
SENATE BILL 5277

State of Washington

53rd Legislature

1993 Regular Session

By Senator Erwin

Read first time 01/20/93. Referred to Committee on Health & Human Services.

1 AN ACT Relating to health care reform; amending RCW 70.47.030,
2 70.47.040, 70.47.050, 70.47.060, 70.47.070, 70.47.080, 70.47.090,
3 70.47.100, 70.47.110, 70.47.115, 70.47.130, 70.47.150, 41.05.031,
4 42.17.2401, 43.20.050, 50.20.210, 51.28.090, 74.04.033, 48.21.010,
5 48.21.050, 48.30.300, 48.44.220, 48.46.370, 41.05.021, 41.05.065,
6 41.05.006, 41.05.011, 41.05.021, 41.05.050, 41.05.055, 41.05.065,
7 41.05.075, 41.05.140, 70.170.010, 70.170.020, 70.170.030, 70.170.040,
8 70.170.050, 70.170.080, 70.170.100, 70.170.110, 7.70.070, 4.22.070,
9 43.20.050, and 28B.125.010; reenacting and amending RCW 28A.400.350;
10 adding new sections to chapter 41.05 RCW; adding a new section to
11 chapter 48.20 RCW; adding a new section to chapter 48.21 RCW; adding a
12 new section to chapter 48.44 RCW; adding a new section to chapter 48.46
13 RCW; adding a new section to chapter 48.84 RCW; adding a new section to
14 chapter 74.09 RCW; adding a new section to Title 51 RCW; adding a new
15 section to chapter 70.170 RCW; adding a new section to chapter 7.70
16 RCW; adding new sections to chapter 7.06 RCW; adding new chapters to
17 Title 48 RCW; adding a new chapter to Title 19 RCW; adding new chapters
18 to Title 70 RCW; creating new sections; recodifying RCW 70.47.030,
19 70.47.040, 70.47.050, 70.47.060, 70.47.070, 70.47.080, 70.47.090,
20 70.47.100, 70.47.110, 70.47.115, 70.47.130, 70.47.140, 70.47.150, and
21 70.47.901; repealing RCW 43.131.355, 43.131.356, 70.47.010, 70.47.020,

1 70.47.120, and 70.47.900; making appropriations; prescribing penalties;
2 providing effective dates; providing an expiration date; and declaring
3 an emergency.

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

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1 **PART I - COMPETITIVE MANAGED HEALTH CARE INSURANCE**

2 NEW SECTION. **Sec. 101.** LEGISLATIVE INTENT. The legislature
3 declares that:

4 (1) The intent of this act is to reform the health care delivery
5 system to assure that reasonably priced, high quality health care
6 services are available to the state's residents.

7 (2) The current health care system has weaknesses and strengths and
8 health care reforms should build on the system's strengths while
9 eliminating its weaknesses.

10 (3) Health care system reform will require major restructuring of
11 the health care marketplace, which can only be successfully
12 accomplished through a careful phased-in approach.

13 (4) The use of truly competitive managed health care has the
14 potential to reduce health care costs. The goal of competitive managed
15 care is to maximize the ability of consumers and purchasers of health
16 care services to obtain medically appropriate amounts of high quality
17 health care services at an affordable price. Health care reforms under
18 this act have the goal of enrolling a substantial majority of the
19 state's residents into competitive managed care systems.

20 (5) Government-imposed costs controls should be implemented if
21 marketplace competitive managed care strategies fail to control health
22 care costs.

23 (6) Individuals, employers, and government should all share in the
24 cost of health care services. Individuals should be provided with
25 relevant information to make intelligent health care choices. The
26 individual's contribution should also be set in a manner to assure the
27 appropriate and effective use of health care services but not be a
28 barrier to such services.

29 (7) Efforts to control health care cost increases must be
30 coordinated with efforts to monitor and assure the delivery of high
31 quality health care services.

32 (8) The reformed health care system should strongly emphasize the
33 maintenance of good health and towards this goal improvements should be
34 made in the availability and delivery of disease and injury prevention
35 services and health prevention strategies to help reduce morbidity and
36 mortality.

1 NEW SECTION. **Sec. 102.** DEFINITIONS. In this chapter, unless the
2 context clearly indicates otherwise:

3 (1) "Administrator" means the Washington health insurance
4 purchasing cooperative administrator.

5 (2) "Board" means the governing board of the Washington health
6 insurance purchasing cooperative established under this chapter.

7 (3) "Carrier" means an entity that provides health insurance
8 benefits in Washington state as an insurance company, health services
9 contractor, or health maintenance organization and is regulated by the
10 state of Washington under chapter 48.20, 48.21, 48.44, or 48.46 RCW.

11 (4) "Certified health plans" means health benefit plans offered as
12 managed care plans and certified by the board to provide the uniform
13 benefit package.

14 (5) "Eligible individual" means a resident of the state of
15 Washington who is eligible to receive the uniform benefit package.

16 (6) "Enrollee" means a resident who receives the uniform benefit
17 package from a certified health plan for himself or herself and for his
18 or her dependents.

19 (7) "Employee" means a resident who is actively employed with an
20 employer, or is a proprietor, partner, or corporate officer of the
21 employer of the state of Washington, is paid on a regular, periodic
22 basis through the employer's payroll system, regularly works on a full-
23 time basis and has a normal work week of twenty or more hours, and is
24 expected to continue in this employment capacity.

25 (8) "Health benefit plan" means a hospital or medical policy,
26 health care service contract, health maintenance organization
27 subscriber contract, or plan provided by another benefit arrangement.
28 The term does not include accident only, credit, dental only, vision
29 only, medicare supplements, or disability income insurance coverage
30 issued as a supplement to liability insurance, workers' compensation or
31 similar insurance, or automobile medical payment insurance.

32 (9) "Individual point of service cost sharing" means moneys paid to
33 a certified health plan by an enrollee for uniform benefit package
34 health care services at the time of delivery of such services in an
35 amount not to exceed limits established by the board.

36 (10) "Managed health care" means an integrated system of insurance
37 and delivery system functions using a defined network of health care
38 providers that provide the uniform benefit package in a cost-effective

1 manner and on a prepaid capitated basis to a defined patient population
2 according to provisions established under this chapter.

3 (11) "Premium" means the level of payment a certified health plan
4 receives from an enrollee or sponsor on behalf of an enrollee for
5 expenses, including administration, operation, and capital for
6 providing the uniform benefit package to enrollees.

7 (12) "Preexisting condition" means a condition that would have
8 caused an ordinarily prudent person to seek medical advice, diagnosis,
9 care, or treatment immediately preceding the effective date of coverage
10 or a condition for which medical advice, diagnosis, care, or treatment
11 was recommended or received during the six months immediately preceding
12 the effective date of coverage or a pregnancy existing on the effective
13 date of coverage.

14 (13) "Resident" means an individual who lives in the state of
15 Washington and who has not come to the state for the purpose of
16 obtaining health services.

17 (14) "Small employer" means a person, firm, corporation,
18 partnership, or association actively engaged in business, that, on at
19 least fifty percent of its working days during the preceding calendar
20 quarter, employed no more than one hundred employees, the majority of
21 whom are residents.

22 (15) "Sponsor" means an employer, the state, or other persons or
23 entities, other than the enrollee, who pays to the cooperative on
24 behalf of the enrollee premiums in return for provision of the uniform
25 benefit package to the enrollee.

26 (16) "Subsidized enrollee" means a resident, a resident plus the
27 resident's spouse and dependent children, or a resident plus dependent
28 children, all under the age of sixty-five and not otherwise eligible
29 for medicare whose gross family income at the time of enrollment does
30 not exceed two times the federal poverty level as adjusted for family
31 size and determined annually by the federal department of health and
32 human services, who chooses to obtain the uniform benefit package from
33 a certified health plan through the cooperative and who receives a
34 subsidy from the board for payment of the uniform benefit package.

35 (17) "Subsidy" means the difference between the amount of periodic
36 payment the administrator makes, from funds appropriated from the
37 Washington health insurance purchasing cooperative trust account, to a
38 certified health plan on behalf of an enrollee plus the administrative
39 cost to the cooperative of providing the uniform benefit package to

1 that enrollee, and the amount determined to be the enrollee's
2 responsibility under this chapter.

3 (18) "Uniform benefit package" means the uniform, appropriate,
4 confidentially provided, and affordable set of personal health services
5 to be made available to enrollees by certified health plans under the
6 conditions provided under this chapter.

7 (19) "Washington health insurance purchasing cooperative" or
8 "cooperative" means a state-wide health insurance purchasing agent that
9 obtains the uniform benefit package for employers and individuals on a
10 prepaid capitated basis from a certified health plan through a system
11 of competitive bidding under terms established in this chapter.

12 NEW SECTION. **Sec. 103.** WASHINGTON HEALTH INSURANCE PURCHASING
13 COOPERATIVE--CREATED--MEMBERSHIP. (1) There is created the Washington
14 health insurance purchasing cooperative. The cooperative shall be
15 composed of a five-member board appointed by the governor and confirmed
16 by the senate. One of the members shall be selected by the governor to
17 serve as chair of the board. The members shall serve five-year terms
18 and the governor shall stagger the initial terms of the board.

19 (2) Members of the board shall have no fiduciary interest in a
20 health service activity subject to this chapter while serving on the
21 board.

22 (3) Members of the board shall serve full time and are exempt from
23 the provisions of chapter 41.06 RCW. The initial salary of the board
24 members shall be fixed by the governor in accordance with RCW
25 43.03.040.

26 (4) A majority of the board shall represent a quorum.

27 NEW SECTION. **Sec. 104.** WASHINGTON HEALTH INSURANCE PURCHASING
28 COOPERATIVE BOARD--POWERS AND DUTIES. (1) The cooperative board shall
29 be established for the purposes of performing the duties and
30 responsibilities specifically assigned to it under the provisions of
31 this chapter.

32 (2) The specific duties of the board include:

33 (a) To define and update the uniform benefit package as provided
34 for in this chapter;

35 (b) To enforce the premium growth rate targets for the uniform
36 benefit package established under this chapter;

1 (c) To coordinate the development of the uniform benefit package
2 with the development of population-based health services as provided
3 for under chapter 70.-- RCW (sections 901 through 904 of this act).
4 The board, the department of health, the state board of health, and the
5 local health jurisdictions shall establish principles, policies, and
6 working agreements concerning the future financing and delivery of
7 preventive personal health services that are currently provided by
8 private providers and state or local health jurisdictions. Working
9 agreements shall be established to assure that such services are
10 delivered in the most efficient, cost-effective, and consumer
11 responsive manner;

12 (d) To certify health benefit plans to provide the uniform benefit
13 package.

14 (3) The board shall have the following duties for certified health
15 plans offered through the cooperative:

16 (a) To set the maximum amount of individual premium payments and
17 individual point of service cost-sharing, which includes, deductibles,
18 coinsurance, and copayments to be paid by enrollees for uniform benefit
19 package services. This includes:

20 (i) Setting the maximum premium amount sponsors may pay on behalf
21 of enrollees and dependents for the uniform benefit package. The
22 amount shall be established at no less than fifty percent and no more
23 than ninety percent of the lowest bid premium received from a certified
24 health plan among those certified health plans available to an
25 enrollee. The enrollee shall be responsible for payment amounts in
26 excess of these amounts;

27 (ii) Setting premiums for subsidized enrollees. These premiums are
28 to be determined based upon the enrollee's gross family income, with
29 appropriate consideration being given to the enrollee's family size as
30 well as the ages of all the family members;

31 (iii) Determining individual point of service cost-sharing for
32 enrollees, required cost-sharing shall be structured to discourage
33 inappropriate enrollee utilization of health care services, but shall
34 not be so costly to enrollees as to constitute a barrier to appropriate
35 utilization of necessary health care services. Point of service cost-
36 sharing requirements may be waived for preventive services for
37 subsidized enrollees;

38 (b) To determine the methods by which certified health plans pay
39 providers to deliver the uniform health benefit package services;

1 (c) To establish payment methods for reimbursing providers in
2 certified health plans in a manner to encourage cost-effective delivery
3 of health care services;

4 (d) To assess the need for, and if necessary, establish methods to
5 assure fair distribution of high medical risk enrollees among certified
6 health plans or fair financial compensation for certified health plans
7 that have a disproportionately large number of high medical risk
8 enrollees. This shall be done in a manner to ensure that costs
9 associated with providing services to high medical risk enrollees is
10 fairly distributed among the certified health plans in the cooperative;

11 (e) To establish rules of participation for employers and enrollees
12 who obtain uniform benefit package services through the cooperative;

13 (f) To establish a schedule of uniform premium rate adjustments to
14 be used by each certified health plan sold through the cooperative.
15 The schedule shall allow certified health plans to adjust premium rates
16 based upon the age and gender of individual enrollees and for the cost
17 of providing the uniform benefit package within major geographic areas
18 within the state;

19 (g) To establish an administrative fee as part of premiums charged
20 for the uniform benefit package to support the cooperative activities
21 required under this chapter;

22 (h) To conduct an annual open enrollment for the purpose of
23 offering certified health plans to enrollees;

24 (i) To adopt practice guidelines identified by the department of
25 health under chapter 70.-- RCW (sections 801 through 803 of this act)
26 that the board deems appropriate for use in monitoring utilization and
27 quality of health care services provided by certified health plans.
28 When appropriate, the board may use practice guidelines in determining
29 whether services should be eligible for reimbursement by a certified
30 health plan;

31 (j) To monitor the performance of the certified health plans and to
32 make recommendations to the governor and the legislature for needed
33 statutory changes to improve the delivery and the quality of the
34 uniform benefit package;

35 (k) To coordinate with the department of health, the state's local
36 health jurisdictions, and others as required under chapter 70.-- RCW
37 (sections 901 through 904 of this act) to develop and implement
38 strategies to address barriers, other than insurance, that prevent
39 residents from receiving uniform benefit package services;

1 (l) To form technical advisory committees from time to time for the
2 purpose of receiving advice from technical experts and other interest
3 groups on issues within the purview of the board;

4 (m) To determine, in consultation with the health care data,
5 quality assurance, and cost control council under chapter 70.170 RCW,
6 whether new high cost medical technologies and experimental procedures
7 are cost-effective and efficacious and shall be included as
8 reimbursable services as part of the uniform benefit package;

9 (n) To establish an outcome-based accountability and reporting
10 system and a system of continuous quality improvement to monitor the
11 appropriate utilization and quality of health care services provided by
12 certified health plans; and

13 (o) To contract for consultation and actuarial services necessary
14 to perform duties provided under this chapter.

15 NEW SECTION. **Sec. 105.** UNIFORM BENEFIT PACKAGE DESIGN. (1) The
16 cooperative board, through a public process, shall design and update
17 the uniform benefit package. The uniform benefit package shall be the
18 minimum set of personal health services that must be provided by health
19 benefit plans subject to this chapter. The initial uniform benefit
20 package shall be adopted by March 1, 1994. In selecting and revising
21 the services to be included in the uniform benefit package, the board
22 shall consult with the services effectiveness committee authorized
23 under this chapter. Services shall be selected and included in the
24 uniform benefit package based upon an assessment of the cost-
25 effectiveness of such services in the maintenance of the health of the
26 public. The best available scientific evidence and cost utilization
27 studies shall be used in the assessment.

28 (2) The legislature intends that the uniform benefit package be
29 sufficient to meet the needs of state residents. The categories of
30 coverage shall, at least, include the following:

31 (a) Personal health services, including inpatient and outpatient
32 services;

33 (b) Wellness and disease and injury prevention services;

34 (c) Diagnosis and assessment, and selection of treatment and care;

35 (d) Clinical preventive services;

36 (e) Emergency health services;

37 (f) Reproductive and maternity services;

38 (g) Clinical management and provision of treatment; and

1 (h) Therapeutic drugs, biologicals, supplies, and equipment.

2 (3) The cooperative shall determine which services will be
3 excluded.

4 NEW SECTION. **Sec. 106.** APPLICABILITY. (1) Effective July 1,
5 1994, every carrier offering health benefit plans to individuals and
6 small employers shall also offer the uniform benefit package as a
7 certified health plan and shall offer such certified health plans
8 through the cooperative in every area of the state where they provide
9 health insurance benefits to any small employer or individual. Nothing
10 in this subsection shall prevent a carrier from offering health benefit
11 plans to individuals or small employers outside the cooperative,
12 provided the benefits meet the requirements of chapter 48.-- RCW
13 (sections 201 through 206 of this act).

14 (2) Effective January 1, 1996, every carrier offering health
15 benefit plans to individuals or employers that includes any of the
16 services in the uniform benefit package shall: (a) Be certified under
17 this chapter to provide all of the uniform benefit package services and
18 meet other requirements established in this chapter, or (b) meet the
19 requirements of chapter 48.-- RCW (sections 201 through 206 of this
20 act).

21 (3)(a) Effective July 1, 2000, every health benefit plan offered to
22 residents of the state of Washington that includes any of the services
23 in the uniform benefit package, shall: (a) Be certified under this
24 chapter to provide all the uniform benefit services and meet other
25 requirements of this chapter, or (b) meet the requirements of chapter
26 48.-- RCW (sections 201 through 206 of this act).

27 (b) Prior to the effective date established under this subsection,
28 the board shall negotiate with the United States congress for a
29 statutory exemption from provisions of the federal employer retirement
30 income security act that would prohibit the state from implementing
31 this subsection.

32 (4) Nothing in this section prohibits an individual or employer
33 from voluntarily obtaining the uniform benefit package through the
34 cooperative on a date earlier than required under this section,
35 provided such individuals and employers meet participation requirements
36 set forth under this chapter. The cooperative shall permit voluntary
37 enrollment only to the extent that the cooperative has the capacity to
38 provide certified health plans to such employers.

1 NEW SECTION. **Sec. 107.** CERTIFIED HEALTH PLANS. The uniform
2 benefit package shall be provided through certified health plans. The
3 board shall begin certification of health plans by July 1, 1994. To be
4 certified, a health benefit plan shall meet the following requirements:

5 (1) Provide or assure the provision of health care services in the
6 uniform benefit package.

7 (2) With respect to carriers, offer the uniform benefit package
8 services in every geographic area of the state where the carrier
9 provides any type of health benefit plan.

10 (3) Comply with data requirements of the board and the health data,
11 quality assurance, and cost control council established under chapter
12 70.170 RCW.

13 (4) Comply with rules of participation under this chapter or
14 provisions of chapter 48.-- RCW (sections 201 through 206 of this act).

15 NEW SECTION. **Sec. 108.** MANAGED COMPETITION--RULES OF
16 PARTICIPATION. All certified health plans offered through the
17 cooperative shall abide by the provisions in this section. A certified
18 health plan shall:

19 (1) Not deny, exclude, or limit benefits for a covered individual
20 for expenses incurred more than six months following the effective date
21 of the eligible individual's coverage due to a preexisting condition.

22 (2) Not modify, decrease, exclude, or restrict benefits through
23 riders, conditions, restrictions, endorsements, or otherwise, on the
24 basis of sex, age, or health status or health condition of the eligible
25 individual.

26 (3) Not modify, decrease, or restrict coverage through riders,
27 conditions, restrictions, endorsements, or otherwise, on the basis of
28 category of business trade, employment skill, or vocation or profession
29 of the eligible individual.

30 (4) Assume financial risk of providing the uniform benefit to all
31 enrolled individuals subject to any medical risk sharing arrangements
32 that may be authorized under this chapter.

33 (5) Determine and adjust annual premium rates based on the
34 experience of the state as a community, except that adjustments in the
35 premium rates may be made, following the schedule established by the
36 board, for age and gender of individual enrollees and for the cost of
37 providing the uniform benefit package within major geographic areas
38 within the state. No coverage may be denied to an enrollee during the

1 contract enrollment period provided that premium payments are made and
2 other conditions of participation are met in accordance with this
3 chapter.

4 (6) Provide the uniform health package in a manner to promote the
5 use of cost-effective managed health care delivery.

6 (7) Participate in an open enrollment period each year at a time
7 established by the board.

8 (8) Offer incentives to encourage providers to offer high quality,
9 cost-effective health care services.

10 (9) Participate in a board-adopted uniform outcome-based
11 accountability and reporting system to allow the board, employers, and
12 other individuals to compare the price and best value of certified
13 health plans.

14 (10) Provide such data as is requested by the board and the health
15 data, quality assurance, and cost control council under chapter 70.170
16 RCW that is necessary to implement the provisions of this chapter.

17 NEW SECTION. **Sec. 109.** COOPERATIVE COMPETITIVE BIDDING PROCESS
18 WITH MANAGED HEALTH CARE PROVIDERS. (1) By January 1, 1994, the board
19 shall adopt rules for accepting competitive bids from certified health
20 plans to offer the uniform benefit package through the cooperative.
21 The rules shall assure that certified health plans compete based upon
22 the best price, service, quality, and value of providing the uniform
23 benefit package to enrollees.

24 (2) Beginning July 1, 1994, and on that date each year thereafter,
25 the board shall accept the bids from certified health plans and make
26 such plans available to cooperative enrollees according to the
27 provisions of this chapter.

28 NEW SECTION. **Sec. 110.** SERVICES EFFECTIVENESS ADVISORY COMMITTEE.
29 The board shall establish a services effectiveness advisory committee
30 to advise it on technical issues under the board's purview. The board
31 shall appoint a membership that shall assure that the advisory
32 committee has the necessary expertise to perform the functions
33 specified in this section. The services effectiveness advisory
34 committee shall be composed of experts necessary to advise the board
35 on:

36 (1) The cost-effectiveness and efficacy of the uniform benefit
37 package;

- 1 (2) Revisions to the uniform benefit package;
- 2 (3) Limitations on services in the uniform benefit package based on
3 considerations of cost-effectiveness and efficacy;
- 4 (4) The inclusion of high-cost medical technologies and
5 experimental procedures in the uniform benefit package based on their
6 cost-effectiveness and efficacy;
- 7 (5) Establishing an outcome-based accountability and reporting
8 system and a system for continuous quality improvement; and
- 9 (6) The adoption by providers delivering services through certified
10 health plans of practice guidelines based upon the appropriate and
11 effective use of health services.

12 NEW SECTION. **Sec. 111.** HEALTH CARE INSURANCE PREMIUM GROWTH RATE
13 TARGETS. To assure the cost of health care services in the state
14 remains affordable, the board shall establish health insurance premium
15 growth rate targets. The purpose of this section shall be to establish
16 the maximum state-wide premium growth rate targets for insured health
17 care services and to initiate activities to limit the growth of
18 spending should the targets be exceeded. The targets shall be
19 established as follows:

20 (1)(a) For the uniform benefit package health care services
21 purchased through the cooperative, the initial base premium shall be
22 established by the board. In establishing the initial base premium,
23 the board shall conduct an analysis of the 1993 cost experience of
24 health benefit plans offering health care benefits similar to the
25 uniform benefit package to groups in the state of Washington whose
26 enrollment size is similar to what the board anticipates for the
27 cooperative. The board may also consider other factors in establishing
28 the initial base premium such as, but not limited to, the expected use
29 of managed care systems required under this chapter and the expected
30 administrative savings resulting from implementation of the other
31 provisions of chapter . . . , Laws of 1993 (this act). Annual premium
32 growth rate targets established thereafter shall be at ten percent for
33 1995, nine percent for 1998, and seven percent for 2000. After 2000,
34 the premium growth rate target shall increase at a rate no more than is
35 generally consistent with the rate of growth in the state's gross
36 domestic product adjusted for increased demand for services as the
37 result of the aging of the general population.

1 (b) The board shall monitor premium growth rate increases and shall
2 inform certified health plans if such increases exceed targets. If
3 premium rate increases exceed the target rates established under this
4 subsection after 1998, the board shall require that certified health
5 plans reduce premium rate increases to no more than the target rate.
6 In addition, the board may reduce premium rate increases by an
7 additional one percent below the target rate for a period of one year.

8 (2)(a) For health benefit plans subject to section 106(2) of this
9 act the board shall establish an initial premium base using the 1995
10 average premium rate of plans subject to subsection (1)(a) of this
11 section. The premium growth rate targets thereafter shall be
12 established at ten percent for 1998, nine percent for 2000, and seven
13 percent for 2002. After 2002, the premium growth rate target shall
14 grow at a rate no more than is generally consistent with the rate of
15 growth in the state's gross domestic product adjusted for increased
16 demand for services as the result of the aging of the general
17 population.

18 (b) The board shall monitor premium rate increases and shall inform
19 certified health plans if such increases exceed targets. If premium
20 rate increases exceed the target rates established under this
21 subsection after 2000, the board shall require that certified health
22 plans reduce premium rate increases to no more than the target rate.
23 In addition, the board may reduce premium rate increases by an
24 additional one percent below the target rate for a period of one year.

25 (3)(a) For health benefit plans subject to section 106(3) of this
26 act the board shall establish an initial premium base using the 1999
27 average premium rate of plans subject to subsection (1)(a) of this
28 section. The premium growth rate targets thereafter shall be
29 established at ten percent for 2002, nine percent for 2004, and seven
30 percent for 2006. After 2006, the premium growth rate target shall
31 grow at a rate no more than is generally consistent with the rate of
32 growth in the state's gross domestic product adjusted for increased
33 demand for services as the result of the aging of the general
34 population.

35 (b) The board shall monitor premium rate increases and shall inform
36 certified health plans if such increases exceed targets. If premium
37 rate increases exceed the target rates established under this
38 subsection after 2004, the board shall require that certified health
39 plans reduce premium rate increases to no more than the target rate.

1 In addition, the board may reduce premium rate increases by an
2 additional one percent below the target rate for a period of one year.

3 (4) The annual premium growth targets established in subsections
4 (1) through (3) of this section may be annually adjusted by the board
5 to an amount equal to the United States consumer price index if the
6 growth in the consumer price index exceeds the premium growth rate
7 targets established under subsections (1) through (3) of this section.

8 (5) The board shall annually report to the governor and to the
9 fiscal and health policy committees of the legislature concerning
10 compliance with the targets and board activities undertaken to assure
11 compliance when targets have been exceeded.

12 NEW SECTION. **Sec. 112.** COORDINATION OR CONSOLIDATION OF STATE
13 AGENCY HEALTH PROGRAMS. (1) The legislature finds that the way state
14 government purchases and delivers health care must be restructured to
15 ensure that the uniform benefit package of health care services is
16 provided to residents served by state government and that the growth in
17 health care costs are consistent with the goals established under this
18 chapter.

19 (2) By September 1, 1994, the board and the office of financial
20 management shall prepare a detailed plan for determining whether, to
21 what extent, and when the following programs shall be subject to the
22 requirements of this chapter:

23 (a) Medical services under the state's workers' compensation
24 program;

25 (b) Health care services in jails;

26 (c) Indian health services;

27 (d) Institutional and community services for individuals with
28 developmental disabilities, mentally ill, aging, and physically
29 disabled populations;

30 (e) State and federal veterans' health services;

31 (f) Civilian health and medical program for the uniformed services
32 of the federal department of defense;

33 (g) Medicaid as provided under Title XIX of the federal social
34 security act;

35 (h) Medicare as provided under Title XVIII of the federal social
36 security act; and

37 (i) Health care insurance benefits purchased by counties, cities,
38 municipalities, and special districts for their public employees.

1 The plan shall be submitted to the governor and fiscal and health
2 policy committees of the legislature no later than September 15, 1994.
3 The plan shall include recommendations for needed statutory changes,
4 recommended implementation time table, and a list of needed federal
5 waivers or changes in federal law.

6 NEW SECTION. Sec. 113. DEPARTMENT OF HEALTH COMMUNITY AND MIGRANT
7 CLINIC STUDY. By July 1, 1994, the department of health shall report
8 to the board and the health policy committees of the legislature on
9 whether community and migrant clinics should be subject to the
10 requirements of this chapter. The report shall:

- 11 (1) Analyze the populations that community clinics serve;
- 12 (2) Determine the impact on current populations served by clinics
13 should clinics be subject to this chapter, or portions of this chapter;
- 14 (3) Analyze the expected costs to clinics of complying with this
15 chapter;
- 16 (4) Analyze other factors that may serve as barriers to clinics,
17 such as availability or access to facilities and providers, the need to
18 comply with requirements under Title 48 RCW, and other requirements
19 necessary to comply with the provisions of this chapter;
- 20 (5) Recommend needed statutory changes; and
- 21 (6) Analyze other relevant factors.

22 **Sec. 114.** RCW 70.47.030 and 1992 c 232 s 907 are each amended to
23 read as follows:

24 (1) The ~~((basic health plan))~~ Washington health insurance
25 purchasing cooperative trust account is hereby established in the state
26 treasury. ~~((All))~~ Any nongeneral fund-state funds collected for this
27 program shall be deposited in the ~~((basic health plan))~~ Washington
28 health insurance purchasing cooperative trust account and may be
29 expended without further appropriation. Moneys in the account shall be
30 used exclusively for the purposes of this chapter, including payments
31 to participating ~~((managed health care systems))~~ certified health plans
32 on behalf of subsidized enrollees in the plan and payment of costs of
33 administering the plan. ~~((After July 1, 1993,))~~ The administrator
34 shall not expend or encumber for an ensuing fiscal period amounts
35 exceeding ninety-five percent of the amount anticipated to be spent for
36 ~~((purchased))~~ subsidized health care services during the fiscal year.

1 (2) The Washington health insurance purchasing cooperative
2 subscription account is created in the custody of the state treasurer.
3 All receipts from amounts due under RCW 70.47.060, as recodified by
4 this act, shall be deposited into the account. Funds in the account
5 shall be used exclusively for the purposes of this chapter, including
6 payments to participating certified health plans on behalf of enrollees
7 in the cooperative and payment of the administrative costs of operating
8 the cooperative. The account is subject to allotment procedures under
9 chapter 43.88 RCW, but no appropriation is required for expenditures.

10 (3) The administrator shall take every precaution to see that none
11 of the funds in the separate accounts created in this section or that
12 any premiums paid either by subsidized or nonsubsidized enrollees are
13 commingled in any way, except that the administrator may combine funds
14 designated for administration of the cooperative into a single
15 administrative account.

16 **Sec. 115.** RCW 70.47.040 and 1987 1st ex.s. c 5 s 6 are each
17 amended to read as follows:

18 (1) ~~((The Washington basic health plan is created as an independent~~
19 ~~agency of the state.))~~ The administrative head ~~((and appointing~~
20 ~~authority))~~ of the ~~((plan))~~ cooperative shall be the administrator who
21 shall be appointed by the ~~((governor, with the consent of the senate))~~
22 board, and shall serve at the pleasure of the ~~((governor))~~ board. The
23 salary for this office shall be set by the governor pursuant to RCW
24 43.03.040. The administrator shall appoint a medical director. The
25 administrator, medical director, and up to five other employees shall
26 be exempt from the civil service law, chapter 41.06 RCW.

27 (2) The administrator shall employ, with the approval of the board,
28 such other staff as are necessary to fulfill the responsibilities and
29 duties of the administrator~~((, such)).~~ The staff ~~((to be))~~ is subject
30 to the civil service law, chapter 41.06 RCW. In addition, the
31 administrator may contract, with the approval of the board, with third
32 parties for services necessary to carry out its activities where this
33 will promote economy, avoid duplication of effort, and make best use of
34 available expertise. Any such contractor or consultant shall be
35 prohibited from releasing, publishing, or otherwise using any
36 information made available to it under its contractual responsibility
37 without specific permission of the ~~((plan))~~ board. The administrator
38 may call upon other agencies of the state to provide available

1 information as necessary to assist the administrator in meeting its
2 responsibilities under this chapter, which information shall be
3 supplied as promptly as circumstances permit.

4 ~~((3) The administrator may appoint such technical or advisory
5 committees as he or she deems necessary. The administrator shall
6 appoint a standing technical advisory committee that is representative
7 of health care professionals, health care providers, and those directly
8 involved in the purchase, provision, or delivery of health care
9 services, as well as consumers and those knowledgeable of the ethical
10 issues involved with health care public policy. Individuals appointed
11 to any technical or other advisory committee shall serve without
12 compensation for their services as members, but may be reimbursed for
13 their travel expenses pursuant to RCW 43.03.050 and 43.03.060.~~

14 ~~(4) The administrator may apply for, receive, and accept grants,
15 gifts, and other payments, including property and service, from any
16 governmental or other public or private entity or person, and may make
17 arrangements as to the use of these receipts, including the undertaking
18 of special studies and other projects relating to health care costs and
19 access to health care.~~

20 ~~(5) In the design, organization, and administration of the plan
21 under this chapter, the administrator shall consider the report of the
22 Washington health care project commission established under chapter
23 303, Laws of 1986. Nothing in this chapter requires the administrator
24 to follow any specific recommendation contained in that report except
25 as it may also be included in this chapter or other law.))~~

26 **Sec. 116.** RCW 70.47.050 and 1987 1st ex.s. c 5 s 7 are each
27 amended to read as follows:

28 The ~~((administrator))~~ board may ~~((promulgate and))~~ adopt rules
29 consistent with this chapter to carry out the purposes of this chapter.
30 All rules shall be adopted in accordance with chapter 34.05 RCW.

31 **Sec. 117.** RCW 70.47.060 and 1992 c 232 s 908 are each amended to
32 read as follows:

33 The administrator has the following powers and duties:

34 (1) ~~((To design and from time to time revise a schedule of covered
35 basic health care services, including physician services, inpatient and
36 outpatient hospital services, and other services that may be necessary
37 for basic health care, which enrollees in any participating managed~~

1 health care system under the Washington basic health plan shall be
2 entitled to receive in return for premium payments to the plan. The
3 schedule of services shall emphasize proven preventive and primary
4 health care and shall include all services necessary for prenatal,
5 postnatal, and well-child care. However, for the period ending June
6 30, 1993, with respect to coverage for groups of subsidized enrollees,
7 the administrator shall not contract for prenatal or postnatal services
8 that are provided under the medical assistance program under chapter
9 74.09 RCW except to the extent that such services are necessary over
10 not more than a one-month period in order to maintain continuity of
11 care after diagnosis of pregnancy by the managed care provider, or
12 except to provide any such services associated with pregnancies
13 diagnosed by the managed care provider before July 1, 1992. The
14 schedule of services shall also include a separate schedule of basic
15 health care services for children, eighteen years of age and younger,
16 for those enrollees who choose to secure basic coverage through the
17 plan only for their dependent children. In designing and revising the
18 schedule of services, the administrator shall consider the guidelines
19 for assessing health services under the mandated benefits act of 1984,
20 RCW 48.42.080, and such other factors as the administrator deems
21 appropriate.

22 (2) To design and implement a structure of periodic premiums due
23 the administrator from enrollees that is based upon gross family
24 income, giving appropriate consideration to family size as well as the
25 ages of all family members. The enrollment of children shall not
26 require the enrollment of their parent or parents who are eligible for
27 the plan.

28 (3) To design and implement a structure of nominal copayments due
29 a managed health care system from enrollees. The structure shall
30 discourage inappropriate enrollee utilization of health care services,
31 but shall not be so costly to enrollees as to constitute a barrier to
32 appropriate utilization of necessary health care services.

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

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

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

1 ~~(c) Coinsurance rates that are established based on specific~~
2 ~~service and procedure costs and the enrollee's ability to pay for the~~
3 ~~care. However, coinsurance rates for families with incomes below one~~
4 ~~hundred twenty percent of the federal poverty level shall be nominal.~~
5 ~~No coinsurance shall be required for specific proven prevention~~
6 ~~programs, such as prenatal care. The coinsurance rate levels shall not~~
7 ~~have a measurable negative effect upon the enrollee's health status;~~
8 ~~and~~

9 ~~(d) A case management system that fosters a provider-enrollee~~
10 ~~relationship whereby, in an effort to control cost, maintain or improve~~
11 ~~the health status of the enrollee, and maximize patient involvement in~~
12 ~~her or his health care decision-making process, every effort is made by~~
13 ~~the provider to inform the enrollee of the cost of the specific~~
14 ~~services and procedures and related health benefits.~~

15 ~~The potential financial liability of the plan to any such providers~~
16 ~~shall not exceed in the aggregate an amount greater than that which~~
17 ~~might otherwise have been incurred by the plan on the basis of the~~
18 ~~number of enrollees multiplied by the average of the prepaid capitated~~
19 ~~rates negotiated with participating managed health care systems under~~
20 ~~RCW 70.47.100 and reduced by any sums charged enrollees on the basis of~~
21 ~~the coinsurance rates that are established under this subsection.~~

22 ~~(5)) To limit enrollment of persons who qualify for subsidies so~~
23 ~~as to prevent an overexpenditure of appropriations for such purposes.~~
24 ~~Whenever the administrator finds that there is danger of such an~~
25 ~~overexpenditure, the administrator shall close subsidized enrollment~~
26 ~~until the administrator finds the danger no longer exists.~~

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

30 ~~In the selection of any area of the state for the initial operation~~
31 ~~of the plan, the administrator shall take into account the levels and~~
32 ~~rates of unemployment in different areas of the state, the need to~~
33 ~~provide basic health care coverage to a population reasonably~~
34 ~~representative of the portion of the state's population that lacks such~~
35 ~~coverage, and the need for geographic, demographic, and economic~~
36 ~~diversity.~~

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

1 ~~(7) To solicit and accept applications from managed health care~~
2 ~~systems, as defined in this chapter, for inclusion as eligible basic~~
3 ~~health care providers under the plan. The administrator shall endeavor~~
4 ~~to assure that covered basic health care services are available to any~~
5 ~~enrollee of the plan from among a selection of two or more~~
6 ~~participating managed health care systems. In adopting any rules or~~
7 ~~procedures applicable to managed health care systems and in its~~
8 ~~dealings with such systems, the administrator shall consider and make~~
9 ~~suitable allowance for the need for health care services and the~~
10 ~~differences in local availability of health care resources, along with~~
11 ~~other resources, within and among the several areas of the state.~~

12 ~~(8))~~ (2) To receive periodic premiums from sponsors and enrollees,
13 deposit them in the ((basic health plan operating)) appropriate account
14 under RCW 70.47.030, as recodified by this act, keep records of
15 enrollee status, and authorize periodic payments to ((managed health
16 care systems)) certified health plans on the basis of the number of
17 enrollees participating in the respective ((managed health care
18 systems)) certified health plans.

19 ~~((9))~~ (3) To accept applications from individuals residing in
20 areas served by the ((plan)) cooperative, on behalf of themselves and
21 their spouses and dependent children, for enrollment in a certified
22 health plan offered through the Washington ((basic health plan, to
23 establish appropriate minimum enrollment periods for enrollees as may
24 be necessary, and)) health insurance purchasing cooperative as a
25 subsidized enrollee, to determine, upon application and at least
26 annually thereafter, or at the request of any enrollee, eligibility due
27 to current gross family income for sliding scale premiums. ((An)) A
28 subsidized enrollee who remains current in payment of the sliding-scale
29 premium((, as determined under subsection (2) of this section,)) and
30 whose gross family income has risen above twice the federal poverty
31 level, may continue enrollment ((unless and until the enrollee's gross
32 family income has remained above twice the poverty level for six
33 consecutive months,)) as a nonsubsidized enrollee by making payment at
34 the unsubsidized rate required for the ((managed health care system))
35 certified health plan in which he or she may be enrolled plus the
36 administrative cost of providing certified health plans to that
37 enrollee. No subsidy may be paid with respect to any enrollee whose
38 current gross family income exceeds twice the federal poverty level or,
39 subject to RCW 70.47.110, as recodified by this act, who is a recipient

1 of medical assistance or medical care services under chapter 74.09 RCW.
2 (~~If a number of enrollees drop their enrollment for no apparent good~~
3 ~~cause, the administrator may establish appropriate rules or~~
4 ~~requirements that are applicable to such individuals before they will~~
5 ~~be allowed to re-enroll in the plan.~~

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

17 ~~((11)))~~ (4) To accept applications from employers on behalf of
18 themselves and their employees, spouses, and dependent children. The
19 administrator may require all or the substantial majority of the
20 eligible employees of such employers to enroll in certified health
21 plans offered through the cooperative and establish those procedures
22 necessary to facilitate the orderly enrollment of groups into certified
23 health plans. Enrollment is available for employers who wish to obtain
24 the uniform benefit package through certified health plans according to
25 the provisions of this chapter and at no cost to the state. No
26 enrollee of an employer shall be eligible for a subsidy from the
27 cooperative and at no time shall the administrator allow the credit of
28 the state or funds from the trust account to be used or extended on
29 their behalf.

30 (5) To accept applications from individuals residing in areas
31 serviced by the cooperative, on behalf of themselves and their spouses
32 and dependent children who wish to obtain the uniform benefit package
33 through certified health plans according to the provisions of this
34 chapter and at no cost to the state.

35 (6) To monitor the provision of covered services to enrollees
36 served in the cooperative by participating ((managed health care
37 systems)) certified health plans in order to assure enrollee access to
38 good quality basic health care, to require periodic data reports
39 concerning the utilization of health care services rendered to

1 enrollees in the cooperative as required by the board in order to
2 provide adequate information for evaluation, and to inspect the books
3 and records of participating (~~((managed health care systems))~~) certified
4 health plans to assure compliance with the purposes of this chapter.
5 In requiring reports from participating (~~((managed health care systems))~~)
6 certified health plans, including data on services rendered enrollees,
7 the administrator shall endeavor to minimize costs(~~(, both to the~~
8 ~~managed health care systems and to the administrator)~~). The
9 administrator shall coordinate any such reporting requirements with
10 other state agencies, such as the insurance commissioner and the
11 department of health, to minimize duplication of effort.

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

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

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

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

27 (7) To perform such other duties the board determines are necessary
28 to implement the provisions of this chapter.

29 **Sec. 118.** RCW 70.47.070 and 1987 1st ex.s. c 5 s 9 are each
30 amended to read as follows:

31 The benefits available under (~~(the plan))~~) this chapter shall be
32 subject to RCW 48.21.200 and shall be excess to the benefits payable
33 under the terms of any insurance policy issued to or on the behalf of
34 an enrollee that provides payments toward medical expenses without a
35 determination of liability for the injury.

36 **Sec. 119.** RCW 70.47.080 and 1987 1st ex.s. c 5 s 10 are each
37 amended to read as follows:

1 (~~On and after July 1, 1988,~~) The administrator shall accept for
2 enrollment applicants eligible to receive covered (~~basic~~) uniform
3 benefit package health care services from the respective (~~managed~~
4 ~~health care systems which~~) certified health plans that are (~~then~~)
5 participating in the (~~plan.~~ ~~The administrator shall not allow the~~
6 ~~total enrollment of those eligible for subsidies to exceed thirty~~
7 ~~thousand~~) cooperative.

8 (~~Thereafter, total~~) The average monthly enrollment of those
9 eligible for subsidies during any biennium shall not exceed the number
10 established by the legislature in any act appropriating funds to the
11 (~~plan~~) cooperative, and total subsidized enrollment shall not result
12 in expenditures that exceed the total amount that has been made
13 available by the legislature in any act appropriating funds to the
14 cooperative.

15 (~~Before July 1, 1988, the administrator shall endeavor to secure~~
16 ~~participation contracts from managed health care systems in discrete~~
17 ~~geographic areas within at least five congressional districts of the~~
18 ~~state and in such manner as to allow residents of both urban and rural~~
19 ~~areas access to enrollment in the plan. The administrator shall make~~
20 ~~a special effort to secure agreements with health care providers in one~~
21 ~~such area that meets the requirements set forth in RCW 70.47.060(4).)~~)

22 The administrator shall at all times closely monitor growth
23 patterns of enrollment so as not to exceed that consistent with the
24 orderly development of the (~~plan~~) cooperative as a whole, in any area
25 of the state or in any participating (~~managed health care system~~)
26 certified health plan. The annual or biennial enrollment limitations
27 derived from operation of the cooperative under this section do not
28 apply to nonsubsidized enrollees.

29 **Sec. 120.** RCW 70.47.090 and 1987 1st ex.s. c 5 s 11 are each
30 amended to read as follows:

31 Any enrollee whose premium payments to the cooperative for
32 certified health plans are delinquent or who moves his or her residence
33 out of an area served by the (~~plan~~) cooperative may be dropped from
34 enrollment status. An enrollee whose premium is the responsibility of
35 the department of social and health services under RCW 70.47.110 (as
36 recodified by this act) may not be dropped solely because of nonpayment
37 by the department. The administrator shall provide delinquent
38 enrollees with advance written notice of their removal from the

1 ((~~plan~~)) cooperative and shall provide for a hearing under chapters
2 34.05 and 34.12 RCW for any enrollee who contests the decision to drop
3 the enrollee from the ((~~plan~~)) cooperative. Upon removal of an
4 enrollee from the ((~~plan~~)) cooperative, the administrator shall
5 promptly notify the ((~~managed health care system~~)) certified health
6 plan in which the enrollee has been enrolled, and shall not be
7 responsible for payment for health care services provided to the
8 enrollee (including, if applicable, members of the enrollee's family)
9 after the date of notification. A ((~~managed health care system~~))
10 certified health plan may contest the denial of payment for coverage of
11 an enrollee through a hearing under chapters 34.05 and 34.12 RCW.

12 **Sec. 121.** RCW 70.47.100 and 1987 1st ex.s. c 5 s 12 are each
13 amended to read as follows:

14 ((~~Managed health care systems~~)) Certified health plans
15 participating in the ((~~plan~~)) cooperative shall do so by competitive
16 bid contract with the ((~~administrator~~)) board and shall provide,
17 directly or by contract with other health care providers, covered
18 ((~~basic~~)) uniform benefit package health care services to each enrollee
19 as long as payments from the administrator on behalf of the enrollee
20 are current. ((~~A participating managed health care system may offer,~~
21 ~~without additional cost, health care benefits or services not included~~
22 ~~in the schedule of covered services under the plan.~~)) A participating
23 managed health care ((~~system~~)) provider shall not give preference in
24 enrollment to enrollees who accept such additional health care benefits
25 or services. ((~~Managed health care systems participating in the plan~~
26 ~~shall not discriminate against any potential or current enrollee based~~
27 ~~upon health status, sex, race, ethnicity, or religion.~~)) The
28 administrator may receive and act upon complaints from enrollees
29 regarding failure to provide covered services or efforts to obtain
30 payment, other than authorized ((~~copayments~~)) individual point of
31 service cost-sharing, for covered services directly from enrollees, but
32 nothing in this chapter empowers the administrator to impose any
33 sanctions under Title 18 RCW or any other professional or facility
34 licensing statute.

35 ((~~The plan shall allow, at least annually, an opportunity for~~
36 ~~enrollees to transfer their enrollments among participating managed~~
37 ~~health care systems serving their respective areas. The administrator~~
38 ~~shall establish a period of at least twenty days in a given year when~~

1 this opportunity is afforded enrollees, and in those areas served by
2 more than one participating managed health care system the
3 administrator shall endeavor to establish a uniform period for such
4 opportunity. The plan shall allow enrollees to transfer their
5 enrollment to another participating managed health care system at any
6 time upon a showing of good cause for the transfer.

7 Any contract between a hospital and a participating managed health
8 care system under this chapter is subject to the requirements of RCW
9 70.39.140(1) regarding negotiated rates.

10 Prior to negotiating with any managed health care system, the
11 administrator shall determine, on an actuarially sound basis, the
12 reasonable cost of providing the schedule of basic health care
13 services, expressed in terms of upper and lower limits, and recognizing
14 variations in the cost of providing the services through the various
15 systems and in different areas of the state. In negotiating with
16 managed health care systems for participation in the plan, the
17 administrator shall adopt a uniform procedure that includes at least
18 the following:

19 (1) The administrator shall issue a request for proposals,
20 including standards regarding the quality of services to be provided;
21 financial integrity of the responding systems; and responsiveness to
22 the unmet health care needs of the local communities or populations
23 that may be served;

24 (2) The administrator shall then review responsive proposals and
25 may negotiate with respondents to the extent necessary to refine any
26 proposals;

27 (3) The administrator may then select one or more systems to
28 provide the covered services within a local area; and

29 (4) The administrator may adopt a policy that gives preference to
30 respondents, such as nonprofit community health clinics, that have a
31 history of providing quality health care services to low income
32 persons.))

33 **Sec. 122.** RCW 70.47.110 and 1991 sp.s. c 4 s 3 are each amended to
34 read as follows:

35 The department of social and health services may make payments to
36 the administrator or to participating ((managed health care systems))
37 certified health plans in the cooperative on behalf of any enrollee who
38 is a recipient of medical care under chapter 74.09 RCW, at the maximum

1 rate allowable for federal matching purposes under Title XIX of the
2 social security act. Any enrollee on whose behalf the department of
3 social and health services makes such payments may continue as an
4 enrollee, making premium payments based on the enrollee's own income as
5 determined under the sliding scale, after eligibility for coverage
6 under chapter 74.09 RCW has ended, as long as the enrollee remains
7 eligible under this chapter. Nothing in this section affects the right
8 of any person eligible for coverage under chapter 74.09 RCW to receive
9 the services offered to other persons under that chapter but not
10 included in the schedule of (~~basic~~) uniform benefit package 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~~)
16 cooperative. The administrator and the department of social and health
17 services shall cooperatively adopt procedures to facilitate the
18 transition of (~~plan~~) cooperative enrollees and payments on their
19 behalf between the (~~plan~~) cooperative and the programs established
20 under chapter 74.09 RCW.

21 **Sec. 123.** RCW 70.47.115 and 1992 c 21 s 7 are each amended to read
22 as follows:

23 (1) The administrator, when specific funding is provided and where
24 feasible, shall make (~~the basic health~~) subsidized enrollments in
25 certified health plans available in timber impact areas. The
26 administrator shall prioritize making (~~the plan~~) subsidized
27 enrollments available under this section to the timber impact areas
28 meeting the following criteria, as determined by the employment
29 security department: (a) A lumber and wood products employment
30 location quotient at or above the state average; (b) a direct lumber
31 and wood products job loss of one hundred positions or more; and (c) an
32 annual unemployment rate twenty percent above the state average.

33 (2) Persons assisted under this section shall meet the requirements
34 of subsidized enrollee as defined in (~~RCW 70.47.020(4)~~) this chapter.

35 (3) For purposes of this section, "timber impact area" means:

36 (a) A county having a population of less than five hundred
37 thousand, or a city or town located within a county having a population
38 of less than five hundred thousand, and meeting two of the following

1 three criteria, as determined by the employment security department,
2 for the most recent year such data is available: (i) A lumber and wood
3 products employment location quotient at or above the state average;
4 (ii) projected or actual direct lumber and wood products job losses of
5 one hundred positions or more, except counties having a population
6 greater than two hundred thousand but less than five hundred thousand
7 must have direct lumber and wood products job losses of one thousand
8 positions or more; or (iii) an annual unemployment rate twenty percent
9 or more above the state average; or

10 (b) Additional communities as the economic recovery coordinating
11 board, established in RCW 43.31.631, designates based on a finding by
12 the board that each designated community is socially and economically
13 integrated with areas that meet the definition of a timber impact area
14 under (a) of this subsection.

15 **Sec. 124.** RCW 70.47.130 and 1987 1st ex.s. c 5 s 15 are each
16 amended to read as follows:

17 The activities and operations of the Washington ((~~basic health~~
18 ~~plan~~)) health insurance purchasing cooperative under this chapter((~~7~~
19 ~~including those of managed health care systems to the extent of their~~
20 ~~participation in the plan,~~)) are exempt from the provisions and
21 requirements of Title 48 RCW((~~7~~ ~~except as provided in RCW 70.47.070~~)).

22 **Sec. 125.** RCW 70.47.150 and 1990 c 54 s 1 are each amended to read
23 as follows:

24 Notwithstanding the provisions of chapter 42.17 RCW, (1) records
25 obtained, reviewed by, or on file with the ((~~plan~~)) cooperative
26 containing information concerning medical treatment of individuals
27 shall be exempt from public inspection and copying; and (2) actuarial
28 formulas, statistics, and assumptions submitted in support of a rate
29 filing by a ((~~managed health care system~~)) certified health plan or
30 submitted to the administrator upon his or her request shall be exempt
31 from public inspection and copying in order to preserve trade secrets
32 or prevent unfair competition.

33 NEW SECTION. **Sec. 126.** SUNSET REPEALED. The following acts or
34 parts of acts are each repealed:

- 35 (1) RCW 43.131.355 and 1987 1st ex.s. c 5 s 24; and
36 (2) RCW 43.131.356 and 1987 1st ex.s. c 5 s 25.

1 NEW SECTION. Sec. 127. REPEALERS. The following acts or parts of
2 acts are each repealed:

- 3 (1) RCW 70.47.010 and 1987 1st ex.s. c 5 s 3;
- 4 (2) RCW 70.47.020 and 1987 1st ex.s. c 5 s 4;
- 5 (3) RCW 70.47.120 and 1987 1st ex.s. c 5 s 14; and
- 6 (4) RCW 70.47.900 and 1987 1st ex.s. c 5 s 1.

7 NEW SECTION. Sec. 128. RECODIFICATION. RCW 70.47.030, 70.47.040,
8 70.47.050, 70.47.060, 70.47.070, 70.47.080, 70.47.090, 70.47.100,
9 70.47.110, 70.47.115, 70.47.130, 70.47.140, 70.47.150, and 70.47.901
10 are each recodified into the new chapter in Title 48 RCW created under
11 section 137 of this act. The code reviser is directed to correct all
12 references to these sections in the Revised Code of Washington.

13 **Sec. 129.** RCW 41.05.031 and 1990 c 222 s 4 are each amended to
14 read as follows:

15 The following state agencies and other entities are directed to
16 cooperate with the authority to establish appropriate health care
17 information systems in their programs: The department of social and
18 health services, the department of health, the department of labor and
19 industries, the (~~basic health plan,~~) Washington health insurance
20 purchasing cooperative, the department of veterans affairs, the
21 department of corrections, and the superintendent of public
22 instruction.

23 The authority, in conjunction with these agencies, shall determine:

- 24 (1) Definitions of health care services;
- 25 (2) Health care data elements common to all agencies;
- 26 (3) Health care data elements unique to each agency; and
- 27 (4) A mechanism for program and budget review of health care data.

28 **Sec. 130.** RCW 42.17.2401 and 1991 c 200 s 404 are each amended to
29 read as follows:

30 For the purposes of RCW 42.17.240, the term "executive state
31 officer" includes:

- 32 (1) The chief administrative law judge, the director of
33 agriculture, the administrator of the office of marine safety, (~~the~~
34 ~~administrator of the Washington basic health plan,~~) the director of
35 the department of services for the blind, the director of the state
36 system of community and technical colleges, the director of community

1 development, the secretary of corrections, the director of ecology, the
2 commissioner of employment security, the chairman of the energy
3 facility site evaluation council, the director of the energy office,
4 the secretary of the state finance committee, the director of financial
5 management, the director of fisheries, the executive secretary of the
6 forest practices appeals board, the director of the gambling
7 commission, the director of general administration, the secretary of
8 health, the administrator of the Washington state health care
9 authority, the executive secretary of the health care facilities
10 authority, the executive secretary of the higher education facilities
11 authority, the director of the higher education personnel board, the
12 executive secretary of the horse racing commission, the executive
13 secretary of the human rights commission, the executive secretary of
14 the indeterminate sentence review board, the director of the department
15 of information services, the director of the interagency committee for
16 outdoor recreation, the executive director of the state investment
17 board, the director of labor and industries, the director of licensing,
18 the director of the lottery commission, the director of the office of
19 minority and women's business enterprises, the director of parks and
20 recreation, the director of personnel, the executive director of the
21 public disclosure commission, the director of retirement systems, the
22 director of revenue, the secretary of social and health services, the
23 chief of the Washington state patrol, the executive secretary of the
24 board of tax appeals, the director of trade and economic development,
25 the secretary of transportation, the secretary of the utilities and
26 transportation commission, the director of veterans affairs, the
27 director of wildlife, the president of each of the regional and state
28 universities and the president of The Evergreen State College, each
29 district and each campus president of each state community college;

30 (2) Each professional staff member of the office of the governor;

31 (3) Each professional staff member of the legislature; and

32 (4) Central Washington University board of trustees, board of
33 trustees of each community college, each member of the state board for
34 community and technical colleges (~~(education)~~), state convention and
35 trade center board of directors, committee for deferred compensation,
36 Eastern Washington University board of trustees, Washington economic
37 development finance authority, The Evergreen State College board of
38 trustees, forest practices appeals board, forest practices board,
39 gambling commission, Washington health care facilities authority,

1 higher education coordinating board, higher education facilities
2 authority, higher education personnel board, horse racing commission,
3 state housing finance commission, human rights commission,
4 indeterminate sentence review board, board of industrial insurance
5 appeals, information services board, interagency committee for outdoor
6 recreation, state investment board, liquor control board, lottery
7 commission, marine oversight board, oil and gas conservation committee,
8 Pacific Northwest electric power and conservation planning council,
9 parks and recreation commission, personnel appeals board, personnel
10 board, board of pilotage (~~(commissioners)~~) commissioners, pollution
11 control hearings board, public disclosure commission, public pension
12 commission, shorelines hearing board, state employees' benefits board,
13 board of tax appeals, transportation commission, University of
14 Washington board of regents, utilities and transportation commission,
15 Washington state maritime commission, Washington public power supply
16 system executive board, Washington State University board of regents,
17 Western Washington University board of trustees, and wildlife
18 commission.

19 **Sec. 131.** RCW 43.20.050 and 1992 c 34 s 4 are each amended to read
20 as follows:

21 (1) The state board of health shall provide a forum for the
22 development of health policy in Washington state. It is authorized to
23 recommend to the secretary means for obtaining appropriate citizen and
24 professional involvement in all health policy formulation and other
25 matters related to the powers and duties of the department. It is
26 further empowered to hold hearings and explore ways to improve the
27 health status of the citizenry.

28 (a) At least every five years, the state board shall convene
29 regional forums to gather citizen input on health issues.

30 (b) Every two years, in coordination with the development of the
31 state biennial budget, the state board shall prepare the state health
32 report that outlines the health priorities of the ensuing biennium.
33 The report shall:

34 (i) Consider the citizen input gathered at the health forums;

35 (ii) Be developed with the assistance of local health departments;

36 (iii) Be based on the best available information collected and
37 reviewed according to RCW 43.70.050 and recommendations from the
38 council;

1 (iv) Be developed with the input of state health care agencies. At
2 least the following directors of state agencies shall provide timely
3 recommendations to the state board on suggested health priorities for
4 the ensuing biennium: The secretary of social and health services, the
5 health care authority administrator, the insurance commissioner(~~(, the~~
6 ~~administrator of the basic health plan)~~), the superintendent of public
7 instruction, the director of labor and industries, the director of
8 ecology, and the director of agriculture. In addition, the
9 administrator of the Washington health insurance purchasing cooperative
10 shall also provide recommendations to the state board of health on
11 suggested health priorities for the ensuing biennium;

12 (v) Be used by state health care agency administrators in preparing
13 proposed agency budgets and executive request legislation;

14 (vi) Be submitted by the state board to the governor by June 1 of
15 each even-numbered year for adoption by the governor. The governor, no
16 later than September 1 of that year, shall approve, modify, or
17 disapprove the state health report.

18 (c) In fulfilling its responsibilities under this subsection, the
19 state board shall create ad hoc committees or other such committees of
20 limited duration as necessary. Membership should include legislators,
21 providers, consumers, bioethicists, medical economics experts, legal
22 experts, purchasers, and insurers, as necessary.

23 (2) In order to protect public health, the state board of health
24 shall:

25 (a) Adopt rules necessary to assure safe and reliable public
26 drinking water and to protect the public health. Such rules shall
27 establish requirements regarding:

28 (i) The design and construction of public water system facilities,
29 including proper sizing of pipes and storage for the number and type of
30 customers;

31 (ii) Drinking water quality standards, monitoring requirements, and
32 laboratory certification requirements;

33 (iii) Public water system management and reporting requirements;

34 (iv) Public water system planning and emergency response
35 requirements;

36 (v) Public water system operation and maintenance requirements;

37 (vi) Water quality, reliability, and management of existing but
38 inadequate public water systems; and

1 (vii) Quality standards for the source or supply, or both source
2 and supply, of water for bottled water plants.

3 (b) Adopt rules and standards for prevention, control, and
4 abatement of health hazards and nuisances related to the disposal of
5 wastes, solid and liquid, including but not limited to sewage, garbage,
6 refuse, and other environmental contaminants; adopt standards and
7 procedures governing the design, construction, and operation of sewage,
8 garbage, refuse and other solid waste collection, treatment, and
9 disposal facilities;

10 (c) Adopt rules controlling public health related to environmental
11 conditions including but not limited to heating, lighting, ventilation,
12 sanitary facilities, cleanliness and space in all types of public
13 facilities including but not limited to food service establishments,
14 schools, institutions, recreational facilities and transient
15 accommodations and in places of work;

16 (d) Adopt rules for the imposition and use of isolation and
17 quarantine;

18 (e) Adopt rules for the prevention and control of infectious and
19 noninfectious diseases, including food and vector borne illness, and
20 rules governing the receipt and conveyance of remains of deceased
21 persons, and such other sanitary matters as admit of and may best be
22 controlled by universal rule; and

23 (f) Adopt rules for accessing existing data bases for the purposes
24 of performing health related research.

25 (3) The state board may delegate any of its rule-adopting authority
26 to the secretary and rescind such delegated authority.

27 (4) All local boards of health, health authorities and officials,
28 officers of state institutions, police officers, sheriffs, constables,
29 and all other officers and employees of the state, or any county, city,
30 or township thereof, shall enforce all rules adopted by the state board
31 of health. In the event of failure or refusal on the part of any
32 member of such boards or any other official or person mentioned in this
33 section to so act, he shall be subject to a fine of not less than fifty
34 dollars, upon first conviction, and not less than one hundred dollars
35 upon second conviction.

36 (5) The state board may advise the secretary on health policy
37 issues pertaining to the department of health and the state.

1 **Sec. 132.** RCW 50.20.210 and 1987 1st ex.s. c 5 s 16 are each
2 amended to read as follows:

3 The commissioner shall notify any person filing a claim under this
4 chapter who resides in a local area served by the Washington (~~basic~~
5 ~~health plan~~) health insurance purchasing cooperative of the
6 availability of basic health care coverage to qualified enrollees in
7 the Washington (~~basic health plan~~) health insurance purchasing
8 cooperative under chapter (~~(70.47)~~) 48.-- RCW(~~(, unless the Washington~~
9 ~~basic health plan administrator has notified the commissioner of a~~
10 ~~closure of enrollment in the area)~~) (sections 101 through 113 and 609
11 of this act). The commissioner shall maintain a supply of Washington
12 (~~basic health plan~~) health insurance purchasing cooperative
13 enrollment application forms, which shall be provided in reasonably
14 necessary quantities by the administrator, in each appropriate
15 employment service office for the use of persons wishing to apply for
16 enrollment in the Washington (~~basic health plan~~) health insurance
17 purchasing cooperative.

18 **Sec. 133.** RCW 51.28.090 and 1987 1st ex.s. c 5 s 17 are each
19 amended to read as follows:

20 The director shall notify persons receiving time-loss payments
21 under this chapter of the availability of basic health care coverage to
22 qualified enrollees under chapter (~~(70.47)~~) 48.-- RCW (sections 101
23 through 113 and 609 of this act), unless the Washington (~~basic health~~
24 ~~plan~~) health insurance purchasing cooperative administrator has
25 notified the director of closure of enrollment in the plan. The
26 director shall maintain supplies of Washington (~~basic health plan~~)
27 health insurance purchasing cooperative enrollment application forms in
28 all field service offices where the plan is available, which shall be
29 provided in reasonably necessary quantities by the administrator for
30 the use of persons wishing to apply for enrollment in the Washington
31 (~~basic health plan~~) health insurance purchasing cooperative.

32 **Sec. 134.** RCW 74.04.033 and 1987 1st ex.s. c 5 s 18 are each
33 amended to read as follows:

34 The department shall notify any applicant for public assistance who
35 resides in a local area served by the Washington (~~basic health plan~~)
36 health insurance purchasing cooperative and is under sixty-five years
37 of age of the availability of basic health care coverage to qualified

1 enrollees in the Washington ((~~basic health plan~~)) health insurance
2 purchasing cooperative under chapter ((70.47)) 48.-- RCW (sections 101
3 through 113 and 609 of this act), unless the Washington ((~~basic health~~
4 ~~plan~~)) health insurance purchasing cooperative administrator has
5 notified the department of a closure of enrollment in the area. The
6 department shall maintain a supply of Washington ((~~basic health plan~~))
7 health insurance purchasing cooperative enrollment application forms,
8 which shall be provided in reasonably necessary quantities by the
9 administrator, in each appropriate community service office for the use
10 of persons wishing to apply for enrollment in the Washington ((~~basic~~
11 ~~health plan~~)) health insurance purchasing cooperative.

12 NEW SECTION. Sec. 135. EFFECTIVE DATES. Sections 114 through 125
13 and 127 through 134 of this act shall take effect January 1, 1994.

14 NEW SECTION. Sec. 136. EMERGENCY CLAUSE. Sections 101 through
15 113, and 126 of this act are necessary for the immediate preservation
16 of the public peace, health, or safety, or support of the state
17 government and its existing public institutions, and shall take effect
18 immediately.

19 NEW SECTION. Sec. 137. CODIFICATION DIRECTIONS. Sections 101
20 through 113 and 609 of this act shall constitute a new chapter in Title
21 48 RCW.

22 **PART II - EMPLOYER AND INDIVIDUAL HEALTH INSURANCE REFORM**

23 NEW SECTION. Sec. 201. SHORT TITLE. This chapter shall be known
24 and cited as the employer and individual health coverage act.

25 NEW SECTION. Sec. 202. DEFINITIONS. As used in this chapter:

26 (1) "Board" means the Washington health insurance purchasing
27 cooperative board as established under chapter 48.-- RCW (sections 101
28 through 113 and 609 of this act).

29 (2) "Carrier" means an entity that provides a health insurance
30 benefit plan to employers and individuals in Washington state as an
31 insurance company, health services contractor, or health maintenance
32 organization, and is regulated by the state of Washington under chapter
33 48.20, 48.21, 48.44, or 48.46 RCW.

1 (3) "Certified health plans" means health insurance plans offered
2 by carriers and certified by the board to provide the uniform benefit
3 package.

4 (4) "Enrollee" means an eligible individual who receives the
5 uniform benefit package from a carrier.

6 (5) "Eligible individual" means (a) an individual person who elects
7 to purchase a health benefit plan for himself or herself and his or her
8 dependents, or (b) an active employee, proprietor, partner, or
9 corporate officer of an employer group who elects to purchase a health
10 benefit plan for himself or herself and his or her dependents where the
11 eligible individual resides, is paid on a regular, periodic basis
12 through the group's payroll system, regularly works on a full-time
13 basis and has a normal work week of twenty or more hours, and is
14 expected to continue in this employment capacity.

15 (6) "Health benefit plan" means a hospital or medical policy,
16 health care service contract, health maintenance organization
17 subscriber contract, or plan provided by any other benefit arrangement.
18 The term does not include accident only, credit, dental only, vision
19 only, medicare supplement, or disability income insurance coverage
20 issued as a supplement to liability insurance, workers' compensation or
21 similar insurance, or automobile medical payment insurance.

22 (7) "Preexisting condition" means a condition that would have
23 caused an ordinarily prudent person to seek medical advice, diagnosis,
24 care, or treatment immediately preceding the effective date of coverage
25 or a condition for which medical advice, diagnosis, care, or treatment
26 was recommended or received during the six months immediately preceding
27 the effective date of coverage, or a pregnancy existing on the
28 effective date of coverage.

29 (8) "Rating period" means the twelve-month period for which premium
30 rates established by a carrier are presumed to be in effect.

31 (9) "Employer" means a person, firm, corporation, partnership, or
32 association that is actively engaged in business that, on at least
33 fifty percent of its working days during the preceding calendar
34 quarter, employed eligible individuals, the majority of whom were
35 employed within Washington state.

36 (10) "Uniform benefit package" means the uniform, appropriate,
37 confidentially provided, and affordable set of personal health services
38 to be made available to enrollees by certified health plans.

1 NEW SECTION. **Sec. 203.** SCOPE AND APPLICABILITY. Except for
2 health benefit plans offered under chapter 48.-- RCW (sections 101
3 through 113 and 609 of this act), the provisions of this chapter shall
4 apply to: (1) All health insurance benefits offered to individuals and
5 employers in Washington state by state-regulated insurance companies
6 under chapter 48.20 or 48.21 RCW, health services contractors under
7 chapter 48.44 RCW, or health maintenance organizations under chapter
8 48.46 RCW, and (2) after July 1, 2000, all health benefit plans offered
9 to residents of the state of Washington.

10 NEW SECTION. **Sec. 204.** GENERAL REQUIRED PRACTICES IN THE EMPLOYER
11 AND INDIVIDUAL HEALTH BENEFIT PLAN MARKET. Health benefit plans
12 subject to the provisions of this chapter:

13 (1) Shall not deny, exclude, or limit benefits for a covered
14 individual for losses incurred more than six months following the
15 effective date of the eligible individual's coverage due to a
16 preexisting condition.

17 (2) Shall not modify, decrease, exclude, or restrict benefits
18 through riders, conditions, restrictions, endorsements, or otherwise,
19 on the basis of sex, age, or health status or health condition of the
20 eligible individual.

21 (3) Shall not modify, decrease, or restrict coverage through
22 riders, conditions, restrictions, endorsements, or otherwise, on the
23 basis of category of business trade, employment skill, or vocation or
24 profession of the eligible individual.

25 (4) Entities offering health benefit plans shall:

26 (a) Assume the full financial risk of providing the health benefit
27 plan to all enrollees;

28 (b) Determine and adjust annual premium rates based on a community
29 basis using the entire state as the community pool;

30 (c) Not refuse to renew coverage except for nonpayment of premiums;

31 (d) Require that employers:

32 (i) Enroll at least eighty percent of individuals in the employer's
33 group;

34 (ii) Pay between fifty and ninety percent of premiums on behalf of
35 employees enrolled in the health benefit plan; and

36 (iii) Require point of service cost-sharing as established by the
37 cooperative under chapter 48.-- RCW (sections 101 through 113 and 609
38 of this act);

1 (e) Adjust premium rates for a rating period based upon the average
2 of actual or expected variation in claims costs or actual or expected
3 variation in the health status of the state community pool;

4 (f) Comply with premium growth rate targets prescribed under
5 chapter 48.-- RCW (sections 101 through 113 and 609 of this act); and

6 (g) Provide data as required by the health data, quality assurance,
7 and cost control council under chapter 70.170 RCW.

8 NEW SECTION. **Sec. 205.** CERTIFICATION OF HEALTH BENEFIT PLANS
9 REQUIRED. (1) Effective January 1, 1996, all health benefit plans
10 subject to the provisions of this chapter must be certified by the
11 board to offer the entire set of health services in the uniform benefit
12 package if the plans offer any health services included in the uniform
13 benefit package.

14 (2) The board shall certify that the carrier provides the entire
15 uniform benefit package through managed care providers, abides by
16 enrollee cost-sharing requirements prescribed in chapter 48.-- RCW
17 (sections 101 through 113 and 609 of this act), and has paid a
18 certification fee as established in rule by the board.

19 (3) Nothing in this chapter shall prohibit carriers from offering
20 supplemental plans that include services not provided in the uniform
21 benefit package.

22 NEW SECTION. **Sec. 206.** DUTIES OF THE INSURANCE COMMISSIONER. The
23 commissioner shall adopt rules to implement sections 201 through 204 of
24 this act.

25 **Sec. 207.** RCW 48.21.010 and 1992 c 226 s 2 are each amended to
26 read as follows:

27 Group disability insurance is that form of disability insurance,
28 including stop loss insurance as defined in RCW 48.11.030, provided by
29 a master policy issued to an employer, to a trustee appointed by an
30 employer or employers, or to an association of employers formed for
31 purposes other than obtaining such insurance, except as authorized in
32 chapter 48.-- RCW (sections 101 through 113 and 609 of this act),
33 covering, with or without their dependents, the employees, or specified
34 categories of the employees, of such employers or their subsidiaries or
35 affiliates, or issued to a labor union, or to an association of
36 employees formed for purposes other than obtaining such insurance,

1 covering, with or without their dependents, the members, or specified
2 categories of the members, of the labor union or association, or issued
3 pursuant to RCW 48.21.030. Group disability insurance shall also
4 include such other groups as qualify for group life insurance under the
5 provisions of this code.

6 **Sec. 208.** RCW 48.21.050 and 1947 c 79 s .21.05 are each amended to
7 read as follows:

8 Except as provided for in chapter 48.-- RCW (sections 101 through
9 113 and 609 of this act) and chapter 48.-- RCW (sections 201 through
10 206 of this act), every policy of group or blanket disability insurance
11 shall contain in substance the provisions as set forth in RCW 48.21.060
12 to 48.21.090, inclusive, or provisions which in the opinion of the
13 commissioner are more favorable to the individuals insured, or at least
14 as favorable to such individuals and more favorable to the
15 policyholder. No such policy of group or blanket disability insurance
16 shall contain any provision relative to notice or proof of loss, or to
17 the time for paying benefits, or to the time within which suit may be
18 brought upon the policy, which in the opinion of the commissioner is
19 less favorable to the individuals insured than would be permitted by
20 the standard provisions required for individual disability insurance
21 policies.

22 **Sec. 209.** RCW 48.30.300 and 1975-'76 2nd ex.s. c 119 s 7 are each
23 amended to read as follows:

24 No person or entity engaged in the business of insurance in this
25 state shall refuse to issue any contract of insurance or cancel or
26 decline to renew such contract because of the sex or marital status, or
27 the presence of any sensory, mental, or physical handicap of the
28 insured or prospective insured. The amount of benefits payable, or any
29 term, rate, condition, or type of coverage shall not be restricted,
30 modified, excluded, increased or reduced on the basis of the sex or
31 marital status, or be restricted, modified, excluded or reduced on the
32 basis of the presence of any sensory, mental, or physical handicap of
33 the insured or prospective insured. Except as provided for in chapter
34 48.-- RCW (sections 101 through 113 and 609 of this act) and chapter
35 48.-- RCW (sections 201 through 206 of this act), these provisions
36 shall not prohibit fair discrimination on the basis of sex, or marital
37 status, or the presence of any sensory, mental, or physical handicap

1 when bona fide statistical differences in risk or exposure have been
2 substantiated.

3 **Sec. 210.** RCW 48.44.220 and 1983 c 154 s 4 are each amended to
4 read as follows:

5 No health care service contractor shall deny coverage to any person
6 solely on account of race, religion, national origin, or the presence
7 of any sensory, mental, or physical handicap. Except as provided for
8 in chapter 48.-- RCW (sections 101 through 113 and 609 of this act) and
9 chapter 48.-- RCW (sections 201 through 206 of this act), nothing in
10 this section shall be construed as limiting a health care service
11 contractor's authority to deny or otherwise limit coverage to a person
12 when the person because of a medical condition does not meet the
13 essential eligibility requirements established by the health care
14 service contractor for purposes of determining coverage for any person.

15 No health care service contractor shall refuse to provide
16 reimbursement or indemnity to any person for covered health care
17 services for reasons that the health care services were provided by a
18 holder of a license under chapter 18.22 RCW.

19 **Sec. 211.** RCW 48.46.370 and 1983 c 106 s 15 are each amended to
20 read as follows:

21 No health maintenance organization may deny coverage to a person
22 solely on account of the presence of any sensory, mental, or physical
23 handicap. Except as provided for in chapter 48.-- RCW (sections 101
24 through 113 and 609 of this act) and chapter 48.-- RCW (sections 201
25 through 206 of this act), nothing in this section may be construed as
26 limiting a health maintenance organization's authority to deny or
27 otherwise limit coverage to a person when the person because of a
28 medical condition does not meet the essential eligibility requirements
29 established by the health maintenance organization for purposes of
30 determining coverage for any person.

31 NEW SECTION. **Sec. 212.** CODIFICATION DIRECTIONS. Sections 201
32 through 206 of this act shall constitute a new chapter in Title 48 RCW.

33 NEW SECTION. **Sec. 213.** IMPLEMENTATION. Sections 201 through 206
34 of this act are effective for health benefit plans issued or renewed
35 after July 1, 1994.

1 **PART III - STATE EMPLOYEE AND K-12 HEALTH BENEFITS**

2 **A. STEP 1 REFORMS**

3 **Sec. 301.** RCW 41.05.021 and 1990 c 222 s 3 are each amended to
4 read as follows:

5 The Washington state health care authority is created within the
6 executive branch. The authority shall have an administrator appointed
7 by the governor, with the consent of the senate. The administrator
8 shall serve at the pleasure of the governor. The administrator may
9 employ up to seven staff members, who shall be exempt from chapter
10 41.06 RCW, and any additional staff members as are necessary to
11 administer this chapter. The primary duties of the authority shall be
12 to administer state employees' insurance benefits ~~((and to))~~, study
13 state-purchased health care programs in order to maximize cost
14 containment in these programs while ensuring access to quality health
15 care, and model state initiatives, joint purchasing strategies, and
16 efficient administration. The authority's duties include, but are not
17 limited to, the following:

18 (1) To administer a health care benefit program for employees as
19 specifically authorized in RCW 41.05.065 and in accordance with the
20 methods described in RCW 41.05.075, 41.05.140, and other provisions of
21 this chapter;

22 (2) To analyze state-purchased health care programs and to explore
23 options for cost containment and delivery alternatives for those
24 programs that are consistent with the purposes of those programs,
25 including, but not limited to:

26 (a) Creation of economic incentives for the persons for whom the
27 state purchases health care to appropriately utilize and purchase
28 health care services, including the development of flexible benefit
29 plans to offset increases in individual financial responsibility;

30 (b) Utilization of provider arrangements that encourage cost
31 containment and ensure access to quality care, including but not
32 limited to prepaid delivery systems, utilization review, and
33 prospective payment methods;

34 (c) Coordination of state agency efforts to purchase drugs
35 effectively as provided in RCW 70.14.050;

36 (d) Development of recommendations and methods for purchasing
37 medical equipment and supporting services on a volume discount basis;
38 and

1 (e) Development of data systems to obtain utilization data from
2 state-purchased health care programs in order to identify cost centers,
3 utilization patterns, provider and hospital practice patterns, and
4 procedure costs, utilizing the information obtained pursuant to RCW
5 41.05.031;

6 (3) Implement strategies to promote managed competition among the
7 state employees' benefit plans by July 1, 1993, including but not
8 limited to:

9 (a) Standardizing the health benefit package;

10 (b) Soliciting competitive bids for the benefit package;

11 (c) Limiting the state's premium contribution to a percent of the
12 lowest priced sealed bid premium of a qualified plan within a
13 geographical area;

14 (d) Ensuring access to quality health services;

15 (e) Monitoring the impact of the activities authorized under this
16 subsection with regards to: Efficiencies in health care delivery, cost
17 shifting to enrollees, access to and choice of managed care plans
18 state-wide, and quality of health services. The authority shall also
19 evaluate the benefit of maintaining a self-insured plan to serve as a
20 benchmark to measure the effectiveness of competition among managed
21 care plans. The authority shall submit a report on its findings to the
22 fiscal and health policy committees of the legislature by January 1,
23 1996.

24 (4) To analyze areas of public and private health care interaction;

25 ~~((4))~~ (5) To provide information and technical and administrative
26 assistance to the board;

27 ~~((5))~~ (6) To review and approve or deny applications from
28 counties, municipalities, other political subdivisions of the state,
29 and school districts to provide state-sponsored insurance or self-
30 insurance programs to their employees in accordance with the provisions
31 of RCW 41.04.205 and 28A.400.350, setting the premium contribution,
32 consistent with premium contribution limits set forth by the
33 cooperative board for approved groups as outlined in RCW 41.05.050;

34 ~~((6))~~ (7) To appoint a health care policy technical advisory
35 committee as required by RCW 41.05.150; and

36 ~~((7))~~ (8) To ~~((promulgate and))~~ adopt rules consistent with this
37 chapter as described in RCW 41.05.160.

1 **Sec. 302.** RCW 41.05.065 and 1988 c 107 s 8 are each amended to
2 read as follows:

3 (1) The board shall study all matters connected with the provision
4 of health care coverage, life insurance, liability insurance,
5 accidental death and dismemberment insurance, and disability income
6 insurance or any of, or a combination of, the enumerated types of
7 insurance for employees and their dependents on the best basis possible
8 with relation both to the welfare of the employees and to the state:
9 PROVIDED, That liability insurance shall not be made available to
10 dependents.

11 (2) The state employees' benefits board shall develop employee
12 benefit plans that include comprehensive health care benefits for all
13 employees. In developing these plans, the board shall consider the
14 following elements:

15 (a) Methods of maximizing cost containment while ensuring access to
16 quality health care;

17 (b) Development of provider arrangements that encourage cost
18 containment and ensure access to quality care, including but not
19 limited to prepaid delivery systems and prospective payment methods;

20 (c) Wellness incentives that focus on proven strategies, such as
21 smoking cessation, exercise, and automobile and motorcycle safety;

22 (d) Utilization review procedures including, but not limited to
23 prior authorization of services, hospital inpatient length of stay
24 review, requirements for use of outpatient surgeries and second
25 opinions for surgeries, review of invoices or claims submitted by
26 service providers, and performance audit of providers; ((and))

27 (e) Effective coordination of benefits;

28 (f) Minimum standards for health benefit carriers; and

29 (g) Minimum scope and content of standardized health benefit plans
30 to be offered to enrollees participating in the state employees benefit
31 board plans.

32 (3) The board shall design benefits and determine the terms and
33 conditions of employee participation and coverage, including
34 establishment of eligibility criteria.

35 (4) The board may authorize premium contributions for an employee
36 and the employee's dependents. Such authorization shall require a
37 majority vote ((~~of five members~~)) of the board for approval.

38 (5) Employees may choose participation in only one of the health
39 care benefit plans developed by the board.

1 (6) The board shall review plans proposed by insurance carriers
2 that desire to offer property insurance and/or accident and casualty
3 insurance to state employees through payroll deduction. The board may
4 approve any such plan for payroll deduction by carriers holding a valid
5 certificate of authority in the state of Washington and which the board
6 determines to be in the best interests of employees and the state. The
7 board shall promulgate rules setting forth criteria by which it shall
8 evaluate the plans.

9 NEW SECTION. **Sec. 303.** A new section is added to chapter 41.05
10 RCW to read as follows:

11 **MANAGED CARE ENROLLMENT TARGETS.** By July 1, 1994, at least sixty-
12 five percent of employees shall be enrolled in managed health care
13 plans and by July 1, 1995, at least seventy-five percent of employees
14 shall be enrolled in managed health care plans.

15 NEW SECTION. **Sec. 304.** **EFFECTIVE DATE.** Sections 301 through 303
16 of this act are necessary for the immediate preservation of the public
17 peace, health, or safety, or support of the state government and its
18 existing public institutions, and shall take effect immediately.

19 NEW SECTION. **Sec. 305.** **EXPIRATION DATE.** The 1993 amendments to
20 RCW 41.05.021 and 41.05.065 made by sections 301 and 302 of this act
21 shall expire on January 1, 1996.

22 **B. STEP 2 REFORMS**

23 **Sec. 306.** RCW 41.05.006 and 1988 c 107 s 2 are each amended to
24 read as follows:

25 (1) The legislature recognizes that (a) the state is a major
26 purchaser of health care services, (b) the increasing costs of such
27 health care services are posing and will continue to pose a great
28 financial burden on the state, (c) it is the state's policy, consistent
29 with the best interests of the state, to provide comprehensive health
30 care as an employer, to state employees and officials and their
31 dependents and to those who are dependent on the state for necessary
32 medical care, and (d) it is imperative that the state begin to develop
33 effective and efficient health care delivery systems and strategies for

1 procuring health care services in order for the state to continue to
2 purchase the most comprehensive health care possible.

3 (2) It is therefore the purpose of this chapter to establish the
4 Washington state health care authority whose purpose shall be to (a)
5 (~~develop health care benefit programs, funded to the fullest extent~~
6 ~~possible by the employer,~~) purchase health care benefits that provide
7 comprehensive, high quality, and cost-efficiently delivered health care
8 for eligible state employees, officials, and their dependents, and (b)
9 (~~study all state purchased health care, alternative health care~~
10 ~~delivery systems, and strategies for the procurement of health care~~
11 ~~services and make recommendations aimed at minimizing the financial~~
12 ~~burden which health care poses on the state, its employees, and its~~
13 ~~charges, while at the same time allowing the state to provide the most~~
14 ~~comprehensive health care possible~~) adopt strategies with the aim of
15 reducing health care costs to the state and employees through increased
16 enrollment in managed health care plans, employee cost-sharing, the
17 competitive purchasing of health care benefits, and the enactment of
18 broader health care reforms.

19 **Sec. 307.** RCW 41.05.011 and 1990 c 222 s 2 are each amended to
20 read as follows:

21 Unless the context clearly requires otherwise, the definitions in
22 this section shall apply throughout this chapter.

23 (1) "Administrator" means the administrator of the authority.

24 (2) "State purchased health care" or "health care" means medical
25 and health care, pharmaceuticals, and medical equipment purchased with
26 state and federal funds by the department of social and health
27 services, the department of health, the (~~basic health plan~~)
28 Washington health insurance purchasing cooperative, the state health
29 care authority, the department of labor and industries, the department
30 of corrections, the department of veterans affairs, and local school
31 districts.

32 (3) "Authority" means the Washington state health care authority.

33 (4) "Insuring entity" means an insurance carrier as defined in
34 chapter 48.20 or 48.21 or 48.22 RCW, a health care service contractor
35 as defined in chapter 48.44 RCW, or a health maintenance organization
36 as defined in chapter 48.46 RCW.

37 (5) "Flexible benefit plan" means a benefit plan that allows
38 employees to choose the level of health care coverage provided and the

1 amount of employee contributions from among a range of choices offered
2 by the authority.

3 (6) "Employee" includes all full-time and career seasonal employees
4 of the state, whether or not covered by civil service; elected and
5 appointed officials of the executive branch of government, including
6 full-time members of boards, commissions, or committees; and includes
7 any or all part-time and temporary employees under the terms and
8 conditions established under this chapter by the authority; justices of
9 the supreme court and judges of the court of appeals and the superior
10 courts; and members of the state legislature or of the legislative
11 authority of any county, city, or town who are elected to office after
12 February 20, 1970. "Employee" also includes employees of a county,
13 municipality, or other political subdivision of the state if the
14 legislative authority of the county, municipality, or other political
15 subdivision of the state seeks and receives the approval of the
16 authority to provide any of its insurance programs by contract with the
17 authority, as provided in RCW 41.04.205, and employees of a school
18 district if the board of directors of the school district seeks and
19 receives the approval of the authority to provide any of its insurance
20 programs by contract with the authority as provided in RCW 28A.400.350.

21 (7) "Board" means the state employees' benefits board established
22 under RCW 41.05.055.

23 (8) "Cooperative board" means the Washington health care purchasing
24 cooperative board as established under chapter 48.-- RCW (sections 101
25 through 113 and 609 of this act).

26 **Sec. 308.** RCW 41.05.021 and 1990 c 222 s 3 are each amended to
27 read as follows:

28 The Washington state health care authority is created within the
29 executive branch. The authority shall have an administrator appointed
30 by the governor, with the consent of the senate. The administrator
31 shall serve at the pleasure of the governor. The administrator may
32 employ up to seven staff members, who shall be exempt from chapter
33 41.06 RCW, and any additional staff members as are necessary to
34 administer this chapter. The primary duties of the authority shall be
35 to administer state employees' insurance benefits and to study state-
36 purchased health care programs in order to maximize cost containment in
37 these programs while ensuring access to quality health care. The
38 authority's duties include, but are not limited to, the following:

1 (1) To administer a health care benefit program for employees as
2 specifically authorized in RCW 41.05.065 and in accordance with the
3 methods described in RCW 41.05.075, 41.05.140, and other provisions of
4 this chapter;

5 (2) To analyze state-purchased health care programs and to explore
6 options for cost containment and delivery alternatives for those
7 programs that are consistent with the purposes of those programs,
8 including, but not limited to:

9 (a) Creation of economic incentives for the persons for whom the
10 state purchases health care to appropriately utilize and purchase
11 health care services, including the development of flexible benefit
12 plans to offset increases in individual financial responsibility;

13 (b) Utilization of provider arrangements that encourage cost
14 containment and ensure access to quality care, including but not
15 limited to prepaid delivery systems, utilization review, and
16 prospective payment methods;

17 (c) Coordination of state agency efforts to purchase drugs
18 effectively as provided in RCW 70.14.050;

19 (d) Development of recommendations and methods for purchasing
20 medical equipment and supporting services on a volume discount basis;
21 and

22 (e) Development of data systems to obtain utilization data from
23 state-purchased health care programs in order to identify cost centers,
24 utilization patterns, provider and hospital practice patterns, and
25 procedure costs, utilizing the information obtained pursuant to RCW
26 41.05.031;

27 (3) To analyze areas of public and private health care interaction;

28 (4) To provide information and technical and administrative
29 assistance to the board;

30 (5) To review and approve or deny applications from counties,
31 municipalities, other political subdivisions of the state, and school
32 districts to provide state-sponsored insurance or self-insurance
33 programs to their employees in accordance with the provisions of RCW
34 41.04.205 and 28A.400.350, setting the premium contribution, consistent
35 with premium contribution limits set forth by the cooperative board for
36 approved groups as outlined in RCW 41.05.050;

37 (6) To appoint a health care policy technical advisory committee as
38 required by RCW 41.05.150; and

1 (7) To promulgate and adopt rules consistent with this chapter as
2 described in RCW 41.05.160.

3 **Sec. 309.** RCW 41.05.050 and 1988 c 107 s 18 are each amended to
4 read as follows:

5 (1) Every department, division, or separate agency of state
6 government, and such county, municipal, or other political subdivisions
7 as are covered by this chapter, shall provide contributions to
8 insurance and health care plans for its employees and their dependents,
9 the content of such plans to be determined by the authority.
10 Contributions, paid by the county, the municipality, or other political
11 subdivision for their employees, shall include an amount determined by
12 the authority to pay such administrative expenses of the authority as
13 are necessary to administer the plans for employees of those groups.
14 All such contributions will be paid into the state employees' health
15 insurance account.

16 (2) The contributions of any department, division, or separate
17 agency of the state government, and such county, municipal, or other
18 political subdivisions as are covered by this chapter, shall be set by
19 the authority, subject to the approval of the governor for availability
20 of funds as specifically appropriated by the legislature for that
21 purpose. However, insurance and health care contributions for ferry
22 employees shall be governed by RCW 47.64.270.

23 ~~((3) The administrator with the assistance of the state employees'~~
24 ~~benefits board shall survey private industry and public employers in~~
25 ~~the state of Washington to determine the average employer contribution~~
26 ~~for group insurance programs under the jurisdiction of the authority.~~
27 ~~Such survey shall be conducted during each even numbered year but may~~
28 ~~be conducted more frequently. The survey shall be reported to the~~
29 ~~authority for its use in setting the amount of the recommended employer~~
30 ~~contribution to the employee insurance benefit program covered by this~~
31 ~~chapter. The authority shall transmit a recommendation for the amount~~
32 ~~of the employer contribution to the governor and the director of~~
33 ~~financial management for inclusion in the proposed budgets submitted to~~
34 ~~the legislature.))~~

35 **Sec. 310.** RCW 41.05.055 and 1989 c 324 s 1 are each amended to
36 read as follows:

1 (1) The state employees' benefits board is created within the
2 authority. The function of the board is to design and approve
3 nonhealth insurance benefit plans for state employees and to approve
4 the cooperative board adopted certified health plans for state
5 employees.

6 (2) The board shall be composed of seven members appointed by the
7 governor as follows:

8 (a) Three representatives of state employees, one of whom shall
9 represent an employee association certified as exclusive representative
10 of at least one bargaining unit of classified employees, one of whom
11 shall represent an employee union certified as exclusive representative
12 of at least one bargaining unit of classified employees, and one of
13 whom is retired, is covered by a program under the jurisdiction of the
14 board, and represents an organized group of retired public employees;

15 (b) Three members with experience in health benefit management and
16 cost containment; and

17 (c) The administrator.

18 (3) The governor shall appoint the initial members of the board to
19 staggered terms not to exceed four years. Members appointed thereafter
20 shall serve two-year terms. Members of the board shall be compensated
21 in accordance with RCW 43.03.250 and shall be reimbursed for their
22 travel expenses while on official business in accordance with RCW
23 43.03.050 and 43.03.060. The board shall prescribe rules for the
24 conduct of its business. The administrator shall serve as chair of the
25 board. Meetings of the board shall be at the call of the chair.

26 **Sec. 311.** RCW 41.05.065 and 1988 c 107 s 8 are each amended to
27 read as follows:

28 (1) The board shall study all matters connected with the provision
29 of health care coverage, life insurance, liability insurance,
30 accidental death and dismemberment insurance, and disability income
31 insurance or any of, or a combination of, the enumerated types of
32 insurance for employees and their dependents on the best basis possible
33 with relation both to the welfare of the employees and to the state:
34 PROVIDED, That liability insurance shall not be made available to
35 dependents.

36 (2) With the exception of health benefit plans, the state
37 employees' benefits board shall develop employee benefit plans ((that
38 include comprehensive health care benefits for all employees. In

1 developing these plans, the board shall consider the following
2 elements:

3 (a) ~~Methods of maximizing cost containment while ensuring access to~~
4 ~~quality health care;~~

5 (b) ~~Development of provider arrangements that encourage cost~~
6 ~~containment and ensure access to quality care, including but not~~
7 ~~limited to prepaid delivery systems and prospective payment methods;~~

8 (c) ~~Wellness incentives that focus on proven strategies, such as~~
9 ~~smoking cessation, exercise, and automobile and motorcycle safety;~~

10 (d) ~~Utilization review procedures including, but not limited to~~
11 ~~prior authorization of services, hospital inpatient length of stay~~
12 ~~review, requirements for use of outpatient surgeries and second~~
13 ~~opinions for surgeries, review of invoices or claims submitted by~~
14 ~~service providers, and performance audit of providers; and~~

15 (e) ~~Effective coordination of benefits)).~~ The board shall adopt
16 employee health benefit plans that are certified by the cooperative
17 board to provide the uniform benefit package under chapter 48.-- RCW
18 (sections 101 through 113 and 609 of this act).

19 (3) The board shall design benefits and determine the terms and
20 conditions of employee participation and coverage, including
21 establishment of eligibility criteria, which, when appropriate are
22 consistent with terms of participation developed by the cooperative
23 board under chapter 48.-- RCW (sections 101 through 113 and 609 of this
24 act).

25 (4) The board ((may)) shall authorize premium contributions for an
26 employee and the employee's dependents consistent with those adopted by
27 the cooperative board under chapter 48.-- RCW (sections 101 through 113
28 and 609 of this act). ((Such authorization shall require a vote of
29 five members of the board for approval.))

30 (5) Employees may choose participation in only one of the ((health
31 care benefit plans developed)) certified health plans adopted by the
32 board.

33 (6) The board shall review plans proposed by insurance carriers
34 that desire to offer property insurance and/or accident and casualty
35 insurance to state employees through payroll deduction. The board may
36 approve any such plan for payroll deduction by carriers holding a valid
37 certificate of authority in the state of Washington and which the board
38 determines to be in the best interests of employees and the state. The

1 board shall (~~promulgate~~) adopt rules setting forth criteria by which
2 it shall evaluate the plans.

3 **Sec. 312.** RCW 41.05.075 and 1988 c 107 s 9 are each amended to
4 read as follows:

5 (1) The administrator shall provide employee benefit plans designed
6 by the board and health benefit plans adopted by the board through a
7 contract or contracts with insuring entities, through self-funding,
8 self-insurance, or other methods of providing insurance coverage
9 authorized by RCW 41.05.140.

10 (2) The administrator shall establish a contract bidding process
11 that encourages competition among insuring entities, is timely to the
12 state budgetary process, and sets conditions for awarding contracts to
13 any insuring entity.

14 (3) The administrator shall purchase employee health benefit plans
15 through the Washington health insurance purchasing cooperative in
16 accordance with terms set forth by the cooperative board and under
17 chapter 48.-- RCW (sections 101 through 113 and 609 of this act).

18 (4) The administrator shall establish a requirement for review of
19 utilization and financial data from participating insuring entities and
20 certified health plans on a quarterly basis.

21 (~~(4)~~) (5) The administrator shall centralize the enrollment files
22 for all employee health plans and develop enrollment demographics on a
23 plan-specific basis.

24 (~~(5)~~) (6) The administrator shall establish methods for
25 collecting, analyzing, and disseminating to covered individuals
26 information on the cost and quality of services rendered by individual
27 health care providers.

28 (~~(6)~~) (7) All claims data shall be the property of the state.
29 The administrator may require of any insuring entity that submits a bid
30 to contract for coverage all information deemed necessary to fulfill
31 the administrator's duties as set forth in this chapter.

32 (~~(7)~~) ~~All contracts with insuring entities for the provision of~~
33 ~~health care benefits shall provide that the beneficiaries of such~~
34 ~~benefit plans may use on an equal participation basis the services of~~
35 ~~practitioners licensed pursuant to chapters 18.22, 18.25, 18.32, 18.53,~~
36 ~~18.57, 18.71, 18.74, 18.83, and 18.88 RCW. However, nothing in this~~
37 ~~subsection may preclude the administrator from establishing appropriate~~

1 utilization controls approved pursuant to RCW 41.05.065(2) (a)(i), (b),
2 and (d).))

3 (8) ((Beginning in January 1990, and)) Each January ((thereafter,))
4 the administrator shall publish and distribute to each school district
5 a description of health care benefit plans available through the
6 authority and the estimated cost if school district employees were
7 enrolled.

8 **Sec. 313.** RCW 41.05.140 and 1988 c 107 s 12 are each amended to
9 read as follows:

10 (1) The authority may self-fund, self-insure, or enter into other
11 methods of providing insurance coverage for insurance programs under
12 its jurisdiction except property and casualty insurance. After January
13 1, 1996, the authorization to self-insure for health benefit plans
14 shall result in coverage to no more than twenty-five percent of
15 enrollees under jurisdiction of the authority. The health benefits
16 offered under this authorization must meet requirements as a certified
17 plan under chapter 48.-- RCW (sections 101 through 113 and 609 of this
18 act). The authority shall contract for payment of claims or other
19 administrative services for programs under its jurisdiction. If a
20 program does not require the prepayment of reserves, the authority
21 shall establish such reserves within a reasonable period of time for
22 the payment of claims as are normally required for that type of
23 insurance under an insured program. Reserves established by the
24 authority shall be held in a separate trust fund by the state treasurer
25 and shall be known as the state employees' insurance reserve fund. The
26 state investment board shall act as the investor for the funds and,
27 except as provided in RCW 43.33A.160, one hundred percent of all
28 earnings from these investments shall accrue directly to the state
29 employees' insurance reserve fund.

30 (2) Any savings realized as a result of a program created under
31 this section shall not be used to increase benefits unless such use is
32 authorized by statute.

33 (3) Any program created under this section shall be subject to the
34 examination requirements of chapter 48.03 RCW as if the program were a
35 domestic insurer. In conducting an examination, the commissioner shall
36 determine the adequacy of the reserves established for the program.

1 (4) The authority shall keep full and adequate accounts and records
2 of the assets, obligations, transactions, and affairs of any program
3 created under this section.

4 (5) The authority shall file a quarterly statement of the financial
5 condition, transactions, and affairs of any program created under this
6 section in a form and manner prescribed by the insurance commissioner.
7 The statement shall contain information as required by the commissioner
8 for the type of insurance being offered under the program. A copy of
9 the annual statement shall be filed with the speaker of the house of
10 representatives and the president of the senate.

11 **Sec. 314.** RCW 28A.400.350 and 1990 1st ex.s. c 11 s 3 and 1990 c
12 74 s 1 are each reenacted and amended to read as follows:

13 (1) The board of directors of any of the state's school districts
14 may make available liability, life, health, health care, accident,
15 disability and salary protection or insurance or any one of, or a
16 combination of the enumerated types of insurance, or any other type of
17 insurance or protection, for the members of the boards of directors,
18 the students, and employees of the school district, and their
19 dependents. Except for health care benefits, such coverage may be
20 provided by contracts with private carriers(~~(, with the state health~~
21 ~~care authority after July 1, 1990, pursuant to the approval of the~~
22 ~~authority administrator,))~~ or through self-insurance or self-funding
23 pursuant to chapter 48.62 RCW, or in any other manner authorized by
24 law. Effective after July 1, 1996, all health benefit plans shall be
25 obtained through the state health care authority.

26 (2) Whenever funds are available for these purposes the board of
27 directors of the school district may contribute all or a part of the
28 cost of such protection or insurance for the employees of their
29 respective school districts and their dependents. The premiums on such
30 liability insurance shall be borne by the school district.

31 After October 1, 1990, school districts may not contribute to any
32 employee protection or insurance other than liability insurance unless
33 the district's employee benefit plan conforms to RCW 28A.400.275 and
34 28A.400.280.

35 (3) For school board members and students, the premiums due on such
36 protection or insurance shall be borne by the assenting school board
37 member or student: PROVIDED, That the school district may contribute
38 all or part of the costs, including the premiums, of life, health,

1 health care, accident or disability insurance which shall be offered to
2 all students participating in interschool activities on the behalf of
3 or as representative of their school or school district. The school
4 district board of directors may require any student participating in
5 extracurricular interschool activities to, as a condition of
6 participation, document evidence of insurance or purchase insurance
7 that will provide adequate coverage, as determined by the school
8 district board of directors, for medical expenses incurred as a result
9 of injury sustained while participating in the extracurricular
10 activity. In establishing such a requirement, the district shall adopt
11 regulations for waiving or reducing the premiums of such coverage as
12 may be offered through the school district to students participating in
13 extracurricular activities, for those students whose families, by
14 reason of their low income, would have difficulty paying the entire
15 amount of such insurance premiums. The district board shall adopt
16 regulations for waiving or reducing the insurance coverage requirements
17 for low-income students in order to assure such students are not
18 prohibited from participating in extracurricular interschool
19 activities.

20 (4) All contracts for insurance or protection written to take
21 advantage of the provisions of this section shall provide that the
22 beneficiaries of such contracts may utilize on an equal participation
23 basis the services of those practitioners licensed pursuant to chapters
24 18.22, 18.25, 18.53, 18.57, and 18.71 RCW.

25 NEW SECTION. **Sec. 315.** EFFECTIVE DATE. Sections 306 through 314
26 of this act shall take effect January 1, 1996.

27 **PART IV - HEALTH DATA**

28 **Sec. 401.** RCW 70.170.010 and 1989 1st ex.s. c 9 s 501 are each
29 amended to read as follows:

30 (1) The legislature finds and declares that there is a need for
31 health care information that helps the general public understand health
32 care issues and how they can be better consumers and that is useful to
33 purchasers, payers, and providers in making health care choices (~~and~~
34 ~~negotiating payments~~). The legislature further finds that there is a
35 need for a comprehensive health data system that will permit
36 purchasers, payers, consumers, and government to assess and monitor the

1 quality of health care services, monitor the costs of health care and
2 aid in making health care purchasing decisions. It is the purpose and
3 intent of this chapter to establish a ((~~hospital~~)) health care data
4 collection, storage, and retrieval system which supports these data
5 needs and which also provides public officials and others engaged in
6 the development of state health policy the information necessary for
7 the analysis of health care issues.

8 (2) The legislature finds that rising health care costs and access
9 to health care services are of vital concern to the people of this
10 state. It is, therefore, essential that strategies be explored that
11 moderate health care costs and promote access to health care services.

12 (3) The legislature further finds that access to health care is
13 among the state's goals and the provision of such care should be among
14 the purposes of health care providers and facilities. Therefore, the
15 legislature intends that charity care requirements and related
16 enforcement provisions for hospitals be explicitly established.

17 (4) The lack of reliable statistical information about the delivery
18 of charity care is a particular concern that should be addressed. It
19 is ((~~the~~)) a purpose and intent of this chapter to require hospitals to
20 provide, and report to the state, charity care to persons with acute
21 care needs, and to have a state agency both monitor and report on the
22 relative commitment of hospitals to the delivery of charity care
23 services, as well as the relative commitment of public and private
24 purchasers or payers to charity care funding.

25 **Sec. 402.** RCW 70.170.020 and 1989 1st ex.s. c 9 s 502 are each
26 amended to read as follows:

27 As used in this chapter:

28 (1) "Council" means the health care ((~~access~~)) data, quality
29 assurance, and cost control council created by this chapter.

30 (2) "Department" means department of health.

31 (3) "Hospital" means any health care institution which is required
32 to qualify for a license under RCW 70.41.020(2); or as a psychiatric
33 hospital under chapter 71.12 RCW.

34 (4) "Secretary" means secretary of health.

35 (5) "Charity care" means necessary hospital health care rendered to
36 indigent persons, to the extent that the persons are unable to pay for
37 the care or to pay deductibles or co-insurance amounts required by a
38 third-party payer, as determined by the department.

1 (6) "Sliding fee schedule" means a hospital-determined, publicly
2 available schedule of discounts to charges for persons deemed eligible
3 for charity care; such schedules shall be established after
4 consideration of guidelines developed by the department.

5 (7) "Special studies" means studies which have not been funded
6 through the department's biennial or other legislative appropriations.

7 (8) "Health care" means all care, goods, technologies, or services
8 provided to persons by providers of care intended to ascertain,
9 improve, restore, or maintain the health and well-being of such
10 persons. It specifically includes but is not limited to, the care,
11 goods, technologies, or services of health care practitioners,
12 programs, facilities, or other health care entities regulated by Title
13 18 or 70 RCW.

14 (9) "Providers" means all health care practitioners, programs,
15 facilities, or other health care entities regulated under Title 18 or
16 70 RCW.

17 (10) "Health care payers" includes all state health care payment
18 programs; all disability insurers, health care service contractors, and
19 health maintenance organizations subject to the jurisdiction of the
20 insurance commissioner under Title 48 RCW; all providers, carriers, and
21 others subject to the provisions of chapter 48.-- RCW (sections 101
22 through 113 and 609 of this act), and all employers who provide health
23 care benefits to employees through self-insurance.

24 (11) "Reporters" means providers and health care payers.

25 **Sec. 403.** RCW 70.170.030 and 1989 1st ex.s. c 9 s 503 are each
26 amended to read as follows:

27 (1) There is created the health care ((access)) data, quality
28 assurance, and cost control council within the department of health
29 consisting of the following: The director of the department of labor
30 and industries; the administrator of the health care authority; the
31 secretary of social and health services; the insurance commissioner;
32 the administrator of the ((basic health plan)) Washington health
33 insurance purchasing cooperative; a person representing the governor on
34 matters of health policy; the secretary of health; and ((one member
35 from the public at large to be selected by the governor who shall
36 represent individual consumers of health care. The public member shall
37 not have any fiduciary obligation to any health care facility or any
38 financial interest in the provision of health care services)) six

1 public members. Public members shall be appointed by the governor. In
2 selecting public members, the governor shall assure that the council
3 collectively has the technical expertise necessary to fulfill the
4 purposes of this chapter and also reflects the perspectives of the
5 users and reporters. Public members shall serve five-year terms. The
6 governor shall designate three of the initial appointees to serve
7 three-year terms in order to provide staggered terms. Thereafter all
8 public members shall serve five-year terms. All persons appointed to
9 fill vacancies shall be appointed in the same manner as the persons
10 they are replacing. Members employed by the state shall serve without
11 pay and participation in the council's work shall be deemed performance
12 of their employment. The public member shall be compensated in
13 accordance with RCW 43.03.240 and shall be reimbursed for related
14 travel expenses in accordance with RCW 43.03.050 and 43.03.060.

15 (2) A member of the council designated by the governor shall serve
16 as chairman. The council shall elect a vice-chairman from its members
17 biennially. Meetings of the council shall be held as frequently as its
18 duties require. The council shall keep minutes of its meetings and
19 adopt procedures for the governing of its meetings, minutes, and
20 transactions.

21 (3) ~~((Four))~~ Six members shall constitute a quorum~~((, but a vacancy~~
22 ~~on the council shall not impair its power to act))~~. No action of the
23 council shall be effective unless four members concur therein.

24 **Sec. 404.** RCW 70.170.040 and 1989 1st ex.s. c 9 s 504 are each
25 amended to read as follows:

26 (1) In order to advise the department and the board of health in
27 preparing executive request legislation and the state health report
28 according to RCW 43.20.050, and, in order to represent the public
29 interest, the council shall monitor and evaluate hospital and related
30 health care services consistent with RCW 70.170.010. In fulfilling its
31 responsibilities, the council shall have complete access to all the
32 department's data and information systems.

33 (2) The council shall advise the department on the ~~((hospital))~~
34 health care data collection system required by this chapter.

35 (3) The council, in addition to participation in the development of
36 the state health report, shall, from time to time, report to the
37 governor and the appropriate committees of the legislature with

1 proposed changes in hospital and related health care services,
2 consistent with the findings in RCW 70.170.010.

3 ~~((4) The department may undertake, with advice from the council
4 and within available funds, the following studies:~~

5 ~~(a) Recommendations regarding health care cost containment, and the
6 assurance of access and maintenance of adequate standards of care;~~

7 ~~(b) Analysis of the effects of various payment methods on health
8 care access and costs;~~

9 ~~(c) The utility of the certificate of need program and related
10 health planning process;~~

11 ~~(d) Methods of permitting the inclusion of advance medical
12 technology on the health care system, while controlling inappropriate
13 use;~~

14 ~~(e) The appropriateness of allocation of health care services;~~

15 ~~(f) Professional liabilities on health care access and costs, to
16 include:~~

17 ~~(i) Quantification of the financial effects of professional
18 liability on health care reimbursement;~~

19 ~~(ii) Determination of the effects, if any, of nonmonetary factors
20 upon the availability of, and access to, appropriate and necessary
21 basic health services such as, but not limited to, prenatal and
22 obstetrical care; and~~

23 ~~(iii) Recommendation of proposals that would mitigate cost and
24 access impacts associated with professional liability.~~

25 The department shall report its findings and recommendations to the
26 governor and the appropriate committees of the legislature not later
27 than July 1, 1991.))

28 **Sec. 405.** RCW 70.170.050 and 1989 1st ex.s. c 9 s 505 are each
29 amended to read as follows:

30 The department shall have the authority to respond to requests ((of
31 others)) for data, special studies, or analysis. The department may
32 require ((such sponsors to pay)) payment of any or all of the
33 reasonable costs associated with such requests that might be approved,
34 but in no event may costs directly associated with any such special
35 study be charged against the funds generated by the assessment
36 authorized under RCW 70.170.080.

1 **Sec. 406.** RCW 70.170.080 and 1991 sp.s. c 13 s 71 are each amended
2 to read as follows:

3 The basic expenses for the ~~((hospital))~~ data collection and
4 reporting activities of this chapter shall be financed by an assessment
5 ~~((against hospitals))~~ upon reporters of no more than four one-
6 hundredths of one percent of ~~((each hospital's gross operating costs,~~
7 ~~to be levied and collected from and after that date, upon which the~~
8 ~~similar assessment levied under chapter 70.39 RCW is terminated, for~~
9 ~~the provision of hospital services for its last fiscal year ending on~~
10 ~~or before June 30th of the preceding calendar year))~~ the gross billed
11 amount for the service that is the subject matter of the data.
12 Budgetary requirements in excess of that limit must be financed by a
13 general fund appropriation by the legislature. All moneys collected
14 under this section shall be deposited by the state treasurer in the
15 ~~((hospital))~~ health data collection account which is hereby created in
16 the state treasury. This account is the successor to the hospital data
17 collection account, the balance of which shall be placed in the health
18 care data collection account. The department may also charge, receive,
19 and dispense funds or authorize any contractor or outside sponsor to
20 charge for and reimburse the costs associated with special studies as
21 specified in RCW 70.170.050.

22 Any amounts raised by the collection of assessments from hospitals
23 provided for in this section which are not required to meet
24 appropriations in the budget act for the current fiscal year shall be
25 available to the department in succeeding years.

26 **Sec. 407.** RCW 70.170.100 and 1990 c 269 s 12 are each amended to
27 read as follows:

28 (1) The department, in consultation with the council, is
29 responsible for the development, implementation, and custody of a
30 state-wide ~~((hospital))~~ health care data system. As part of the design
31 stage for development of the system, the ~~((department))~~ council shall
32 undertake a needs assessment of the types of, and format for,
33 ~~((hospital))~~ health care data needed by consumers, purchasers, health
34 care payers, ((hospitals)) providers, the Washington health insurance
35 purchasing cooperative, and state government as consistent with the
36 intent of this chapter and chapter 48.-- RCW (sections 101 through 113
37 and 609 of this act). The ~~((department))~~ council shall ~~((identify))~~
38 recommend to the department a set of ~~((hospital))~~ health care data

1 elements and report specifications which satisfy these needs. The
2 (~~council shall review the design of the data system and may direct the~~
3 ~~department to~~) department may contract with a private vendor (~~for~~
4 ~~assistance in the design of the data system~~) in the state of
5 Washington for work to be performed under this section. The data
6 elements, specifications, and other (~~design~~) distinguishing features
7 of this data system shall be made available for public review and
8 comment and shall be published, with comments, as the department's
9 (~~first~~) data plan by January 1, (~~1990~~) 1994.

10 (2) (~~Subsequent to the initial development of the data system as~~
11 ~~published as the department's first data plan, revisions to the data~~
12 ~~system shall be considered through the department's development of a~~
13 ~~biennial data plan, as proposed to, and funded by, the legislature~~
14 ~~through the biennial appropriations process. Costs of data activities~~
15 ~~outside of these data plans except for special studies shall be funded~~
16 ~~through legislative appropriations.~~

17 (3)) In designing the state-wide (~~hospital~~) health care data
18 system and any data plans, the council and the department shall
19 identify (~~hospital~~) health care data elements relating to (~~both~~
20 ~~hospital finances~~) health care costs, public health services, the
21 quality of health care services, data needs necessary to implement
22 provisions of chapter 48.-- RCW (sections 101 through 113 and 609 of
23 this act) and (the) use of health care services by (patients)
24 consumers. Data elements (~~relating to hospital finances~~) shall be
25 reported (~~by hospitals~~) as the department directs by reporters in
26 conformance with a uniform (~~system of~~) reporting (~~as specified by~~
27 ~~the department and shall~~) system established by the department, which
28 shall be adopted by all reporters. In the case of hospitals this
29 includes data elements identifying each hospital's revenues, expenses,
30 contractual allowances, charity care, bad debt, other income, total
31 units of inpatient and outpatient services, and other financial,
32 service utilization, and quality-related information reasonably
33 necessary to fulfill the purposes of this chapter, for hospital
34 activities as a whole and, as feasible and appropriate, for specified
35 classes of hospital purchasers and payers. Data elements relating to
36 use of hospital services by patients shall, at least initially, be the
37 same as those currently compiled by hospitals through inpatient
38 discharge abstracts (~~and reported to the Washington state hospital~~

1 commission)). The department shall permit reporting by electronic
2 transmission or hard copy as is practical and economical to reporters.
3 ~~((4))~~ (3) The state-wide ((hospital)) health care data system
4 shall be uniform in its identification of reporting requirements for
5 ~~((hospitals))~~ reporters across the state to the extent that such
6 uniformity is ((necessary)) useful to fulfill the purposes of this
7 chapter. Data reporting requirements may reflect differences ((in
8 hospital size; urban or rural location; scope, type, and method of
9 providing service; financial structure; or other pertinent
10 distinguishing factors)) that involve pertinent distinguishing features
11 as recommended by the council and approved by the department in rule.
12 So far as ((possible)) is practical, the data system shall be
13 coordinated with any requirements of the trauma care data registry as
14 authorized in RCW 70.168.090, the federal department of health and
15 human services in its administration of the medicare program, ((and))
16 the state in its role of gathering public health statistics, or any
17 other payer program of consequence, so as to minimize any unduly
18 burdensome reporting requirements imposed on ((hospitals)) reporters.
19 ~~((5))~~ (4) In identifying financial reporting requirements under
20 the state-wide ((hospital)) health care data system, the department may
21 require both annual reports and condensed quarterly reports, from
22 reporters so as to achieve both accuracy and timeliness in reporting,
23 but shall craft such requirements with due regard of the data reporting
24 burdens of reporters.
25 ~~((6))~~ In designing the initial state-wide hospital data system as
26 published in the department's first data plan, the department shall
27 review all existing systems of hospital financial and utilization
28 reporting used in this state to determine their usefulness for the
29 purposes of this chapter, including their potential usefulness as
30 revised or simplified.
31 (7) Until such time as the state wide hospital data system and
32 first data plan are developed and implemented and hospitals are able to
33 comply with reporting requirements, the department shall require
34 hospitals to continue to submit the hospital financial and patient
35 discharge information previously required to be submitted to the
36 Washington state hospital commission. Upon publication of the first
37 data plan, hospitals shall have a reasonable period of time to comply
38 with any new reporting requirements and, even in the event that new

1 ~~reporting requirements differ greatly from past requirements, shall~~
2 ~~comply within two years of July 1, 1989.~~

3 ~~(8))~~ (5) The ((hospital)) health care data collected ((and)),
4 maintained, and studied by the department shall be available for
5 retrieval, unless deemed confidential, in original or processed form to
6 public and private requestors within a reasonable period of time after
7 the date of request. The cost of retrieving data for state officials
8 and agencies shall be funded through the state general appropriation.
9 The cost of retrieving data for individuals and organizations engaged
10 in research or private use of data shall be funded by a fee schedule
11 developed by the department which reflects the direct cost of
12 retrieving the data or study in the requested form.

13 (6) All persons subject to this chapter, including all state
14 agencies, shall comply with requirements established by rule in the
15 acquisition of data. The department shall each December 1 of even-
16 numbered years report to the senate and house of representatives policy
17 committees on health care on the status of the data system, the level
18 of participation by payer and provider groups, and recommended
19 statutory changes necessary to meet the objectives established in this
20 chapter.

21 (7) The department shall establish in rule confidentiality
22 standards to safeguard the information collected under this chapter
23 from inappropriate use or release.

24 **Sec. 408.** RCW 70.170.110 and 1989 1st ex.s. c 9 s 511 are each
25 amended to read as follows:

26 The department shall provide, or may contract with a private
27 ~~((entity to provide, hospital analyses and reports))~~ vendor in the
28 state of Washington to provide any studies or reports it chooses to
29 conduct consistent with the purposes of this chapter. ((Prior to
30 release, the department shall provide affected hospitals with an
31 opportunity to review and comment on reports which identify individual
32 hospital data with respect to accuracy and completeness, and otherwise
33 shall focus on aggregate reports of hospital performance.)) The
34 department may perform such studies or any other studies consistent
35 with the purposes of this chapter. These reports ((shall)) may
36 include:

37 (1) Consumer guides on purchasing ((hospital care services and)) or
38 consuming health care and publications providing verifiable and useful

1 comparative information to (~~consumers on hospitals and hospital~~) the
2 public on health care services and the quality of health care
3 providers;

4 (2) Reports for use by classes of purchasers, health care payers,
5 and providers as specified for content and format in the state-wide
6 data system and data plan; (~~and~~)

7 (3) Reports on relevant (~~hospital~~) health care policy (~~issues~~)
8 including the distribution of hospital charity care obligations among
9 hospitals; absolute and relative rankings of Washington and other
10 states, regions, and the nation with respect to expenses, net revenues,
11 and other key indicators; (~~hospital~~) provider efficiencies; and the
12 effect of medicare, medicaid, and other public health care programs on
13 rates paid by other purchasers of (~~hospital~~) health care;

14 (4) Any other studies deemed useful to assist the public in
15 understanding the prudent and cost-effective use of the health care
16 delivery system;

17 (5) Study and report each December 1 to the health policy and
18 fiscal committees of the legislature and the governor on the number of
19 uninsured residents in the state. The report shall provide enough
20 detail to permit the legislature and the governor to monitor the
21 effectiveness of the state's efforts to increase the availability of
22 health insurance to state residents and to identify significant
23 populations or groups who remain uninsured; and

24 (6) Any other studies necessary to fulfill the legislative intent
25 of this chapter and the provisions of chapter 48.-- RCW (sections 101
26 through 113 and 609 of this act).

27 NEW SECTION. Sec. 409. DEPARTMENT STUDY. By December 1, 1994,
28 the department of health shall provide a baseline report on
29 expenditures, utilization, and populations covered by publicly funded
30 long-term care services for senior citizens and individuals with
31 functional disabilities including developmental disabilities, physical
32 disabilities, and mental illness. The report shall include cost
33 benefit analysis of services designed to support persons in ways that
34 prevent disease and injury and promote and restore health. The report
35 should identify those services that support individuals and their
36 families in ways that reflect consumer satisfaction and are more cost-
37 effective and efficacious.

1 NEW SECTION. **Sec. 410.** EMERGENCY CLAUSE. Sections 401 through
2 409 of this act are necessary for the immediate preservation of the
3 public peace, health, or safety, or support of the state government and
4 its existing public institutions, and shall take effect immediately.

5 **PART V - PROVIDER CONFLICT OF FINANCIAL INTEREST**

6 NEW SECTION. **Sec. 501.** LEGISLATIVE INTENT. The legislature finds
7 that there is a growing practice of health care professionals having
8 financial interest in laboratory and other services. The legislature
9 further finds that such practices may result in overutilization of
10 health care services and excessive costs to individuals, third-party
11 payers, and the health care system.

12 NEW SECTION. **Sec. 502.** Unless the context clearly requires
13 otherwise, the definitions in this section apply throughout this
14 chapter.

15 (1) "Department" means the department of health.

16 (2) "Health care laboratory service" means a business, firm,
17 corporation, or entity that provides testing or diagnosis of human
18 disease or dysfunction and includes, but is not limited to,
19 bioanalytical, laboratory, radiological, and diagnostic imagery
20 services.

21 (3) "Practitioner" means a physician licensed under chapter 18.57
22 or 18.71 RCW or a chiropractor licensed under chapter 18.25 RCW.

23 NEW SECTION. **Sec. 503.** (1) Except when authorized under
24 subsection (2) of this section, a practitioner shall not refer a
25 patient to a health care laboratory service in which the practitioner
26 has any financial interest.

27 (2) A practitioner may refer a patient to a health care laboratory
28 service in which the practitioner has a financial interest if the
29 department has determined by rule that:

30 (a) The service is located in a rural area, as defined by the
31 department, and provides laboratory services primarily to patients
32 living in the rural area;

33 (b) Alternative health care laboratory services are not available
34 in the rural area;

1 (c) The service is part of a managed care system, as determined by
2 the department, and the patient is an enrollee in the managed care
3 system; or

4 (d) Prohibiting the referral of patients will jeopardize patient
5 care because of delays in treatment.

6 NEW SECTION. **Sec. 504.** A violation of this chapter is a gross
7 misdemeanor and is unprofessional conduct and subject to the provisions
8 of chapter 18.130 RCW.

9 NEW SECTION. **Sec. 505.** CODIFICATION DIRECTIONS. Sections 501
10 through 504 of this act shall constitute a new chapter in Title 19 RCW.

11 NEW SECTION. **Sec. 506.** EMERGENCY CLAUSE. Sections 501 through
12 504 of this act are necessary for the immediate preservation of the
13 public peace, health, or safety, or support of the state government and
14 its existing public institutions, and shall take effect immediately.

15 **PART VI - UNIFORM ELECTRONIC CLAIMS PROCESSING**

16 NEW SECTION. **Sec. 601.** A new section is added to chapter 48.20
17 RCW to read as follows:

18 APPLICATION TO DISABILITY INSURANCE POLICIES. (1) After July 1,
19 1994, all disability insurance policies that provide coverage for
20 hospital or medical expenses shall use for all billing purposes in
21 electronic format either the health care financing administration
22 (HCFA) 1500 form, or its successor, or the uniform billing (UB) 82
23 form, or its successor. For billing purposes, this subsection does not
24 apply to pharmacists, dentists, the provision of eyeglasses,
25 transportation services, or vocational services.

26 (2) As of July 1, 1994, the forms developed under section 610 of
27 this act shall be used by providers of health care and carriers under
28 this chapter.

29 NEW SECTION. **Sec. 602.** A new section is added to chapter 48.21
30 RCW to read as follows:

31 APPLICATION TO GROUP DISABILITY INSURANCE POLICIES. (1) After July
32 1, 1994, all group disability insurance policies that provide coverage
33 for hospital or medical expenses shall use for all billing purposes in

1 electronic format either the health care financing administration
2 (HCFA) 1500 form, or its successor, or the uniform billing (UB) 82
3 form, or its successor. For billing purposes, this subsection does not
4 apply to pharmacists, dentists, the provision of eyeglasses,
5 transportation services, or vocational services.

6 (2) As of July 1, 1994, the forms developed under section 610 of
7 this act shall be used by providers of health care and carriers under
8 this chapter.

9 NEW SECTION. **Sec. 603.** A new section is added to chapter 48.44
10 RCW to read as follows:

11 APPLICATION TO HEALTH CARE INSURANCE CONTRACTS. (1) After July 1,
12 1994, all health care insurance contracts that provide coverage for
13 hospital or medical expenses shall use for all billing purposes in
14 electronic format either the health care financing administration
15 (HCFA) 1500 form, or its successor, or the uniform billing (UB) 82
16 form, or its successor. For billing purposes, this subsection does not
17 apply to pharmacists, dentists, the provision of eyeglasses,
18 transportation services, or vocational services.

19 (2) As of July 1, 1994, the forms developed under section 610 of
20 this act shall be used by providers of health care and carriers under
21 this chapter.

22 NEW SECTION. **Sec. 604.** A new section is added to chapter 48.46
23 RCW to read as follows:

24 APPLICATION TO HEALTH MAINTENANCE AGREEMENTS. (1) After July 1,
25 1994, all health maintenance agreements that provide coverage for
26 hospital or medical expenses shall use for all billing purposes in
27 electronic format either the health care financing administration
28 (HCFA) 1500 form, or its successor, or the uniform billing (UB) 82
29 form, or its successor. For billing purposes, this subsection does not
30 apply to pharmacists, dentists, the provision of eyeglasses,
31 transportation services, or vocational services.

32 (2) As of July 1, 1994, the forms developed under section 610 of
33 this act shall be used by providers of health care and carriers under
34 this chapter.

35 NEW SECTION. **Sec. 605.** A new section is added to chapter 48.84
36 RCW to read as follows:

1 APPLICATION TO LONG-TERM CARE PROVIDERS. (1) After July 1, 1994,
2 all providers of long-term care that provide coverage for hospital or
3 medical expenses shall use for all billing purposes in electronic
4 format either the health care financing administration (HCFA) 1500
5 form, or its successor, or the uniform billing (UB) 82 form, or its
6 successor. For billing purposes, this subsection does not apply to
7 pharmacists, dentists, the provision of eyeglasses, transportation
8 services, or vocational services.

9 (2) As of July 1, 1994, the forms developed under section 610 of
10 this act shall be used by providers of health care and carriers under
11 this chapter.

12 NEW SECTION. **Sec. 606.** A new section is added to chapter 41.05
13 RCW to read as follows:

14 APPLICATION TO STATE HEALTH CARE AUTHORITY. After July 1, 1994,
15 the health care financing administration (HCFA) 1500 form, or its
16 successor, and the uniform billing (UB) 82 form, or its successor,
17 shall be used in electronic format for state-paid health care services
18 provided through the health care authority. The forms developed under
19 section 610 of this act shall be used for billing purposes for
20 pharmacists, dentists, the provision of eyeglasses, transportation
21 services, or vocational services.

22 NEW SECTION. **Sec. 607.** A new section is added to chapter 74.09
23 RCW to read as follows:

24 APPLICATION TO THE MEDICAL ASSISTANCE PROGRAM. After July 1, 1994,
25 the health care financing administration (HCFA) 1500 form, or its
26 successor, and the uniform billing (UB) 82 form, or its successor,
27 shall be used in electronic format for state-paid health care services
28 provided by the department. The forms developed under section 610 of
29 this act shall be used for billing purposes for pharmacists, dentists,
30 the provision of eyeglasses, transportation services, or vocational
31 services.

32 NEW SECTION. **Sec. 608.** A new section is added to Title 51 RCW to
33 read as follows:

34 APPLICATION TO LABOR AND INDUSTRIES. After July 1, 1994, the
35 health care financing administration (HCFA) 1500 form, or its
36 successor, and the uniform billing (UB) 82 form, or its successor,

1 shall be used in electronic format for state-paid health care services
2 provided under this title. The forms developed under section 610 of
3 this act shall be used for billing purposes for pharmacists, dentists,
4 the provision of eyeglasses, transportation services, or vocational
5 services.

6 NEW SECTION. **Sec. 609.** APPLICATION TO WASHINGTON HEALTH INSURANCE
7 PURCHASING COOPERATIVE. After July 1, 1994, the health care financing
8 administration (HCFA) 1500 form, or its successor, and the uniform
9 billing (UB) 82 form, or its successor, shall be used in electronic
10 format for health care services provided under the cooperative. The
11 forms developed under section 610 of this act shall be used for billing
12 purposes for pharmacists, dentists, the provision of eyeglasses,
13 transportation services, or vocational services.

14 NEW SECTION. **Sec. 610.** A new section is added to chapter 70.170
15 RCW to read as follows:

16 JOINT AGENCY RULES. By January 1, 1994, the council shall develop
17 and adopt by rule electronic format billing forms to be used by
18 pharmacists, dentists, providers of eyeglasses, transportation
19 services, and vocational services. These forms shall be made available
20 to providers of health care coverage regulated under chapters 48.20,
21 48.21, 48.44, 48.46, and 48.84 RCW.

22 **PART VII - HEALTH CARE MALPRACTICE REFORM**

23 **Sec. 701.** RCW 7.70.070 and 1975-'76 2nd ex.s. c 56 s 12 are each
24 amended to read as follows:

25 The court shall, in any action under this chapter, determine the
26 reasonableness of each party's fixed attorneys' fees. The court shall
27 take into consideration the following:

28 (1) The time and labor required, the novelty and difficulty of the
29 questions involved, and the skill requisite to perform the legal
30 service properly;

31 (2) The likelihood, if apparent to the client, that the acceptance
32 of the particular employment will preclude other employment by the
33 lawyer;

34 (3) The fee customarily charged in the locality for similar legal
35 services;

- 1 (4) The amount involved and the results obtained;
- 2 (5) The time limitations imposed by the client or by the
3 circumstances;
- 4 (6) The nature and length of the professional relationship with the
5 client;
- 6 (7) The experience, reputation, and ability of the lawyer or
7 lawyers performing the services((+
- 8 ~~(8) Whether the fee is fixed or contingent~~)).

9 NEW SECTION. **Sec. 702.** CONTINGENT ATTORNEYS' FEES LIMITED. (1)
10 As used in this section:

11 (a) "Contingency fee agreement" means an agreement that an
12 attorney's fee is dependent or contingent, in whole or in part, upon
13 successful prosecution or settlement of a claim or action, or upon the
14 amount of recovery.

15 (b) "Properly chargeable disbursements" means reasonable expenses
16 incurred and paid by an attorney on a client's behalf in prosecuting or
17 settling a claim or action.

18 (c) "Recovery" means the amount to be paid to an attorney's client
19 as a result of a settlement or money judgment.

20 (2) In a health care malpractice claim or action filed under this
21 chapter for personal injury or wrongful death based upon the alleged
22 conduct of a health care practitioner, if an attorney enters into a
23 contingency fee agreement with his or her client and if a money
24 judgment is awarded to the attorney's client or the claim or action is
25 settled, the attorney's fee shall not exceed the amounts set forth in
26 (a) and (b) of this subsection:

27 (a) Not more than forty percent of the first five thousand dollars
28 recovered, then not more than thirty-five percent of the amount more
29 than five thousand dollars but less than twenty-five thousand dollars,
30 then not more than twenty-five percent of the amount of twenty-five
31 thousand dollars or more but less than two hundred fifty thousand
32 dollars, then not more than twenty percent of the amount of two hundred
33 fifty thousand dollars or more but less than five hundred thousand
34 dollars, and not more than ten percent of the amount of five hundred
35 thousand dollars or more.

36 (b) As an alternative to (a) of this subsection, not more than one-
37 third of the first two hundred fifty thousand dollars recovered, not
38 more than twenty percent of an amount more than two hundred fifty

1 thousand dollars but less than five hundred thousand dollars, and not
2 more than ten percent of an amount more than five hundred thousand
3 dollars.

4 (3) The fees allowed in subsection (2) of this section are computed
5 on the net sum of the recovery after deducting from the recovery the
6 properly chargeable disbursements. In computing the fee, the costs as
7 taxed by the court are part of the amount of the money judgment. In
8 the case of a recovery payable in installments, the fee is computed
9 using the present value of the future payments.

10 (4) A contingency fee agreement made by an attorney with a client
11 must be in writing and must be executed at the time the client retains
12 the attorney for the claim or action that is the basis for the
13 contingency fee agreement. An attorney who fails to comply with this
14 subsection is barred from recovering a fee in excess of the lowest fee
15 available under subsection (2) of this section, but the other
16 provisions of the contingency fee agreement remain enforceable.

17 (5) An attorney shall provide a copy of a contingency fee agreement
18 to the client at the time the contingency fee agreement is executed.
19 An attorney shall include his or her usual and customary hourly rate of
20 compensation in a contingency fee agreement.

21 (6) An attorney who enters into a contingency fee agreement that
22 violates subsection (2) of this section is barred from recovering a fee
23 in excess of the attorney's reasonable actual attorney fees based on
24 his or her usual and customary hourly rate of compensation, up to the
25 lowest amount allowed under subsection (2) of this section, but the
26 other provisions of the contingency fee agreement remain enforceable.

27 NEW SECTION. **Sec. 703.** INFORMAL PREFILING REVIEW--LEGISLATIVE
28 INTENT. The legislature finds that an informal, voluntary system for
29 facilitating prefiling review of health care malpractice claims by one
30 or more medical or health services experts could fairly and promptly
31 resolve many malpractice liability disputes and ensure appropriate care
32 and compensation to patients injured as a result of malpractice.

33 The legislature finds that agreements by injured claimants and
34 allegedly negligent health care providers to submit claims to an
35 informal review by one or more persons chosen from a voluntary pool of
36 medical or health service experts maintained by each health care
37 profession disciplinary authority should be encouraged as a means to
38 resolve disputes and reduce costs.

1 The legislature finds that this review procedure will be effective
2 in achieving prompt resolutions and saving costs whether or not the
3 parties agree at the outset to be bound by the opinion of the expert.

4 NEW SECTION. **Sec. 704.** HEALTH CARE AUTHORITIES TO MAINTAIN POOL
5 OF EXPERTS. Each state health care profession disciplinary authority
6 under RCW 18.130.040 shall maintain a pool of experts who are available
7 and able to provide informal prefiling reviews of claims by injured
8 patients of health care providers regulated by the disciplinary
9 authority.

10 NEW SECTION. **Sec. 705.** Each health care profession disciplinary
11 authority under RCW 18.130.040 shall participate in the development of
12 the informal prefiling review system.

13 NEW SECTION. **Sec. 706.** A new section is added to chapter 7.70 RCW
14 to read as follows:

15 MANDATORY MEDIATION--WAIVER--USE OF MEDIATION PROCEEDINGS AT TRIAL.
16 (1) Within sixty days of filing a health care malpractice lawsuit the
17 parties must file either a notice with the court identifying their
18 agreed-upon mediator or a statement that mediation has been waived by
19 a mediator after careful consideration of the appropriateness of the
20 case for mediation.

21 (2) All mediation proceedings are protected from disclosure at any
22 subsequent proceeding.

23 NEW SECTION. **Sec. 707.** SUBROGATION RIGHTS OF INSURERS. In all
24 actions for injuries resulting from health care, all public and private
25 insurers shall be given subrogation rights against damages awarded to
26 a successful claimant. Subrogation rights do not apply until after the
27 claimant has been fully compensated for his or her losses.

28 NEW SECTION. **Sec. 708.** HEALTH CARE EXPERTS. The court shall
29 consider the following factors in determining whether a proposed health
30 care expert is qualified to present expert testimony in a health care
31 malpractice proceeding:

32 (1) Whether the person is board-certified or has completed the
33 training required for board certification in the health care specialty
34 at issue in the proceeding;

1 (2) Whether the person has engaged in the active practice of
2 medicine at the time the alleged negligence occurred; and

3 (3) Other factors deemed necessary or appropriate by the court.

4 NEW SECTION. Sec. 709. LEGISLATIVE INTENT. The legislature finds
5 that in *Sofie v. Fibreboard Corp.*, 112 Wn.2d 636 (1989), the Washington
6 state supreme court struck down the limit on noneconomic damages
7 enacted by the legislature in 1986, because the court found that the
8 statutory limitation on noneconomic damages interfered with the jury's
9 province to determine damages, and thus violated a plaintiff's
10 constitutionally protected right to trial by jury.

11 The legislature further finds that reforms in existing law for
12 actions involving fault are necessary and proper to avoid catastrophic
13 economic consequences for state and local governmental entities as well
14 as private individuals and businesses.

15 Therefore, the legislature declares that to remedy the economic
16 inequities that may arise from *Sofie*, defendants in actions involving
17 fault should be held financially liable in closer proportion to their
18 respective degree of fault. To treat them differently is unfair and
19 inequitable.

20 It is further the intent of the legislature to partially eliminate
21 causes of action based on joint and several liability as provided by
22 chapter . . . , Laws of 1993 (this act) for the purpose of reducing
23 costs associated with the civil justice system.

24 NEW SECTION. Sec. 710. JOINT AND SEVERAL LIABILITY RESTRICTIONS.

25 (1)(a) For the purposes of this section, the term "economic damages"
26 means objectively verifiable monetary losses, including medical
27 expenses, loss of earnings, burial costs, cost of obtaining substitute
28 domestic services, loss of employment, and loss of business or
29 employment opportunities. "Economic damages" does not include
30 subjective, nonmonetary losses such as pain and suffering, mental
31 anguish, emotional distress, disability and disfigurement,
32 inconvenience, injury to reputation, humiliation, destruction of the
33 parent-child relationship, the nature and extent of an injury, loss of
34 consortium, society, companionship, support, love, affection, care
35 services, guidance, training, instruction, and protection.

36 (b) The purpose of this section is to: Eliminate joint liability
37 for noneconomic damages in health care malpractice actions and to

1 provide that the defendants before the court be severally liable for
2 the plaintiff's noneconomic damages, that the defendants before the
3 court should be liable only for their proportionate share of the
4 plaintiff's noneconomic damages, even in cases where the plaintiff is
5 not at fault; and to at trial apportion fault only among those
6 defendants that have not settled with the plaintiff.

7 (2) In all health care malpractice actions involving fault of more
8 than one entity, and subject to the provisions of RCW 4.22.060, the
9 trier of fact shall determine the total damages suffered by the
10 plaintiff, the percentage of total fault that is attributable to every
11 entity that caused the claimant's injuries, including the claimant or
12 person suffering personal injury, defendants, third-party defendants,
13 entities released by the claimant, entities immune from liability to
14 the claimant, and entities with any other individual defense against
15 the claimant. Judgment shall be entered against each defendant except
16 those who have been released by the claimant or who have settled with
17 the claimant or who are immune from liability to the claimant or who
18 have prevailed on any other individual defense against the claimant in
19 an amount that represents that party's proportionate share of the
20 claimant's total damages balance after all settlement amounts have been
21 deducted. The liability of each defendant shall be several only and
22 shall not be joint except:

23 (a) A party shall be responsible for the fault of another person or
24 for payment of the proportionate share of another party where both were
25 acting in concert or when a person was acting as an agent or servant of
26 the party.

27 (b) If the trier of fact determines that the claimant or party
28 suffering bodily injury was not at fault, the defendants against whom
29 judgment is entered shall be jointly and severally liable for the sum
30 of their proportionate shares of the claimant's economic damages.

31 (3) If a defendant is jointly and severally liable under one of
32 the exceptions listed in subsection (2) (a) or (b) of this section,
33 such defendant's rights to contribution against another jointly and
34 severally liable defendant, and the effect of the settlement by either
35 such defendant, shall be determined under RCW 4.22.040 through
36 4.22.060.

37 **Sec. 711.** RCW 4.22.070 and 1986 c 305 s 401 are each amended to
38 read as follows:

1 (1) Except as provided in section 710 of this act, in all actions
2 involving fault of more than one entity, the trier of fact shall
3 determine the percentage of the total fault which is attributable to
4 every entity which caused the claimant's damages, including the
5 claimant or person suffering personal injury or incurring property
6 damage, defendants, third-party defendants, entities released by the
7 claimant, entities immune from liability to the claimant and entities
8 with any other individual defense against the claimant. Judgment shall
9 be entered against each defendant except those who have been released
10 by the claimant or are immune from liability to the claimant or have
11 prevailed on any other individual defense against the claimant in an
12 amount which represents that party's proportionate share of the
13 claimant's total damages. The liability of each defendant shall be
14 several only and shall not be joint except:

15 (a) A party shall be responsible for the fault of another person or
16 for payment of the proportionate share of another party where both were
17 acting in concert or when a person was acting as an agent or servant of
18 the party.

19 (b) If the trier of fact determines that the claimant or party
20 suffering bodily injury or incurring property damages was not at fault,
21 the defendants against whom judgment is entered shall be jointly and
22 severally liable for the sum of their proportionate shares of the
23 claimants total damages.

24 (2) If a defendant is jointly and severally liable under one of the
25 exceptions listed in subsections (1)(a) or (1)(b) of this section, such
26 defendant's rights to contribution against another jointly and
27 severally liable defendant, and the effect of settlement by either such
28 defendant, shall be determined under RCW 4.22.040, 4.22.050, and
29 4.22.060.

30 (3)(a) Nothing in this section affects any cause of action relating
31 to hazardous wastes or substances or solid waste disposal sites.

32 (b) Nothing in this section shall affect a cause of action arising
33 from the tortious interference with contracts or business relations.

34 (c) Nothing in this section shall affect any cause of action
35 arising from the manufacture or marketing of a fungible product in a
36 generic form which contains no clearly identifiable shape, color, or
37 marking.

1 NEW SECTION. **Sec. 712.** CODIFICATION DIRECTIONS. Sections 702
2 through 705 and 707 through 710 of this act are each added to chapter
3 7.06 RCW.

4 NEW SECTION. **Sec. 713.** EMERGENCY CLAUSE. Sections 701 through
5 711 of this act are necessary for the immediate preservation of the
6 public peace, health, or safety, or support of the state government and
7 its existing public institutions, and shall take effect immediately.

8 **PART VIII - PRACTICE GUIDELINES**

9 NEW SECTION. **Sec. 801.** LEGISLATIVE INTENT. The legislature finds
10 that improving the quality of health services provided by health care
11 professionals is an important public policy objective. It is in the
12 public's interest to assure that health care professionals utilize
13 diagnostic procedures and treatments that are appropriate and
14 efficacious.

15 The legislature further finds that the state of health care
16 technology and knowledge is increasingly advancing to the point where
17 it is possible to assess the effectiveness and appropriateness of
18 specific treatments and measure the quality of health care services
19 provided to individuals. Such advances will permit a more systematic
20 monitoring and evaluation of services delivered by health care
21 professionals towards the goals of assuring appropriate and effective
22 utilization of such services.

23 The legislature finds and declares that practice guidelines or
24 parameters and risk management protocols can be an effective means for
25 assuring appropriate and efficacious treatments. Public policy should
26 be established to encourage their development and use.

27 NEW SECTION. **Sec. 802.** DEPARTMENT OF HEALTH ACTIVITIES. The
28 department of health shall consult with the board of the Washington
29 health insurance purchasing cooperative, health care providers,
30 purchasers, health professional regulatory authorities under RCW
31 18.130.040, appropriate research and clinical experts, and consumers of
32 health care services to identify specific practice areas where practice
33 guidelines and risk management protocols have been developed. Practice
34 guidelines shall be based upon best observed practice. The department
35 shall:

1 (1) Develop a definition of "best observed practice" so that
2 practice guidelines can serve as a standard for excellence in the
3 provision of health care services.

4 (2) Establish a process to identify and evaluate practice
5 guidelines and risk management protocols as they are developed by the
6 appropriate professional, scientific, and clinical communities.

7 (3) Establish standards for the use of practice guidelines and risk
8 management protocols in quality assurance and utilization review.

9 (4) Establish standards for the use of practice guidelines and risk
10 management protocols in health care malpractice litigation.

11 NEW SECTION. **Sec. 803.** USE OF PRACTICE GUIDELINES AND RISK
12 MANAGEMENT PROTOCOLS BY CERTIFIED HEALTH PLANS. The Washington health
13 insurance purchasing cooperative shall adopt if appropriate practice
14 guidelines and risk management protocols for use by certified plans
15 based upon the standards developed under this chapter.

16 NEW SECTION. **Sec. 804.** CODIFICATION DIRECTIONS. Sections 801
17 through 803 of this act shall constitute a new chapter in Title 70 RCW.

18 NEW SECTION. **Sec. 805.** EMERGENCY CLAUSE. Sections 801 through
19 803 of this act are necessary for the immediate preservation of the
20 public peace, health, or safety, or support of the state government and
21 its existing public institutions, and shall take effect immediately.

22 **PART IX - POPULATION-BASED HEALTH CARE SERVICES**

23 NEW SECTION. **Sec. 901.** LEGISLATIVE INTENT. The legislature finds
24 that the good health of the citizens in the state through the reduction
25 of mortality and morbidity and the promotion of good health should be
26 the prime objective of state health-related activities. The
27 legislature further finds that the availability of population-based
28 health services such as health promotion, community health protection,
29 personal clinical preventive services, and services related to the
30 access to these health services is essential for meeting this state
31 policy objective. The availability of these population-based services
32 is contingent upon the existence of an ongoing and functioning capacity
33 to assess health status, develop public policy to promote and maintain
34 good health, and assure the provision of services through adequate

1 administrative and service capabilities that engage in appropriate and
2 effective health interventions.

3 The legislature further finds that the responsibility to provide
4 population-based services involves many individuals and organizations
5 in the private and public sector and at different levels of government.
6 The intent of the legislature is that, where feasible and practical,
7 existing providers of population-based health services shall be
8 involved in the planning and continued delivery of such services.

9 The legislature declares that state public policy on health
10 interest is best served by assuring the availability of basic
11 population-based health services throughout the state including the
12 administrative structure and capacity to provide and maintain such
13 services.

14 NEW SECTION. **Sec. 902.** STATE POPULATION-BASED ESSENTIAL HEALTH
15 SERVICES PLAN--CONTENT AND EVALUATION. By October 1, 1994, the
16 department, in consultation with the board, the departments of
17 agriculture and ecology, and local health jurisdictions, shall prepare
18 a state population-based health services plan. The purpose of the plan
19 is to identify the core functions and services necessary to assure the
20 presence of a state-wide population-based health care system capable of
21 providing essential population-based health care services.

22 (1) The state population-based health services plan shall identify
23 existing and new activities necessary to maintain the state-wide
24 population-based health services system. The plan shall specifically
25 describe how the following core function and service elements will be
26 assured:

27 (a) An ongoing capability to assess the health status and health-
28 related conditions and trends in the state through the utilization of
29 data collection and analysis from public and private sources, including
30 the state health report as required under RCW 43.20.050;

31 (b) An ongoing capability to develop public policy objectives for
32 health based on the assessment to identify state population-based
33 essential health needs, set state-wide priorities among identified
34 health needs, establish goals and measurable outcome-based objectives
35 to address priority needs, and develop policy implementation strategies
36 that include the identification of necessary resources to meet priority
37 needs; and

1 (c) An ongoing capability to provide services to address the
2 identified population-based essential health needs, or the
3 identification of other public or private entities responsible for the
4 provision of such services. In addition to the services specified in
5 subsection (2) of this section, it shall also include the capacity of
6 the state and local health jurisdictions to respond to critical
7 situations and emergencies that jeopardize public health.

8 (2) The plan shall identify specific activities necessary to assure
9 the provision of the following population-based essential health
10 services:

11 (a) Services related to health promotion that may include, but not
12 be limited to, the areas of physical activity and fitness, nutrition,
13 community education in substance abuse avoidance, and parenting;

14 (b) Services related to community health protection that may
15 include, but not be limited to, injury control, safe water, food,
16 housing and waste management, air quality, and facility and
17 professional licensure; and

18 (c) Services related to personal disease prevention that may
19 include, but not be limited to, immunizations, screenings, communicable
20 disease control, and chronic disease management.

21 (3) The plan shall coordinate the development of population-based
22 health services with the development of the uniform benefit package
23 provided for under chapter 48.-- RCW (sections 101 through 113 and 609
24 of this act). The board of the Washington health insurance purchasing
25 cooperative, the department of health, the state board of health and
26 the local health jurisdictions shall establish principles, policies,
27 and working agreements concerning the future financing and delivery of
28 preventive personal health services that are currently delivered by
29 private providers and by state and local public health jurisdictions.
30 Working agreements shall be established to assure that such services
31 are delivered in the most efficient, cost-effective, and consumer
32 responsive manner.

33 (4) The plan shall develop and identify implementation strategies
34 to address barriers, other than insurance, to the delivery of the
35 uniform benefit package services as provided in chapter 48.-- RCW
36 (sections 101 through 113 and 609 of this act).

37 (5) The department shall assure the active participation of
38 entities interested in the development of population-based health
39 services policy objectives.

1 (6) The department shall periodically evaluate the progress made
2 toward meeting the essential population-based health care needs of the
3 state. This evaluation shall be based upon the use of outcome measures
4 and targets.

5 NEW SECTION. **Sec. 903.** LOCAL POPULATION-BASED HEALTH SERVICES
6 PLANS--CONTENT AND EVALUATION. (1) By June 1, 1995, each local health
7 officer shall prepare a local health department population-based health
8 services plan in accordance with the provisions of this section. The
9 plan shall be approved by the secretary in accordance with this
10 chapter. The purpose of the plan is to identify the core services and
11 functions necessary to assure the presence of a local population-based
12 health care system capable of providing essential population-based
13 health care services in the local health jurisdiction. The plan shall
14 identify how it will meet the policy objectives and service
15 requirements specified in the state-wide plan under this chapter.
16 Approval of the plan is required for the receipt of funding as provided
17 for under this chapter.

18 (2) The local population-based health services plan shall identify
19 existing and new activities necessary to maintain the jurisdiction's
20 population-based health services system. It shall specifically
21 describe how the following core function and service elements will be
22 assured:

23 (a) The ongoing capability to assess the health status and health-
24 related conditions and trends in the local health jurisdiction through
25 the utilization of data collection and analysis from public and private
26 sources;

27 (b) The ongoing capability to develop public policy objectives for
28 health based on the assessment to identify population-based essential
29 health needs, set priorities among identified health needs, establish
30 goals and measurable outcome-based objectives to address priority
31 needs, and develop policy implementation strategies that include the
32 identification of necessary resources to meet priority needs; and

33 (c) The ongoing capability to provide services to address the
34 identified population-based essential health needs, or the
35 identification of other public or private entities responsible for the
36 provision of such services. In addition to the services specified in
37 subsection (3) of this section, it also includes the capacity of the

1 local health jurisdiction to respond to critical situations and
2 emergencies that jeopardize public health.

3 (3) The plan shall identify activities necessary to assure the
4 provision of the following population-based essential health services:

5 (a) Services related to health promotion that may include, but not
6 be limited to, the areas of physical activity and fitness, nutrition,
7 community education in substance abuse avoidance, and parenting;

8 (b) Services related to community health protection that may
9 include, but not be limited to, community injury control, safe water,
10 food, housing and waste management, air quality, and facility and
11 professional licensure; and

12 (c) Services related to personal disease prevention that may
13 include, but not be limited to, immunizations, screenings, communicable
14 disease control, and chronic disease management.

15 (4) Two or more local health jurisdictions may, through agreement,
16 jointly provide services specified in this section if such joint
17 provision results in greater efficiencies and economies in the system
18 or increases access to services. Such joint agreements must be
19 approved by the department.

20 (5) The local health jurisdictions shall periodically evaluate
21 progress made toward meeting the essential population-based health care
22 needs of the jurisdiction. The system of evaluation shall use outcome
23 measures and targets to evaluate the system's progress.

24 (6) The local health jurisdiction shall identify funding sources in
25 addition to any funds appropriated under chapter . . . , Laws of 1993
26 (this act) to support the population-based health services system. Any
27 funding provided for by chapter . . . , Laws of 1993 (this act) is not
28 intended to supplant funding provided from other sources.

29 (7) The local health jurisdiction shall assure the active
30 participation of entities interested in the development of population-
31 based health services policy objectives.

32 NEW SECTION. Sec. 904. POPULATION-BASED ESSENTIAL HEALTH SERVICES
33 PLAN--LOCAL PLAN APPROVAL--OTHER DEPARTMENT DUTIES. (1) The department
34 shall review and approve local population-based health services plans
35 submitted by local health jurisdictions. The secretary shall specify
36 the format and timeline for such submissions. In reviewing each local
37 plan, the department shall determine whether:

1 (a) Proposed policies, services, and activities reasonably and
2 adequately address identified health care needs, that adequate outcome
3 measures will be used to indicate progress toward meeting identified
4 needs, and that sufficient resources have been identified to operate
5 the population-based health services system;

6 (b) The local health jurisdiction has specified activities
7 necessary to provide for the services and functions identified in the
8 state population-based health services plan;

9 (c) The plan complies with work agreements established in section
10 902 of this act with respect to the provision of preventive personal
11 health services;

12 (d) Multilocal health jurisdiction joint agreements should be
13 pursued in order to address one or more elements of the local plan;

14 (e) Joint agreements for multijurisdictional activities proposed in
15 the local plan are justified and should be approved; and

16 (f) Adequate local capabilities exist to evaluate and report to the
17 department on progress in meeting the population-based health care
18 needs of the local jurisdiction.

19 (2) The department shall expeditiously review and approve or
20 recommend specific modifications to the local plans. Local health
21 jurisdictions shall be given an opportunity to respond to
22 recommendations for the modification of the plan. An appeal process
23 shall be established by the department to review appeals of disputes.

24 (3) Within ninety days after the effective date of this section,
25 the department shall devise a funding distribution formula for the
26 purpose of allocating funds appropriated under chapter . . . , Laws of
27 1993 (this act) to local health jurisdictions when local plans have
28 been approved. The formula shall include projections of funding needs
29 to provide for the local population-based health service needs of each
30 local health jurisdiction. The formula shall take into consideration
31 differences between the local health jurisdictions with respect to
32 demographic features of the population, work load, and other such
33 factors that affect the ability to provide the services and functions
34 in the local plans. The department shall include means for determining
35 the distribution of funding in those circumstances where
36 multijurisdictional joint agreements have been approved. Funding
37 appropriated under chapter . . . , Laws of 1993 (this act) for essential
38 population-based services shall be used solely for activities related

1 to this chapter. Funding authorized under chapter . . . , Laws of 1993
2 (this act) shall not supplant funding from other sources.

3 (4) The department shall prepare a local population-based health
4 services plan for any local health department which fails or refuses to
5 meet its responsibilities under this chapter. In such cases, the
6 department may contract with such entities as is necessary to provide
7 for services or functions of the local population-based health services
8 system. It shall use such funds appropriated under chapter . . . , Laws
9 of 1993 (this act) and intended for local health jurisdictions for such
10 purposes.

11 **Sec. 905.** RCW 43.20.050 and 1992 c 34 s 4 are each amended to read
12 as follows:

13 (1) The state board of health shall provide a forum for the
14 development of health policy in Washington state. It is authorized to
15 recommend to the secretary means for obtaining appropriate citizen and
16 professional involvement in all health policy formulation and other
17 matters related to the powers and duties of the department. It is
18 further empowered to hold hearings and explore ways to improve the
19 health status of the citizenry.

20 (a) At least every five years, the state board shall convene
21 regional forums to gather citizen input on health issues.

22 (b) Every two years, in ~~((coordination with))~~ advance of the
23 development of the state biennial budget and in coordination with the
24 development of the state and local population-based public health
25 service system objectives as provided for in chapter 70.-- RCW
26 (sections 901 through 904 of this act), the state board shall prepare
27 the state health report that outlines the health priorities of the
28 ensuing biennium and provides information for use in development of the
29 state and local population-based public health service system
30 objectives as provided under chapter 70.-- RCW (sections 901 through
31 904 of this act). The report shall:

- 32 (i) Consider the citizen input gathered at the health forums;
- 33 (ii) Be developed with the assistance of local health departments;
- 34 (iii) Be based on the best available information collected and
35 reviewed according to RCW 43.70.050 and recommendations from the
36 council;
- 37 (iv) Be developed with the input of state health care agencies. At
38 least the following directors of state agencies shall provide timely

1 recommendations to the state board on suggested health priorities for
2 the ensuing biennium: The secretary of social and health services, the
3 health care authority administrator, the insurance commissioner, the
4 administrator of the basic health plan, the superintendent of public
5 instruction, the director of labor and industries, the director of
6 ecology, and the director of agriculture;

7 (v) Be used by state health care agency administrators in preparing
8 proposed agency budgets and executive request legislation;

9 (vi) Be submitted by the state board to the governor by ((June))
10 January 1 of each even-numbered year for adoption by the governor. The
11 governor, no later than ((September)) April 1 of that year, shall
12 approve, modify, or disapprove the state health report.

13 (c) In fulfilling its responsibilities under this subsection, the
14 state board shall create ad hoc committees or other such committees of
15 limited duration as necessary. Membership should include legislators,
16 providers, consumers, bioethicists, medical economics experts, legal
17 experts, purchasers, and insurers, as necessary.

18 (2) In order to protect public health, the state board of health
19 shall:

20 (a) Adopt rules necessary to assure safe and reliable public
21 drinking water and to protect the public health. Such rules shall
22 establish requirements regarding:

23 (i) The design and construction of public water system facilities,
24 including proper sizing of pipes and storage for the number and type of
25 customers;

26 (ii) Drinking water quality standards, monitoring requirements, and
27 laboratory certification requirements;

28 (iii) Public water system management and reporting requirements;

29 (iv) Public water system planning and emergency response
30 requirements;

31 (v) Public water system operation and maintenance requirements;

32 (vi) Water quality, reliability, and management of existing but
33 inadequate public water systems; and

34 (vii) Quality standards for the source or supply, or both source
35 and supply, of water for bottled water plants.

36 (b) Adopt rules and standards for prevention, control, and
37 abatement of health hazards and nuisances related to the disposal of
38 wastes, solid and liquid, including but not limited to sewage, garbage,
39 refuse, and other environmental contaminants; adopt standards and

1 procedures governing the design, construction, and operation of sewage,
2 garbage, refuse and other solid waste collection, treatment, and
3 disposal facilities;

4 (c) Adopt rules controlling public health related to environmental
5 conditions including but not limited to heating, lighting, ventilation,
6 sanitary facilities, cleanliness and space in all types of public
7 facilities including but not limited to food service establishments,
8 schools, institutions, recreational facilities and transient
9 accommodations and in places of work;

10 (d) Adopt rules for the imposition and use of isolation and
11 quarantine;

12 (e) Adopt rules for the prevention and control of infectious and
13 noninfectious diseases, including food and vector borne illness, and
14 rules governing the receipt and conveyance of remains of deceased
15 persons, and such other sanitary matters as admit of and may best be
16 controlled by universal rule; and

17 (f) Adopt rules for accessing existing data bases for the purposes
18 of performing health related research.

19 (3) The state board may delegate any of its rule-adopting authority
20 to the secretary and rescind such delegated authority.

21 (4) All local boards of health, health authorities and officials,
22 officers of state institutions, police officers, sheriffs, constables,
23 and all other officers and employees of the state, or any county, city,
24 or township thereof, shall enforce all rules adopted by the state board
25 of health. In the event of failure or refusal on the part of any
26 member of such boards or any other official or person mentioned in this
27 section to so act, he shall be subject to a fine of not less than fifty
28 dollars, upon first conviction, and not less than one hundred dollars
29 upon second conviction.

30 (5) The state board may advise the secretary on health policy
31 issues pertaining to the department of health and the state.

32 NEW SECTION. **Sec. 906.** CODIFICATION DIRECTIONS. Sections 901
33 through 904 of this act shall constitute a new chapter in Title 70 RCW.

34 NEW SECTION. **Sec. 907.** EMERGENCY CLAUSE. Sections 901 through
35 905 of this act are necessary for the immediate preservation of the
36 public peace, health, or safety, or support of the state government and
37 its existing public institutions, and shall take effect immediately.

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PART X - HEALTH PERSONNEL RESOURCE PLAN

Sec. 1001. RCW 28B.125.010 and 1991 c 332 s 5 are each amended to read as follows:

(1) The higher education coordinating board, the state board for community ((college—education)) and technical colleges, the superintendent of public instruction, the state department of health, the Washington health insurance purchasing cooperative, and the state department of social and health services, to be known for the purposes of this section as the committee, shall establish a state-wide health personnel resource plan. The governor shall appoint a lead agency from one of the agencies on the committee.

In preparing the state-wide plan the committee shall consult with the training and education institutions affected by this chapter, health care providers, employers of health care providers, insurers, consumers of health care, and other appropriate entities.

Should a successor agency or agencies be authorized or created by the legislature with planning, coordination, or administrative authority over vocational-technical schools, community colleges, or four-year higher education institutions, the governor shall grant membership on the committee to such agency or agencies and remove the member or members it replaces.

The committee shall appoint subcommittees for the purpose of assisting in the development of the institutional plans required under this chapter. Such subcommittees shall at least include those committee members that have statutory responsibility for planning, coordination, or administration of the training and education institutions for which the institutional plans are being developed. In preparing the institutional plans for four-year institutes of higher education, the subcommittee shall be composed of at least the higher education coordinating board and the state's four-year higher education institutions. The appointment of subcommittees to develop portions of the state-wide plan shall not relinquish the committee's responsibility for assuring overall coordination, integration, and consistency of the state-wide plan.

In establishing and implementing the state-wide health personnel resource plan the committee shall, to the extent possible, utilize existing data and information, personnel, equipment, and facilities and shall minimize travel and take such other steps necessary to reduce the

1 administrative costs associated with the preparation and implementation
2 of the plan.

3 (2) The state-wide health resource plan shall include at least the
4 following:

5 (a)(i) Identification of the type, number, and location of the
6 health care professional work force necessary to meet health care needs
7 of the state.

8 (ii) A description and analysis of the composition and numbers of
9 the potential work force available for meeting health care service
10 needs of the population to be used for recruitment purposes. This
11 should include a description of the data, methodology, and process used
12 to make such determinations.

13 (b) A centralized inventory of the numbers of student applications
14 to higher education and vocational-technical training and education
15 programs, yearly enrollments, yearly degrees awarded, and numbers on
16 waiting lists for all the state's publicly funded health care training
17 and education programs. The committee shall request similar
18 information for incorporation into the inventory from private higher
19 education and vocational-technical training and education programs.

20 (c) A description of state-wide and local specialized provider
21 training needs to meet the health care needs of target populations and
22 a plan to meet such needs in a cost-effective and accessible manner.

23 (d) A description of how innovative, cost-effective technologies
24 such as telecommunications can and will be used to provide higher
25 education, vocational-technical, continued competency, and skill
26 maintenance and enhancement education and training to placebound
27 students who need flexible programs and who are unable to attend
28 institutions for training.

29 (e) A strategy for assuring higher education and vocational-
30 technical educational and training programming is sensitive to the
31 changing work force such as reentry workers, women, minorities, and the
32 disabled.

33 (f) A strategy and coordinated state-wide policy developed by the
34 subcommittees authorized in subsection (1) of this section for
35 increasing the number of graduates intending to serve in shortage areas
36 after graduation, including such strategies as the establishment of
37 preferential admissions and designated enrollment slots.

38 (g) Guidelines and policies developed by the subcommittees
39 authorized in subsection (1) of this section for allowing academic

1 credit for on-the-job experience such as internships, volunteer
2 experience, apprenticeships, and community service programs.

3 (h) A strategy developed by the subcommittees authorized in
4 subsection (1) of this section for making required internships and
5 residency programs available that are geographically accessible and
6 sufficiently diverse to meet both general and specialized training
7 needs as identified in the plan when such programs are required.

8 (i) A description of the need for multiskilled health care
9 professionals and an implementation plan to restructure educational and
10 training programming to meet these needs.

11 (j) An analysis of the types and estimated numbers of health care
12 personnel that will need to be recruited from out-of-state to meet the
13 health professional needs not met by in-state trained personnel.

14 (k) An analysis of the need for educational articulation within the
15 various health care disciplines and a plan for addressing the need.

16 (l) An analysis of the training needs of those members of the long-
17 term care profession that are not regulated and that have no formal
18 training requirements. Programs to meet these needs should be
19 developed in a cost-effective and a state-wide accessible manner that
20 provide for the basic training needs of these individuals.

21 (m) A designation of the professions and geographic locations in
22 which loan repayment and scholarships should be available based upon
23 objective data-based forecasts of health professional shortages. A
24 description of the criteria used to select professions and geographic
25 locations shall be included. Designations of professions and
26 geographic locations may be amended by the department of health when
27 circumstances warrant as provided for in RCW 28B.115.070.

28 (n) A description of needed changes in regulatory laws governing
29 the credentialing of health professionals.

30 (o) A description of linguistic and cultural training needs of
31 foreign-trained health care professionals to assure safe and effective
32 practice of their health care profession.

33 (p) A plan to implement the recommendations of the state-wide
34 nursing plan authorized by RCW 74.39.040.

35 (q) A description of criteria and standards that institutional
36 plans provided for in this section must address in order to meet the
37 requirements of the state-wide health personnel resource plan,
38 including funding requirements to implement the plans. The committee
39 shall also when practical identify specific outcome measures to measure

1 progress in meeting the requirements of this plan. The criteria and
2 standards shall be established in a manner as to provide flexibility to
3 the institutions in meeting state-wide plan requirements. The
4 committee shall establish required submission dates for the
5 institutional plans that permit inclusion of funding requests into the
6 institutions budget requests to the state.

7 (r) A description of how the higher education coordinating board,
8 state board for community (~~college education~~) and technical colleges,
9 superintendent of public instruction, department of health, and
10 department of social and health services coordinated in the creation
11 and implementation of the state plan including the areas of
12 responsibility each agency shall assume. The plan should also include
13 a description of the steps taken to assure participation by the groups
14 that are to be consulted with.

15 (s) A description of the estimated fiscal requirements for
16 implementation of the state-wide health resource plan that include a
17 description of cost saving activities that reduce potential costs by
18 avoiding administrative duplication, coordinating programming
19 activities, and other such actions to control costs.

20 (3) The committee may call upon other agencies of the state to
21 provide available information to assist the committee in meeting the
22 responsibilities under this chapter. This information shall be
23 supplied as promptly as circumstances permit.

24 (4) State agencies involved in the development and implementation
25 of the plan shall to the extent possible utilize existing personnel and
26 financial resources in the development and implementation of the state-
27 wide health personnel resource plan.

28 (5) The state-wide health personnel resource plan shall be
29 submitted to the governor by July 1, 1992, and updated by July 1 of
30 each even-numbered year. The governor, no later than December 1 of
31 that year, shall approve, approve with modifications, or disapprove the
32 state-wide health resource plan.

33 (6) The approved state-wide health resource plan shall be submitted
34 to the senate and house of representatives committees on health care,
35 higher education, and ways and means or appropriations by December 1 of
36 each even-numbered year.

37 (7) Implementation of the state-wide plan shall begin by July 1,
38 1993.

1 (8) Notwithstanding subsections (5) and (7) of this section, the
2 committee shall prepare and submit to the higher education coordinating
3 board by June 1, 1992, the analysis necessary for the initial
4 implementation of the health professional loan repayment and
5 scholarship program created in chapter 28B.115 RCW.

6 (9) Each publicly funded two-year and four-year institute of higher
7 education authorized under Title 28B RCW and vocational-technical
8 institution authorized under Title 28A RCW that offers health training
9 and education programs shall biennially prepare and submit an
10 institutional plan to the committee. The institutional plan shall
11 identify specific programming and activities of the institution that
12 meet the requirements of the state-wide health professional resource
13 plan.

14 The committee shall review and assess whether the institutional
15 plans meet the requirements of the state-wide health personnel resource
16 plan and shall prepare a report with its determination. The report
17 shall become part of the institutional plan and shall be submitted to
18 the governor and the legislature.

19 The institutional plan shall be included with the institution's
20 biennial budget submission. The institution's budget shall identify
21 proposed spending to meet the requirements of the institutional plan.
22 Each vocational-technical institution, college, or university shall be
23 responsible for implementing its institutional plan.

24 NEW SECTION. **Sec. 1002.** EMERGENCY CLAUSE. Section 1001 of this
25 act is necessary for the immediate preservation of the public peace,
26 health, or safety, or support of the state government and its existing
27 public institutions, and shall take effect immediately.

28 **PART XI - TRUST ACCOUNT**

29 NEW SECTION. **Sec. 1101.** HEALTH CARE ACCESS TRUST ACCOUNT. The
30 health care access trust account is created in the state treasury.
31 Moneys in the account shall be spent only after appropriation.
32 Expenditures from the account shall be used for purposes of chapter
33 . . . , Laws of 1993 (this act).

34 **PART XII - APPROPRIATIONS**

1 NEW SECTION. **Sec. 1201.** POPULATION-BASED HEALTH SERVICES FUNDING.
2 The sum of forty million dollars, or as much thereof as may be
3 necessary, is appropriated for the biennium ending June 30, 1995, from
4 the health care access trust account to the department of health for
5 distribution to local health departments for the purposes of funding
6 population-based health services as authorized in chapter 70.-- RCW
7 (sections 901 through 904 of this act) and as prescribed by that
8 chapter.

9 NEW SECTION. **Sec. 1202.** HEALTH PROFESSIONAL LOAN REPAYMENT AND
10 SCHOLARSHIP PROGRAM FUNDING. The sum of five million dollars, or as
11 much thereof as may be necessary, is appropriated for the biennium
12 ending June 30, 1995, from the health care access trust account to the
13 health professional loan repayment and scholarship program fund to be
14 disbursed by the higher education coordinating board for the purposes
15 of funding the health professional loan repayment and scholarship
16 program authorized under chapter 28B.115 RCW. This amount is in
17 addition to that set forth in the 1993-95 biennial appropriations act.

18 NEW SECTION. **Sec. 1203.** COMMUNITY HEALTH CLINICS FUNDING. The
19 sum of four million dollars, or as much thereof as may be necessary, is
20 appropriated for the biennium ending June 30, 1995, from the health
21 care access trust account to the department of health for the purposes
22 of funding the expansion of primary health care services to new clients
23 through community health clinics. This amount is in addition to that
24 set forth in the 1993-95 biennial appropriations act.

25 NEW SECTION. **Sec. 1204.** WASHINGTON HEALTH INSURANCE PURCHASING
26 COOPERATIVE. The sum of one hundred twenty million dollars, or as much
27 thereof as may be necessary, is appropriated for the biennium ending
28 June 30, 1995, from the health care access trust account to the
29 Washington health insurance purchasing cooperative authorized under
30 chapter 48.-- RCW (sections 101 through 113 and 609 of this act) for
31 the purposes of enrolling additional subsidized enrollees during the
32 1993-95 biennium. This amount is in addition to that set forth in the
33 1993-95 biennial appropriations act.

34

PART XIII - MISCELLANEOUS

1 NEW SECTION. **Sec. 1301.** CAPTIONS NOT LAW. Captions, tables of
2 contents, and part headings as used in this act constitute no part of
3 the law.

4 NEW SECTION. **Sec. 1302.** SEVERABILITY. If any provision of this
5 act or its application to any person or circumstance is held invalid,
6 the remainder of the act or the application of the provision to other
7 persons or circumstances is not affected.

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