
SUBSTITUTE SENATE BILL 5386

State of Washington

54th Legislature

1995 Regular Session

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Quigley, Franklin, C. Anderson and Wojahn; by request of Health Care Authority)

Read first time 02/20/95.

1 AN ACT Relating to the basic health plan; amending RCW 70.47.060
2 and 70.47.020; repealing RCW 70.47.065; providing an effective date;
3 and declaring an emergency.

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

5 **Sec. 1.** RCW 70.47.060 and 1994 c 309 s 5 are each amended to read
6 as follows:

7 The administrator has the following powers and duties:

8 (1) To design and from time to time revise a schedule of covered
9 basic health care services, including physician services, inpatient and
10 outpatient hospital services, prescription drugs and medications, and
11 other services that may be necessary for basic health care, which
12 subsidized and nonsubsidized enrollees in any participating managed
13 health care system under the Washington basic health plan shall be
14 entitled to receive in return for premium payments to the plan. The
15 schedule of services shall emphasize proven preventive and primary
16 health care and shall include all services necessary for prenatal,
17 postnatal, and well-child care. However, with respect to coverage for
18 groups of subsidized enrollees who are eligible to receive prenatal and
19 postnatal services through the medical assistance program under chapter

1 74.09 RCW, the administrator shall not contract for such services
2 except to the extent that such services are necessary over not more
3 than a one-month period in order to maintain continuity of care after
4 diagnosis of pregnancy by the managed care provider. The schedule of
5 services shall also include a separate schedule of basic health care
6 services for children, eighteen years of age and younger, for those
7 subsidized or nonsubsidized enrollees who choose to secure basic
8 coverage through the plan only for their dependent children. In
9 designing and revising the schedule of services, the administrator
10 shall consider the guidelines for assessing health services under the
11 mandated benefits act of 1984, RCW 48.42.080, and such other factors as
12 the administrator deems appropriate. On and after (~~July 1, 1995~~) the
13 first plan year anniversary date after February 1, 1996, the uniform
14 benefits package adopted and from time to time revised by the
15 Washington health services commission pursuant to RCW 43.72.130 shall
16 be implemented by the administrator as the schedule of covered basic
17 health care services. However, with respect to coverage for subsidized
18 enrollees who are eligible to receive prenatal and postnatal services
19 through the medical assistance program under chapter 74.09 RCW, the
20 administrator shall not contract for such services except to the extent
21 that the services are necessary over not more than a one-month period
22 in order to maintain continuity of care after diagnosis of pregnancy by
23 the managed care provider.

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

34 (b) To determine the periodic premiums due the administrator from
35 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees
36 shall be in an amount equal to the cost charged by the managed health
37 care system provider to the state for the plan plus the administrative
38 cost of providing the plan to those enrollees and the premium tax under
39 RCW 48.14.0201.

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

7 (3) To design and implement a structure of ~~((copayments))~~ enrollee
8 cost sharing due a managed health care system from subsidized and
9 nonsubsidized enrollees. The structure shall discourage inappropriate
10 enrollee utilization of health care services, and may utilize
11 copayments, deductibles, and other cost-sharing mechanisms, but shall
12 not be so costly to enrollees as to constitute a barrier to appropriate
13 utilization of necessary health care services. On and after ~~((July 1,~~
14 ~~1995))~~ the first plan year anniversary date after February 1, 1996, the
15 administrator shall endeavor to make the ~~((copayments))~~ cost-sharing
16 structure of the plan consistent with enrollee point of service cost-
17 sharing levels adopted by the Washington health services commission,
18 giving consideration to funding available to the plan.

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

24 (5) To limit the payment of subsidies to subsidized enrollees, as
25 defined in RCW 70.47.020. The level of subsidy provided to persons who
26 qualify shall be based on the lowest cost plans, as defined by the
27 administrator.

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

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

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

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

16 (9) To accept applications from individuals residing in areas
17 served by the plan, on behalf of themselves and their spouses and
18 dependent children, for enrollment in the Washington basic health plan
19 as subsidized or nonsubsidized enrollees, to establish appropriate
20 minimum-enrollment periods for enrollees as may be necessary, and to
21 determine, upon application and (~~at least semiannually thereafter~~) on
22 a reasonable schedule defined by the authority, or at the request of
23 any enrollee, eligibility due to current gross family income for
24 sliding scale premiums. No subsidy may be paid with respect to any
25 enrollee whose current gross family income exceeds twice the federal
26 poverty level or, subject to RCW 70.47.110, who is a recipient of
27 medical assistance or medical care services under chapter 74.09 RCW.
28 If, as a result of an eligibility review, the administrator determines
29 that a subsidized enrollee's income exceeds twice the federal poverty
30 level and that the enrollee knowingly failed to inform the plan of such
31 increase in income, the administrator may bill the enrollee for an
32 amount equal to twice the subsidy paid on the enrollee's behalf during
33 the period of time that the enrollee's income exceeded twice the
34 federal poverty level. If a number of enrollees drop their enrollment
35 for no apparent good cause, the administrator may establish appropriate
36 rules or requirements that are applicable to such individuals before
37 they 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~~) may require that a business owner pay at
7 least (~~fifty~~) thirty-three percent of the nonsubsidized premium cost
8 of the plan on behalf of each employee enrolled in the plan.
9 Enrollment is limited to those not eligible for medicare who wish to
10 enroll in the plan and choose to obtain the basic health care coverage
11 and services from a managed care system participating in the plan. The
12 administrator shall adjust the amount determined to be due on behalf of
13 or from all such enrollees whenever the amount negotiated by the
14 administrator with the participating managed health care system or
15 systems is modified or the administrative cost of providing the plan to
16 such enrollees changes.

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

28 (12) To monitor the provision of covered services to enrollees by
29 participating managed health care systems in order to assure enrollee
30 access to good quality basic health care, to require periodic data
31 reports concerning the utilization of health care services rendered to
32 enrollees in order to provide adequate information for evaluation, and
33 to inspect the books and records of participating managed health care
34 systems to assure compliance with the purposes of this chapter. In
35 requiring reports from participating managed health care systems,
36 including data on services rendered enrollees, the administrator shall
37 endeavor to minimize costs, both to the managed health care systems and
38 to the plan. The administrator shall coordinate any such reporting
39 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.

12 **Sec. 2.** RCW 70.47.020 and 1994 c 309 s 4 are each amended to read
13 as follows:

14 As used in this chapter:

15 (1) "Washington basic health plan" or "plan" means the system of
16 enrollment and payment on a prepaid capitated basis for basic health
17 care services, administered by the plan administrator through
18 participating managed health care systems, created by this chapter.

19 (2) "Administrator" means the Washington basic health plan
20 administrator, who also holds the position of administrator of the
21 Washington state health care authority.

22 (3) "Managed health care system" means any health care
23 organization, including health care providers, insurers, health care
24 service contractors, health maintenance organizations, or any
25 combination thereof, that provides directly or by contract basic health
26 care services, as defined by the administrator and rendered by duly
27 licensed providers, on a prepaid capitated basis to a defined patient
28 population enrolled in the plan and in the managed health care system.
29 On and after (~~July 1, 1995~~) February 1, 1997, "managed health care
30 system" means a certified health plan, as defined in RCW 43.72.010.

31 (4) "Subsidized enrollee" means an individual, or an individual
32 plus the individual's spouse or dependent children, not eligible for
33 medicare, who resides in an area of the state served by a managed
34 health care system participating in the plan, whose gross family income
35 at the time of enrollment does not exceed twice the federal poverty
36 level as adjusted for family size and determined annually by the
37 federal department of health and human services, who the administrator
38 determines shall not have, or shall not have voluntarily relinquished

1 health insurance more comprehensive than that offered by the plan as of
2 the effective date of enrollment, and who chooses to obtain basic
3 health care coverage from a particular managed health care system in
4 return for periodic payments to the plan.

5 (5) "Nonsubsidized enrollee" means an individual, or an individual
6 plus the individual's spouse or dependent children, not eligible for
7 medicare, who resides in an area of the state served by a managed
8 health care system participating in the plan, who the administrator
9 determines shall not have, or shall not have voluntarily relinquished
10 health insurance more comprehensive than that offered by the plan as of
11 the effective date of enrollment, and who chooses to obtain basic
12 health care coverage from a particular managed health care system, and
13 who pays or on whose behalf is paid the full costs for participation in
14 the plan, without any subsidy from the plan.

15 (6) "Subsidy" means the difference between the amount of periodic
16 payment the administrator makes to a managed health care system on
17 behalf of a subsidized enrollee plus the administrative cost to the
18 plan of providing the plan to that subsidized enrollee, and the amount
19 determined to be the subsidized enrollee's responsibility under RCW
20 70.47.060(2).

21 (7) "Premium" means a periodic payment, based upon gross family
22 income which an individual, their employer or another financial sponsor
23 makes to the plan as consideration for enrollment in the plan as a
24 subsidized enrollee or a nonsubsidized enrollee.

25 (8) "Rate" means the per capita amount, negotiated by the
26 administrator with and paid to a participating managed health care
27 system, that is based upon the enrollment of subsidized and
28 nonsubsidized enrollees in the plan and in that system.

29 NEW SECTION. **Sec. 3.** RCW 70.47.065 and 1993 c 494 s 6 are each
30 repealed.

31 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the
33 state government and its existing public institutions, and shall take
34 effect July 1, 1995.

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