidized enrollees, as
18 defined in RCW 70.47.020. The level of subsidy provided to persons who
19 qualify may be based on the lowest cost plans, as defined by the
20 administrator.

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

25 (7) To solicit and accept applications from managed health care
26 systems, as defined in this chapter, for inclusion as eligible basic
27 health care providers under the plan. The administrator shall endeavor
28 to assure that covered basic health care services are available to any
29 enrollee of the plan from among a selection of two or more
30 participating managed health care systems. In adopting any rules or
31 procedures applicable to managed health care systems and in its
32 dealings with such systems, the administrator shall consider and make
33 suitable allowance for the need for health care services and the
34 differences in local availability of health care resources, along with
35 other resources, within and among the several areas of the state.
36 Contracts with participating managed health care systems shall ensure
37 that basic health plan enrollees who become eligible for medical
38 assistance may, at their option, continue to receive services from
39 their existing providers within the managed health care system if such

1 providers have entered into provider agreements with the department of
2 social and health services.

3 (8) To receive periodic premiums from or on behalf of subsidized
4 and nonsubsidized enrollees, deposit them in the basic health plan
5 operating account, keep records of enrollee status, and authorize
6 periodic payments to managed health care systems on the basis of the
7 number of enrollees participating in the respective managed health care
8 systems.

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

30 (10) To accept applications from business owners on behalf of
31 themselves and their employees, spouses, and dependent children, as
32 subsidized or nonsubsidized enrollees, who reside in an area served by
33 the plan. The administrator may require all or the substantial
34 majority of the eligible employees of such businesses to enroll in the
35 plan and establish those procedures necessary to facilitate the orderly
36 enrollment of groups in the plan and into a managed health care system.
37 The administrator may require that a business owner pay at least an
38 amount equal to what the employee pays after the state pays its portion
39 of the subsidized premium cost of the plan on behalf of each employee

1 enrolled in the plan. Enrollment is limited to those not eligible for
2 medicare who wish to enroll in the plan and choose to obtain the basic
3 health care coverage and services from a managed care system
4 participating in the plan. The administrator shall adjust the amount
5 determined to be due on behalf of or from all such enrollees whenever
6 the amount negotiated by the administrator with the participating
7 managed health care system or systems is modified or the administrative
8 cost of providing the plan to such enrollees changes.

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

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

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

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

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

6 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
7 preservation of the public peace, health, or safety, or support of the
8 state government and its existing public institutions, and shall take
9 effect immediately.

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