
SENATE BILL 5382

State of Washington

54th Legislature

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By Senators Prentice, Hochstatter, C. Anderson, Kohl, Franklin and Spanel

Read first time 01/23/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to medical rehabilitation services; and amending
2 RCW 43.72.130 and 70.47.060.

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

4 **Sec. 1.** RCW 43.72.130 and 1993 c 492 s 449 are each amended to
5 read as follows:

6 (1) The commission shall define the uniform benefits package, which
7 shall include those health services that, consistent with the goals and
8 intent of chapter 492, Laws of 1993, are effective and necessary on a
9 societal basis for the maintenance of the health of citizens of the
10 state, weighed against the need to control state health services
11 expenditures.

12 (2) The schedule of covered health services shall emphasize proven
13 preventive and primary health care and shall be composed of the
14 following essential health services: (a) Primary and specialty health
15 services; (b) inpatient and outpatient hospital services; (c)
16 prescription drugs and medications; (d) reproductive services; (e)
17 services necessary for maternity and well-child care, including
18 preventive dental services for children; ~~((and))~~ (f) medical
19 rehabilitation services available in all settings; and (g) case-managed

1 chemical dependency, mental health, short-term skilled nursing
2 facility, home health, and hospice services, to the extent that such
3 services reduce inappropriate utilization of more intensive or less
4 efficacious medical services. The commission shall determine the
5 specific schedule of health services within the uniform benefits
6 package, including limitations on scope and duration of services. The
7 schedule shall be the benefit and actuarial equivalent of the schedule
8 of benefits offered by the basic health plan on January 1, 1993,
9 including any additions that may result from the inclusion of the
10 services listed in (c) through (f) of this subsection. The commission
11 shall consider the recommendations of health services effectiveness
12 (~~panels [committee]~~) committee established pursuant to RCW 43.72.060
13 in defining the uniform benefits package.

14 (3) The uniform benefits package shall not limit coverage for
15 preexisting or prior conditions, except that the commission shall
16 establish exclusions for preexisting or prior conditions to the extent
17 necessary to prevent residents from waiting until health services are
18 needed before enrolling in a certified health plan.

19 (4) The commission shall establish enrollee point of service cost-
20 sharing for nonpreventive health services, related to enrollee
21 household income, such that financial considerations are not a barrier
22 to access for low-income persons, but that, for those of means, the
23 uniform benefits package provides for moderate point of service cost-
24 sharing. All point of service cost-sharing and cost control
25 requirements shall apply uniformly to all health care providers
26 providing substantially similar uniform benefits package services. The
27 schedule shall provide for an alternate and lower schedule of cost-
28 sharing applicable to enrollees with household income below the federal
29 poverty level.

30 (5) The commission shall adopt rules related to coordination of
31 benefits and premium payments. The rules shall not have the effect of
32 eliminating enrollee financial participation. The commission shall
33 endeavor to assure an equitable distribution, among both employers and
34 employees, of the costs of coverage for those households composed of
35 more than one member in the work force.

36 (6) In determining the uniform benefits package, the commission
37 shall endeavor to seek the opinions of and information from the public.
38 The commission shall consider the results of official public health
39 assessment and policy development activities including recommendations

1 of the department of health in discharging its responsibilities under
2 this section.

3 (7) The commission shall submit the following to the legislature by
4 December 1, 1994, and by December 1 of the year preceding any year in
5 which the commission proposes to significantly modify the uniform
6 benefits package: (a) The uniform benefits package; and (b) an
7 independent actuarial analysis of the cost of the proposed package,
8 giving consideration to the factors considered under RCW 43.72.040(6).
9 The commission shall not modify the services included in the uniform
10 benefits package before January 1, 1999.

11 **Sec. 2.** RCW 70.47.060 and 1994 c 309 s 5 are each amended to read
12 as follows:

13 The administrator has the following powers and duties:

14 (1) To design and from time to time revise a schedule of covered
15 basic health care services, including physician services, inpatient and
16 outpatient hospital services, prescription drugs and medications,
17 medical rehabilitation services in all settings, and other services
18 that may be necessary for basic health care, which subsidized and
19 nonsubsidized enrollees in any participating managed health care system
20 under the Washington basic health plan shall be entitled to receive in
21 return for premium payments to the plan. The schedule of services
22 shall emphasize proven preventive and primary health care and shall
23 include all services necessary for prenatal, postnatal, and well-child
24 care. However, with respect to coverage for groups of subsidized
25 enrollees who are eligible to receive prenatal and postnatal services
26 through the medical assistance program under chapter 74.09 RCW, the
27 administrator shall not contract for such services except to the extent
28 that such services are necessary over not more than a one-month period
29 in order to maintain continuity of care after diagnosis of pregnancy by
30 the managed care provider. The schedule of services shall also include
31 a separate schedule of basic health care services for children,
32 eighteen years of age and younger, for those subsidized or
33 nonsubsidized enrollees who choose to secure basic coverage through the
34 plan only for their dependent children. In designing and revising the
35 schedule of services, the administrator shall consider the guidelines
36 for assessing health services under the mandated benefits act of 1984,
37 RCW 48.42.080, and such other factors as the administrator deems
38 appropriate. On and after July 1, 1995, the uniform benefits package

1 adopted and from time to time revised by the Washington health services
2 commission pursuant to RCW 43.72.130 shall be implemented by the
3 administrator as the schedule of covered basic health care services.
4 However, with respect to coverage for subsidized enrollees who are
5 eligible to receive prenatal and postnatal services through the medical
6 assistance program under chapter 74.09 RCW, the administrator shall not
7 contract for such services except to the extent that the services are
8 necessary over not more than a one-month period in order to maintain
9 continuity of care after diagnosis of pregnancy by the managed care
10 provider.

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

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

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

33 (3) To design and implement a structure of copayments due a managed
34 health care system from subsidized and nonsubsidized enrollees. The
35 structure shall discourage inappropriate enrollee utilization of health
36 care services, but shall not be so costly to enrollees as to constitute
37 a barrier to appropriate utilization of necessary health care services.
38 On and after July 1, 1995, the administrator shall endeavor to make the
39 copayments structure of the plan consistent with enrollee point of

1 service cost-sharing levels adopted by the Washington health services
2 commission, giving consideration to funding available to the plan.

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

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

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

14 (7) To solicit and accept applications from managed health care
15 systems, as defined in this chapter, for inclusion as eligible basic
16 health care providers under the plan. The administrator shall endeavor
17 to assure that covered basic health care services are available to any
18 enrollee of the plan from among a selection of two or more
19 participating managed health care systems. In adopting any rules or
20 procedures applicable to managed health care systems and in its
21 dealings with such systems, the administrator shall consider and make
22 suitable allowance for the need for health care services and the
23 differences in local availability of health care resources, along with
24 other resources, within and among the several areas of the state.
25 Contracts with participating managed health care systems shall ensure
26 that basic health plan enrollees who become eligible for medical
27 assistance may, at their option, continue to receive services from
28 their existing providers within the managed health care system if such
29 providers have entered into provider agreements with the department of
30 social and health services.

31 (8) To receive periodic premiums from or on behalf of subsidized
32 and nonsubsidized enrollees, deposit them in the basic health plan
33 operating account, keep records of enrollee status, and authorize
34 periodic payments to managed health care systems on the basis of the
35 number of enrollees participating in the respective managed health care
36 systems.

37 (9) To accept applications from individuals residing in areas
38 served by the plan, on behalf of themselves and their spouses and
39 dependent children, for enrollment in the Washington basic health plan

1 as subsidized or nonsubsidized enrollees, to establish appropriate
2 minimum-enrollment periods for enrollees as may be necessary, and to
3 determine, upon application and at least semiannually thereafter, or at
4 the request of any enrollee, eligibility due to current gross family
5 income for sliding scale premiums. No subsidy may be paid with
6 respect to any enrollee whose current gross family income exceeds twice
7 the federal poverty level or, subject to RCW 70.47.110, who is a
8 recipient of medical assistance or medical care services under chapter
9 74.09 RCW. If, as a result of an eligibility review, the administrator
10 determines that a subsidized enrollee's income exceeds twice the
11 federal poverty level and that the enrollee knowingly failed to inform
12 the plan of such increase in income, the administrator may bill the
13 enrollee for the subsidy paid on the enrollee's behalf during the
14 period of time that the enrollee's income exceeded twice the federal
15 poverty level. If a number of enrollees drop their enrollment for no
16 apparent good cause, the administrator may establish appropriate rules
17 or requirements that are applicable to such individuals before they
18 will be allowed to re-enroll in the plan.

19 (10) To accept applications from business owners on behalf of
20 themselves and their employees, spouses, and dependent children, as
21 subsidized or nonsubsidized enrollees, who reside in an area served by
22 the plan. The administrator may require all or the substantial
23 majority of the eligible employees of such businesses to enroll in the
24 plan and establish those procedures necessary to facilitate the orderly
25 enrollment of groups in the plan and into a managed health care system.
26 The administrator shall require that a business owner pay at least
27 fifty percent of the nonsubsidized premium cost of the plan on behalf
28 of each employee enrolled in the plan. Enrollment is limited to those
29 not eligible for medicare who wish to enroll in the plan and choose to
30 obtain the basic health care coverage and services from a managed care
31 system participating in the plan. The administrator shall adjust the
32 amount determined to be due on behalf of or from all such enrollees
33 whenever the amount negotiated by the administrator with the
34 participating managed health care system or systems is modified or the
35 administrative cost of providing the plan to such enrollees changes.

36 (11) To determine the rate to be paid to each participating managed
37 health care system in return for the provision of covered basic health
38 care services to enrollees in the system. Although the schedule of
39 covered basic health care services will be the same for similar

1 enrollees, the rates negotiated with participating managed health care
2 systems may vary among the systems. In negotiating rates with
3 participating systems, the administrator shall consider the
4 characteristics of the populations served by the respective systems,
5 economic circumstances of the local area, the need to conserve the
6 resources of the basic health plan trust account, and other factors the
7 administrator finds relevant.

8 (12) To monitor the provision of covered services to enrollees by
9 participating managed health care systems in order to assure enrollee
10 access to good quality basic health care, to require periodic data
11 reports concerning the utilization of health care services rendered to
12 enrollees in order to provide adequate information for evaluation, and
13 to inspect the books and records of participating managed health care
14 systems to assure compliance with the purposes of this chapter. In
15 requiring reports from participating managed health care systems,
16 including data on services rendered enrollees, the administrator shall
17 endeavor to minimize costs, both to the managed health care systems and
18 to the plan. The administrator shall coordinate any such reporting
19 requirements with other state agencies, such as the insurance
20 commissioner and the department of health, to minimize duplication of
21 effort.

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

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

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

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