
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5782

State of Washington 52nd Legislature 1991 Regular Session

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

Read first time March 11, 1991.

1 AN ACT Relating to rural health care; amending RCW 70.175.020 and
2 70.175.030; adding a new section to chapter 70.175 RCW; and creating
3 new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there are
6 barriers to providing residents of rural areas with access to
7 affordable health care coverage through both public and private
8 programs. The legislature further finds that the report on these
9 barriers requested by the legislature in 1990 was prepared by the
10 insurance commissioner's committee on the availability of affordable
11 health insurance in rural areas of Washington state and declares that
12 the regulatory and voluntary actions identified in this report should
13 be pursued within the public and private sectors. The legislature
14 intends through this act to foster the development and implementation
15 of one community-based pilot project aimed at demonstrating the

1 viability of providing health care services to residents of a rural
2 area within the state.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.175 RCW
4 to read as follows:

5 In administering and making awards for rural health projects under
6 RCW 70.175.050, the secretary shall establish a process for selecting
7 and making an award to a single participant for the development,
8 design, and implementation of a project designed to provide a rural
9 health care services program to residents of a rural community.
10 Applications for rural health care services pilot programs shall
11 include only contiguous health care catchment areas of the state that
12 are designated as rural. Project funds may be used for any purposes
13 related to the development, design, implementation, or introduction of
14 a rural health care services program except that funds shall not be
15 used to directly contribute to any program reserves used to assure the
16 financial viability of the program. Final approval of a project funded
17 and authorized under this section must be obtained from the secretary
18 before final implementation. No liability may attach or otherwise
19 accrue to the state for the provision of or charges for services under
20 the rural health care services program authorized under this chapter.

21 **Sec. 3.** RCW 70.175.020 and 1989 1st ex.s. c 9 s 702 are each
22 amended to read as follows:

23 Unless the context clearly requires otherwise, the definitions in
24 this section apply throughout this chapter.

25 (1) "Administrative structure" means a system of contracts or
26 formal agreements between organizations and persons providing health
27 services in an area that establishes the roles and responsibilities

1 each will assume in providing the services of the rural health care
2 facility.

3 (2) "Department" means the department of health.

4 (3) "Health care delivery system" means services and personnel
5 involved in providing health care to a population in a geographic area.

6 (4) "Health care facility" means any land, structure, system,
7 machinery, equipment, or other real or personal property or
8 appurtenances useful for or associated with delivery of inpatient or
9 outpatient health care service or support for such care or any
10 combination thereof which is operated or undertaken in connection with
11 a hospital, clinic, health maintenance organization, diagnostic or
12 treatment center, extended care facility, or any facility providing or
13 designed to provide therapeutic, convalescent or preventive health care
14 services.

15 (5) "Health care system strategic plan" means a plan developed by
16 the participant and includes identification of health care service
17 needs of the participant, services and personnel necessary to meet
18 health care service needs, identification of health status outcomes and
19 outcome measures, identification of funding sources, and strategies to
20 meet health care needs including measures of effectiveness.

21 (6) "Institutions of higher education" means educational
22 institutions as defined in RCW 28B.10.016.

23 (7) "Local administrator" means an individual or organization
24 representing the participant who may enter into legal agreements on
25 behalf of the participant.

26 (8) "Participant" means communities, counties, and regions that
27 serve as a health care catchment area where the project site is
28 located.

29 (9) "Project" means the Washington rural health system project.

1 (10) "Project site" means a site selected to participate in the
2 project.

3 (11) "Rural health care facility" means a facility, group, or other
4 formal organization or arrangement of facilities, equipment, and
5 personnel capable of providing or assuring availability of health
6 services in a rural area. The services to be provided by the rural
7 health care facility may be delivered in a single location or may be
8 geographically dispersed in the community health service catchment area
9 so long as they are organized under a common administrative structure
10 or through a mechanism that provides appropriate referral, treatment,
11 and follow-up.

12 (12) "Secretary" means the secretary of health.

13 (13) "Rural health care services program" means an arrangement
14 sponsored by a health care organization, municipal corporation, or
15 combination of public and private entities that provides, exclusively
16 for rural residents of its health care catchment area, access to
17 primary, acute, or secondary health care services, either by contract
18 or through the direct delivery of the services.

19 **Sec. 4.** RCW 70.175.030 and 1989 1st ex.s. c 9 s 703 are each
20 amended to read as follows:

21 (1) The department shall establish the Washington rural health
22 system project to provide financial and technical assistance to
23 participants. The goal of the project is to help assure access to
24 affordable health care services to citizens in the rural areas of
25 Washington state.

26 (2) Administrative costs necessary to implement this project shall
27 be kept at a minimum to insure the maximum availability of funds for
28 participants.

1 (3) The secretary may appoint such technical or advisory committees
2 as he or she deems necessary consistent with the provisions of RCW
3 43.70.040. In appointing an advisory committee the secretary should
4 assure representation by health care professionals, health care
5 providers, and those directly involved in the purchase, provision, or
6 delivery of health care services as well as consumers, rural community
7 leaders, and those knowledgeable of the issues involved with health
8 care public policy. Individuals appointed to any technical advisory
9 committee shall serve without compensation for their services as
10 members, but may be reimbursed for their travel expenses pursuant to
11 RCW 43.03.050 and 43.03.060.

12 (4) The secretary may contract with third parties for services
13 necessary to carry out activities to implement this chapter where this
14 will promote economy, avoid duplication of effort, and make the best
15 use of available expertise.

16 (5) The secretary may apply for, receive, participate in, and
17 accept gifts, grants, and other payments, including property and
18 service, from any governmental or other public or private entity or
19 person, and may make arrangements as to the use of these receipts,
20 including the undertaking of special studies and other projects related
21 to the delivery of health care in rural areas.

22 (6) In designing and implementing the project the secretary shall
23 consider the report of the Washington rural health care commission
24 established under chapter 207, Laws of 1988, and for purposes of
25 section 2 of this act, the report of the committee on the availability
26 of affordable health insurance in rural areas of Washington state
27 established under chapter 271, Laws of 1990. Nothing in this chapter
28 requires the secretary to follow any specific recommendation contained
29 in that report except as it may also be included in this chapter.

1 (7) The secretary shall appoint a special advisory committee for
2 the purpose of assisting in establishing standards, making awards,
3 designing the final project, coordinating technical assistance, and
4 providing oversight of the demonstration project authorized under
5 section 2 of this act. This committee shall include the director of
6 the medical assistance program of the department of social and health
7 services, the administrator of the state health care authority, the
8 administrator of the basic health plan, and the director of the
9 department of labor and industries, and may include any other
10 representatives deemed necessary by the secretary.

11 (8) The successful applicant for implementation of a project under
12 section 2 of this act is exempt from all provisions of Title 48 RCW
13 after the secretary makes a specific determination that the applicant:

14 (a) Has obtained an actuarial study through a consultant approved
15 by the secretary which concludes that the rural health care services
16 program is financially viable;

17 (b) Has demonstrated public support from the citizens residing
18 within the catchment area of the rural health care services program
19 through an affirmative vote on that issue presented to them at a
20 general or special election; and

21 (c) Has verified that all provider contracts within the rural
22 health care services program hold individual beneficiaries harmless for
23 charges for services arising in the event of a failure of the plan.

24 (9) The secretary, in consultation with the special advisory
25 committee authorized in subsection (7) of this section, shall evaluate
26 the project authorized under section 2 of this act. The secretary
27 shall report to the legislature and the governor within four years of
28 the initial commencement of health care service delivery. The
29 evaluation shall assess whether the program has maintained financial
30 viability, improved access to health care services, and increased

1 utilization of local health care providers. The evaluation shall also
2 include recommendations to continue or expand the program, including
3 any necessary legislative changes.

4 (10) The secretary may authorize enrollment limits to the program
5 provided such limits do not jeopardize its financial viability.

6 NEW SECTION. Sec. 5. If specific funding for the purposes of
7 this act, referencing this act by bill number, is not provided by June
8 30, 1991, in the omnibus appropriations act, this act shall be null and
9 void.