

**SENATE BILL REPORT**

**HB 1891**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 8, 1991**

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

**SPONSORS:** Representatives Braddock and Wineberry; by request of Washington Basic Health Plan and Office of Financial Management.

**HOUSE COMMITTEE ON HEALTH CARE**

**HOUSE COMMITTEE ON APPROPRIATIONS**

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass as amended.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, Johnson, L. Kreidler, Metcalf, Murray, Newhouse, Niemi, Owen, Rinehart, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

**Staff:** Karen Hayes (786-7715)

**Hearing Dates:** April 5, 1991; April 8, 1991

**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 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 operating budget proposes to limit BHP enrollment to 20,000 individuals, a number which was recently reached. Of those 20,000 individuals, 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. Payment for BHP coverage is from a combination of state funds and premiums paid by persons who enroll. The Office of Financial Management believes that with improved coordination between the BHP and Medicaid, the state can expand access to services for low-income citizens within current budget limits.

Regarding a separate issue, the Office of Financial Management believes that a 5 percent reserve requirement rather than the present 10 percent reserve requirement for the BHP trust account is adequate. The statute for BHP contains language which establishes what the reserve requirement shall be.

**SUMMARY:**

Effective July 1, 1991, the amount which must be maintained as a financial reserve for the Basic Health Plan (BHP) is reduced from 10 percent of the revenue anticipated in the trust account to 5 percent of expected medical service purchases for the fiscal year.

The requirement that interest earnings on surplus balances in the trust account be credited to the trust account is removed.

The requirement that state general fund appropriations for the Basic Health Plan be deposited into the trust account is removed.

The requirement that a prospective enrollee, who may also qualify for Medicaid, apply for such coverage is removed and replaced with language that requires the BHP administrator to identify persons who are eligible for Medicaid, allowing the administrator to require their application for Medicaid prior to BHP enrollment, or as a condition of continued participation in the BHP. Also removed is the requirement that persons be enrolled in BHP pending a determination of Medicaid eligibility.

The requirement that the Department of Social and Health Services make payments to BHP on behalf of any enrollee who also qualifies for medical assistance is made permissive.

References to the Hospital Commission in the BHP statute are changed to the Department of Health.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**Effective Date:** July 1, 1991

**SUMMARY OF PROPOSED SENATE AMENDMENT:**

The requirement that interest earnings on surplus balances in the trust account be credited to the trust account is restored.

**TESTIMONY FOR:**

By placing eligible Basic Health Plan (BHP) enrollees in Medicaid, more federal funds are captured and the capacity of BHP is enlarged within current budget limits.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Marc Provence, Basic Health Plan (pro)