
SENATE BILL 5605

State of Washington

52nd Legislature

1991 Regular Session

By Senators McDonald, Craswell, Niemi and Sutherland; by request of Washington Basic Health Plan and Office of Financial Management.

Read first time February 11, 1991. Referred to Committee on Ways & Means.

1 AN ACT Relating to coordination of the basic health plan with
2 medical assistance; amending RCW 70.47.030, 70.47.060, and 70.47.110;
3 providing an effective date; and declaring an emergency.

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

5 **Sec. 1.** RCW 70.47.030 and 1987 1st ex.s. c 5 s 5 are each amended
6 to read as follows:

7 The basic health plan trust account is hereby established in the
8 state treasury. All nongeneral fund-state funds (~~appropriated~~)
9 collected for this (~~chapter~~) program shall be deposited in the basic
10 health plan trust account and may be expended without further
11 appropriation. (~~Disbursements from other moneys in the account shall~~
12 ~~be made pursuant to appropriation and upon warrants drawn by the~~
13 ~~Washington basic health plan administrator.~~) Moneys in the account
14 shall be used exclusively for the purposes of this chapter, including
15 payments to participating managed health care systems on behalf of

1 enrollees in the plan and payment of costs of administering the plan.
2 (~~The earnings on any surplus balances in the basic health plan trust~~
3 ~~account shall be credited to the account, notwithstanding RCW~~
4 ~~43.84.090.~~) After (~~January 1, 1988~~) July 1, 1991, the administrator
5 shall not expend or encumber for an ensuing fiscal period amounts
6 exceeding (~~ninety~~) ninety-five percent of the amount(~~s~~) anticipated
7 to (~~accrue in the account~~) be spent for purchased services during the
8 fiscal (~~period~~) year.

9 **Sec. 2.** RCW 70.47.060 and 1987 1st ex.s. c 5 s 8 are each amended
10 to read as follows:

11 The administrator has the following powers and duties:

12 (1) To design and from time to time revise a schedule of covered
13 basic health care services, including physician services, inpatient and
14 outpatient hospital services, and other services that may be necessary
15 for basic health care, which enrollees in any participating managed
16 health care system under the Washington basic health plan shall be
17 entitled to receive in return for premium payments to the plan. The
18 schedule of services shall emphasize proven preventive and primary
19 health care, shall include all services necessary for prenatal,
20 postnatal, and well-child care, and shall include a separate schedule
21 of basic health care services for children, eighteen years of age and
22 younger, for those enrollees who choose to secure basic coverage
23 through the plan only for their dependent children. In designing and
24 revising the schedule of services, the administrator shall consider the
25 guidelines for assessing health services under the mandated benefits
26 act of 1984, RCW 48.42.080, and such other factors as the administrator
27 deems appropriate.

28 (2) To design and implement a structure of periodic premiums due
29 the administrator from enrollees that is based upon gross family

1 income, giving appropriate consideration to family size as well as the
2 ages of all family members. The enrollment of children shall not
3 require the enrollment of their parent or parents who are eligible for
4 the plan.

5 (3) To design and implement a structure of nominal copayments due
6 a managed health care system from enrollees. The structure shall
7 discourage inappropriate enrollee utilization of health care services,
8 but shall not be so costly to enrollees as to constitute a barrier to
9 appropriate utilization of necessary health care services.

10 (4) To design and implement, in concert with a sufficient number of
11 potential providers in a discrete area, an enrollee financial
12 participation structure, separate from that otherwise established under
13 this chapter, that has the following characteristics:

14 (a) Nominal premiums that are based upon ability to pay, but not
15 set at a level that would discourage enrollment;

16 (b) A modified fee-for-services payment schedule for providers;

17 (c) Coinsurance rates that are established based on specific
18 service and procedure costs and the enrollee's ability to pay for the
19 care. However, coinsurance rates for families with incomes below one
20 hundred twenty percent of the federal poverty level shall be nominal.
21 No coinsurance shall be required for specific proven prevention
22 programs, such as prenatal care. The coinsurance rate levels shall not
23 have a measurable negative effect upon the enrollee's health status;
24 and

25 (d) A case management system that fosters a provider-enrollee
26 relationship whereby, in an effort to control cost, maintain or improve
27 the health status of the enrollee, and maximize patient involvement in
28 her or his health care decision-making process, every effort is made by
29 the provider to inform the enrollee of the cost of the specific
30 services and procedures and related health benefits.

1 The potential financial liability of the plan to any such providers
2 shall not exceed in the aggregate an amount greater than that which
3 might otherwise have been incurred by the plan on the basis of the
4 number of enrollees multiplied by the average of the prepaid capitated
5 rates negotiated with participating managed health care systems under
6 RCW 70.47.100 and reduced by any sums charged enrollees on the basis of
7 the coinsurance rates that are established under this subsection.

8 (5) To limit enrollment of persons who qualify for subsidies so as
9 to prevent an overexpenditure of appropriations for such purposes.
10 Whenever the administrator finds that there is danger of such an
11 overexpenditure, the administrator shall close enrollment until the
12 administrator finds the danger no longer exists.

13 (6) To adopt a schedule for the orderly development of the delivery
14 of services and availability of the plan to residents of the state,
15 subject to the limitations contained in RCW 70.47.080.

16 In the selection of any area of the state for the initial operation
17 of the plan, the administrator shall take into account the levels and
18 rates of unemployment in different areas of the state, the need to
19 provide basic health care coverage to a population reasonably
20 representative of the portion of the state's population that lacks such
21 coverage, and the need for geographic, demographic, and economic
22 diversity.

23 Before July 1, 1988, the administrator shall endeavor to secure
24 participation contracts with managed health care systems in discrete
25 geographic areas within at least five congressional districts.

26 (7) To solicit and accept applications from managed health care
27 systems, as defined in this chapter, for inclusion as eligible basic
28 health care providers under the plan. The administrator shall endeavor
29 to assure that covered basic health care services are available to any
30 enrollee of the plan from among a selection of two or more

1 participating managed health care systems. In adopting any rules or
2 procedures applicable to managed health care systems and in its
3 dealings with such systems, the administrator shall consider and make
4 suitable allowance for the need for health care services and the
5 differences in local availability of health care resources, along with
6 other resources, within and among the several areas of the state.

7 (8) To receive periodic premiums from enrollees, deposit them in
8 the basic health plan operating account, keep records of enrollee
9 status, and authorize periodic payments to managed health care systems
10 on the basis of the number of enrollees participating in the respective
11 managed health care systems.

12 (9) To accept applications from individuals residing in areas
13 served by the plan, on behalf of themselves and their spouses and
14 dependent children, for enrollment in the Washington basic health plan,
15 to establish appropriate minimum-enrollment periods for enrollees as
16 may be necessary, and to determine, upon application and at least
17 annually thereafter, or at the request of any enrollee, eligibility due
18 to current gross family income for sliding scale premiums. An enrollee
19 who remains current in payment of the sliding-scale premium, as
20 determined under subsection (2) of this section, and whose gross family
21 income has risen above twice the federal poverty level, may continue
22 enrollment unless and until the enrollee's gross family income has
23 remained above twice the poverty level for six consecutive months, by
24 making payment at the unsubsidized rate required for the managed health
25 care system in which he or she may be enrolled. No subsidy may be paid
26 with respect to any enrollee whose current gross family income exceeds
27 twice the federal poverty level or, subject to RCW 70.47.110, who is a
28 recipient of medical assistance or medical care services under chapter
29 74.09 RCW. If a number of enrollees drop their enrollment for no
30 apparent good cause, the administrator may establish appropriate rules

1 or requirements that are applicable to such individuals before they
2 will be allowed to re-enroll in the plan.

3 ~~(10) ((To require that prospective enrollees who may be eligible
4 for categorically needy medical coverage under RCW 74.09.510 or whose
5 income does not exceed the medically needy income level under RCW
6 74.09.700 apply for such coverage, but the administrator shall enroll
7 the individuals in the plan pending the determination of eligibility
8 under chapter 74.09 RCW.~~

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

20 ~~((12))~~ (11) To monitor the provision of covered services to
21 enrollees by participating managed health care systems in order to
22 assure enrollee access to good quality basic health care, to require
23 periodic data reports concerning the utilization of health care
24 services rendered to enrollees in order to provide adequate information
25 for evaluation, and to inspect the books and records of participating
26 managed health care systems to assure compliance with the purposes of
27 this chapter. In requiring reports from participating managed health
28 care systems, including data on services rendered enrollees, the
29 administrator shall endeavor to minimize costs, both to the managed
30 health care systems and to the administrator. The administrator shall

1 coordinate any such reporting requirements with other state agencies,
2 such as the insurance commissioner and the ~~((hospital commission))~~
3 department of health, to minimize duplication of effort.

4 ~~((13))~~ (12) To monitor the access that state residents have to
5 adequate and necessary health care services, determine the extent of
6 any unmet needs for such services or lack of access that may exist from
7 time to time, and make such reports and recommendations to the
8 legislature as the administrator deems appropriate.

9 ~~((14))~~ (13) To evaluate the effects this chapter has on private
10 employer-based health care coverage and to take appropriate measures
11 consistent with state and federal statutes that will discourage the
12 reduction of such coverage in the state.

13 ~~((15))~~ (14) To develop a program of proven preventive health
14 measures and to integrate it into the plan wherever possible and
15 consistent with this chapter.

16 ~~((16))~~ (15) To provide, consistent with available resources,
17 technical assistance for rural health activities that endeavor to
18 develop needed health care services in rural parts of the state.

19 **Sec. 3.** RCW 70.47.110 and 1987 1st ex.s. c 5 s 13 are each amended
20 to read as follows:

21 The department of social and health services ~~((shall))~~ may make
22 ~~((periodic))~~ payments to the administrator ~~((as an agent for the))~~ or
23 to participating managed health care systems on behalf of any enrollee
24 who is a recipient of ~~((medical assistance, medical care limited~~
25 ~~casualty program, or))~~ medical care ~~((services))~~ under chapter 74.09
26 RCW, at the maximum rate allowable for federal matching purposes under
27 Title XIX of the social security act ~~((, but not to exceed the rate~~
28 ~~negotiated by the administrator with the participating managed health~~
29 ~~care system for the services covered by the plan, and no premium or~~

1 ~~copayment may be charged to such an enrollee)).~~ Any enrollee on whose
2 behalf the department of social and health services makes such payments
3 ~~((to the administrator under this section and chapter 74.09 RCW))~~ may
4 continue as an enrollee, making premium payments based on the
5 enrollee's own income as determined under the sliding scale, after
6 eligibility for coverage under chapter 74.09 RCW has ended, as long as
7 the enrollee remains eligible under this chapter. Nothing in this
8 section affects the right of any person eligible for coverage under
9 chapter 74.09 RCW to receive the services offered to other persons
10 under that chapter but not included in the schedule of basic health
11 care services covered by the plan. The administrator shall seek to
12 determine which enrollees or prospective enrollees may be eligible for
13 medical care under chapter 74.09 RCW and may require these individuals
14 to complete the eligibility determination process under chapter 74.09
15 RCW prior to enrollment or continued participation in the plan. The
16 administrator and the department of social and health services shall
17 cooperatively adopt procedures to facilitate the transition of plan
18 enrollees and payments on their behalf between the plan and the
19 programs established under chapter 74.09 RCW.

20 NEW SECTION. Sec. 4. This act is necessary for the immediate
21 preservation of the public peace, health, or safety, or support of the
22 state government and its existing public institutions, and shall take
23 effect July 1, 1991.