

HOUSE BILL REPORT

HB 1891

As Passed House

June 28, 1991

Title: An act relating to coordination of the basic health plan with medical assistance.

Brief Description: Coordinating the basic health plan with medical assistance.

Sponsor(s): Representatives Braddock and Wineberry; by request of Washington Basic Health Plan and Office of Financial Management.

Brief History:

Reported by House Committee on:

Health Care, March 6, 1991, DP;

Appropriations, March 9, 1991, DP;

Passed House, March 20, 1991, 98-0;

Passed House, June 28, 1991, 91-0.

**HOUSE COMMITTEE ON
HEALTH CARE**

Majority Report: *Do pass.* Signed by 10 members: Representatives Braddock, Chair; Day, Vice Chair; Moyer, Ranking Minority Member; Casada, Assistant Ranking Minority Member; Cantwell; Edmondson; Franklin; Paris; Prentice; and Sprenkle.

Minority Report: *Without recommendation.* Signed by 1 member: Representative Morris.

Staff: Bill Hagens (786-7131).

**HOUSE COMMITTEE ON
APPROPRIATIONS**

Majority Report: *Do pass.* Signed by 26 members: Representatives Locke, Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Belcher; Bowman; Braddock; Brekke; Dorn; Ebersole; Ferguson; Fuhrman; Hine; Lisk; May; McLean; Mielke; Nealey; Pruitt; Rust; H. Sommers; Sprenkle; Valle; Vance; Wang; and Wineberry.

Staff: Maureen Morris (786-7152).

Background: The Washington Basic Health Plan (BHP) was established as a demonstration project in 1987 to provide basic health care benefits for up to 30,000 individuals, under the age of 65, who are ineligible for Medicare, and whose gross family income is at or below 200 percent of the federal poverty level.

Since the passage of the BHP statute in 1987, the State has expanded Medicaid eligibility for pregnant women and for infants, under the First Steps Program, and for children up to age 18, under the Second Steps Program. Consequently, many persons originally eligible only for BHP may now be eligible for Medicaid. The governor's 1991-93 budget limits BHP enrollment to 20,000 people, a number which was recently reached.

Of the 20,000 people to be enrolled in the BHP, a number are pregnant women and young children who may also be eligible for Medicaid coverage. Payment for Medicaid coverage is from a combination of state and federal funds. BHP funding is a combination of state general funds and premium payments by the persons enrolled. OFM feels by improving coordination between the BHP and Medicaid, the State can expand access to services for low-income citizens within current budget limits.

The recently completed state health care purchasing study emphasizes the need for greater coordination of health care purchasing activity between state agencies and encourages the use of managed health care systems. By coordinating coverage between BHP and Medicaid, it may be possible for individuals to remain with their BHP managed health care plan, even though their coverage may change from BHP to Medicaid.

Regarding a separate issue, the present 10 percent reserve account required for the BHP trust account may be excessive and limit the amount of funds available for services. OFM feels that a 5 percent reserve will be adequate.

Summary of Bill: The BHP statute that inhibits Medicaid reimbursement for BHP members is amended. Upon federal government approval, funds will be more accessible to BHP, while allowing families to stay with their chosen managed health care system. The Department of Social and Health Services may make Medicaid payments either to BHP or directly to a managed health care system. BHP is required to identify persons who are eligible for Medicaid and to require individuals to apply for such coverage, when BHP determines that it is appropriate to do so.

The amount which BHP maintains as a financial reserve is also reduced from 10 percent to 5 percent of anticipated annual program costs.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 1991.

Testimony For: (Health Care): By placing eligible Basic Health Plan (BHP) enrollees in Medicaid, more federal funds are captured and the capacity of the BHP is enlarged. Further, such Medicaid recipients are eligible to receive services not available in the BHP, e.g., drugs, dental care, and mental health services.

(Appropriations): The Basic Health Plan supports the bill.

Testimony Against: (Health Care): This measure is aimed mostly at pregnant women who historically have had a difficult time obtaining health care providers through the traditional Medicaid process.

(Appropriations): None.

Witnesses: (Health Care): Mel Sorenson, Washington Physicians' Service and Blue Cross of Washington/Alaska (pro); Ken Bertrand, Group Health; Barbara Baker, Legal Services (concerned); and Len Eddinger, Washington State Medical Association (pro).

(Appropriations): Marc Provence, Basic Health Plan.