

HOUSE BILL REPORT

E2SSB 5782

*As Reported By House Committee on:
Health Care*

Title: An act relating to rural health care.

Brief Description: Providing for rural health care services programs.

Sponsor(s): Senate Committee on Ways & Means (originally sponsored by Senators Barr, Hansen, Snyder, L. Smith and Amondson).

Brief History:

Reported by House Committee on:
Health Care, April 4, 1991, DP.

**HOUSE COMMITTEE ON
HEALTH CARE**

Majority Report: *Do pass.* Signed by 11 members: Representatives Braddock, Chair; Day, Vice Chair; Moyer, Ranking Minority Member; Casada, Assistant Ranking Minority Member; Cantwell; Edmondson; Franklin; Morris; Paris; Prentice; and Sprenkle.

Staff: Bill Hagens (786-7131).

Background: In 1990, the Legislature directed the insurance commissioner to establish a committee to recommend methods to improve the availability of affordable health insurance in rural areas of the state. The committee was comprised of insurers, providers, legislators and health policy analysts.

The committee identified numerous problems which make access to health care coverage difficult in rural areas, such as: the character of the workforce is difficult and expensive to insure because it is primarily comprised of small firms or self-employed persons; large farm based economies in rural areas have a high degree of seasonal and temporary employment which rarely offers insurance coverage; there are high administrative costs associated with serving rural communities; and typical rural small group and individual plans undergo more rigorous underwriting than urban counterparts.

The committee recognized that existing insurance programs are not as adaptable to the insurance needs in rural areas as in urban areas. It concluded that rural health care systems must be able to form cooperative relationships among health care providers in order to allow them to share resources and capital expenditures on a regional basis.

Summary of Bill: The state's rural health systems project statute is amended to authorize the creation of a single project to establish a rural health care services program. The program is defined as an arrangement sponsored by health care organizations, municipal corporations, or a combination of public and private entities that provides access to primary, acute or secondary health care services to rural residents.

The secretary of the Department of Health is directed to form an advisory committee for the purpose of establishing standards, making awards, designing technical assistance and providing oversight. The committee includes the director of Medical Assistance, Department of Social & Health Services, the administrators of the Basic Health Plan and the State Health Care Authority, and the director of the Department of Labor and Industries. The committee may include other appropriate representatives.

The committee shall authorize a project which must demonstrate the viability of the rural health care program by presenting an actuarial study, demonstrate local public support through an affirmative vote at a general or special election and verify that the participant providers will hold beneficiaries harmless in the event of the failure of the project. Enrollments of beneficiaries in the project may be limited by the secretary of the Department of Health. The program is exempt from the state insurance regulatory laws.

The state shall not be held financially or legally liable in the event of the failure of the project.

The secretary of the Department of Health shall evaluate the project within four years after initial implementation. A report shall be made to the governor and the Legislature including recommendations to continue or expand the program.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The demonstration project will allow a rural community to explore innovative ways to operate a locally controlled health care coverage system. The system will

utilize local health care providers and will also increase access to health care insurance to rural citizens who are currently uninsured.

Testimony Against: None.

Witnesses: Senator Barr (pro); Representative Rayburn (pro); Verne Gibbs, Department of Health (pro concept); and Greg Vigdor, Washington State Hospital Association (pro).