

SENATE BILL REPORT

SB 5747

As of January 18, 2018

Title: An act relating to health care financing and development of a publicly sponsored integrated delivery system such as the veterans affairs system to ensure access for all.

Brief Description: Addressing health care financing and development of a publicly sponsored integrated delivery system by creating the access for all trust.

Sponsors: Senators Hasegawa, Kuderer, Chase and Saldaña.

Brief History:

Committee Activity: Health & Long Term Care: 1/18/18.

Brief Summary of Bill

- The Washington Access for All Trust (Trust) is developed to provide health coverage for all residents of the state.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: Evan Klein (786-7483)

Background: Federal Health Care Reform. Under the federal Patient Protection and Affordable Care Act (ACA), all U.S. citizens and legal residents are required to have health insurance coverage or pay a tax penalty. The ACA gave states the option to expand their Medicaid programs to cover individuals up to 133 percent of the federal poverty level, which Washington State has done. The law also establishes state-based insurance exchanges in which individuals and small businesses may compare and purchase health insurance. As a result, Washington State established the Health Benefit Exchange (Exchange) as a public-private partnership to provide a platform for accessing the individual insurance market and the state Apple Health program. Premium assistance and cost-sharing subsidies are also available in the Exchange on a sliding scale for persons between 134 and 400 percent of the federal poverty level.

Sections 1115 and 1332 of the ACA allow states to apply for waivers of Medicaid and insurance rules enacted by the ACA, for purpose of developing innovative ways to deliver coverage.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Joint Select Committee on Health Care Oversight. In 2013 the Joint Select Committee on Health Care Oversight (JSCHCO) was established to provide oversight between the Health Care Authority (HCA), the Exchange, the Office of the Insurance Commissioner, the Department of Health, and the Department of Social and Health Services. The JSCHCO has ten legislative members appointed by the House of Representatives and the Senate, including the chairs of the House of Representatives Health Care and Wellness Committee and the Senate Health and Long Term Care Committee.

Summary of Bill: The Trust is created as an agency of the state to provide health coverage for all residents of the state.

Governance. The Trust is governed by a nine member board of trustees (Board). The Board must include individuals with knowledge of health care needs of diverse populations. The two largest caucuses of the House and Senate must submit nominees who are not legislators or employees of the state, and from this list, the governor must appoint the initial trustees. At least one trustee from each of the caucus' lists must be appointed. The trustees are appointed for varying terms of two, three or four years and may be reappointed for multiple terms. Replacement of a vacant trustee position must be made by gubernatorial appointment.

The chair of the Board must appoint three standing committees: a financial advisory committee, a citizen's advisory committee, and a technical advisory committee. The Board must consult with the citizen's advisory committee at least annually and report on Board actions in response to the committee's input, and must consult with the financial advisory committee whenever the Board requests funding legislation necessary to operate the Trust.

The Chair of the Board is the presiding officer, and is provided powers and duties to appoint an executive director, enter into contracts, accept funds received by the Board and delegate administrative functions.

Duties of the Board. The Board must:

- adopt bylaws, rules and other appropriate governance documents;
- consult with the citizen's and technical advisory committees to keep a current set of health services to be financed by the Trust;
- seek all necessary waivers of federal law;
- request legislation authorizing the assessments and premiums necessary to operate the trust;
- develop or contract for development of an anonymous health care data system to use for quality assurance and cost containment;
- develop health care practice guidelines, with advice from the technical advisory committee;
- develop confidentiality guidelines for patient records;
- develop eligibility rules;
- develop a uniform claims processing system;
- balance benefits and provider payments with revenues;
- address nonfinancial barriers to health care;
- monitor population migration related to availability of universal health care in the state; and

- develop an annual budget.

The Board must report annual changes in total Washington health care costs to the governor and legislature at least once a year. The board must also seek annual audits from the state auditor.

The Board must adopt rules allowing providers to collectively negotiate budgets, payment schedules, and other terms and conditions of trust participation. The Board must also annually negotiate a prospective global budget with each hospital and facility for payment of covered costs on a fee-for-service or case rate basis.

The Board must consult with tribal governments to determine which state and federal laws need to be repealed, amended, or waived to implement the Trust. The Board must also seek to integrate federally qualified trusts into the Trust.

Eligibility. All residents of Washington State are eligible for coverage through the Trust. Private health coverage is not allowed as a substitute to the universal plan, however, supplemental coverage is allowed. Non-residents are covered for emergency services and emergency transportation only.

Residents covered by federal health programs will remain in those programs unless the resident elects to voluntarily participate in the Trust.

Employees covered under federally qualified trusts are not eligible for the Trust unless they meet certain exceptions, or until the federally qualified trusts are integrated into the Trust. Residents who are retirees covered under a federally qualified trust are not eligible for coverage under the Trust unless they pay the premium.

Benefits. The Board, in consultation with the citizen's advisory committee, must design a single benefits package that constitutes minimum essential coverage under the ACA. The benefits package must include:

- inpatient and outpatient hospital care;
- outpatient and office-based care;
- rehabilitation services;
- mental health care;
- hospice;
- prescription drug benefits;
- vision and hearing care;
- diagnostic tests;
- durable medical equipment;
- preventive care; and
- other essential health benefits as required by the ACA.

If the Trust has sufficient funds after year three, the Trust shall include coverage for long-term care. By the third July of the Trust's existence, the Board must submit a plan for including dental coverage.

When consistent with federal law, prescription drug and durable medical equipment manufacturers must provide their drugs to Washington State at the lowest rate offered to federal and other government entities.

Antitrust. The activities of the Trust are exempt from state antitrust laws.

Expenses. All employers in Washington must pay a quarterly assessment on aggregate gross payroll. The tax rates may be adjusted by the Office of Financial Management annually. Certain employers may be exempt from the tax. Residents who are 18 or older who are not Medicare or Medicaid beneficiaries, with incomes over 150 percent of the federal poverty level, must pay a premium. Premiums must be collected by employers through payroll deduction. The Governor must request that the Internal Revenue Service amend the internal revenue code to make Trust premiums deductible from adjusted gross income.

Administrative expenses of the Trust may not exceed 11 percent of the trust.

The beer and strong beer tax, the cigarette tax, the tobacco products tax, the spirits tax, and the monies in the tobacco settlement account are each diverted to cover expenses of the Trust.

Accounts. A reserve account is created to accumulate reserve funds for the Trust—up to 10 percent of the total annual budget expenditures of the Trust. A displaced worker training account is created to fund job placement for workers displaced by the transition to the Trust. A benefits account is created to to pay for health care services and maintenance of the Trust.

Construction. The Trust act may not be construed to limit an employer's right to maintain employee benefit plans.

Repeals. The tax on manufacturers and processors of various foods and the premium health care services tax are repealed.

The HCA is abolished and all employees, duties, and records of the HCA are transferred to the Trust.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony: PRO: The cost of health care coverage is a drag on the economy. There used to be a social contract that employers would cover health care within the system. However, now employers cannot afford to pay the costs of coverage and more and more people are losing coverage. There are a lot of good models out there, but the conversation needs to be reframed as an economic development issue. Employers who provide health care coverage are paying excessive rates and a universal system could help spread costs and save these employers money. This bill would also save employers on

worker's compensation costs. A single-payer health insurance system would dramatically lower cost by limiting the administrative burden for insurers and providers. This system could save over 16 billion dollars annually for the system and 9 billion dollars for the state. Sixty four percent of Washington state voters want universal health care. Having to argue with an insurance company about getting a child into the hospital for a brain tumor drove me from my job, but single payer could solve this problem. An 8.5 percent payroll tax and a 1 percent premium could fund this program while still saving the state money. This bill could create 100,000 jobs by making the state more competitive. States, cities, and towns would be among the biggest winners by adopting this program. Other countries serve their communities and spend very little compared to the United States.

Persons Testifying: PRO: Senator Bob Hasegawa, Prime Sponsor; Georgia Davenport, Whole Washington; Ryan Whitney, Whole Washington; Vivian Queija, Whole Washington; Kate Butt, Whole Washington.

Persons Signed In To Testify But Not Testifying: No one.