

1 **SHB 1046 - H AMD FAILED 2/10/95 055**

2 By Representatives Conway and others

3 On page 6, after line 24, insert:

4 "Sec. 8. RCW 70.47.020 is amended to read as follows:

5 As used in this chapter:

6 (1) "Washington basic health plan" or "plan" means the system
7 of enrollment and payment on a prepaid capitated basis for basic
8 health care services, administered by the plan administrator
9 through participating managed health care systems, created by this
10 chapter.

11 (2) "Administrator" means the Washington basic health plan
12 administrator, who also holds the position of administrator of the
13 Washington state health care authority.

14 (3) "Managed health care system" means any health care
15 organization, including health care providers, insurers, health
16 care service contractors, health maintenance organizations, or any
17 combination thereof, that provides directly or by contract basic
18 health care services, as defined by the administrator and rendered
19 by duly licensed providers, on a prepaid capitated basis to a
20 defined patient population enrolled in the plan and in the managed
21 health care system. On and after July 1, 1995, "managed health
22 care system" means a certified health plan, as defined in RCW
23 43.72.010.

24 (4) "Subsidized enrollee" means an individual, or an
25 individual plus the individual's spouse or dependent children, not
26 eligible for medicare, who resides in an area of the state served
27 by a managed health care system participating in the plan, whose
28 gross family income at the time of enrollment does not exceed
29 ~~((twice))~~ two hundred fifty percent of the federal poverty level as
30 adjusted for family size and determined annually by the federal
31 department of health and human services, who the administrator

1 determines shall not have, or shall not have voluntarily
2 relinquished health insurance more comprehensive than that offered
3 by the plan as of the effective date of enrollment, and who chooses
4 to obtain basic health care coverage from a particular managed
5 health care system in return for periodic payments to the plan.

6 (5) "Nonsubsidized enrollee" means an individual, or an
7 individual plus the individual's spouse or dependent children, not
8 eligible for medicare, who resides in an area of the state served
9 by a managed health care system participating in the plan, who the
10 administrator determines shall not have, or shall not have
11 voluntarily relinquished health insurance more comprehensive than
12 that offered by the plan as of the effective date of enrollment,
13 and who chooses to obtain basic health care coverage from a
14 particular managed health care system, and who pays or on whose
15 behalf is paid the full costs for participation in the plan,
16 without any subsidy from the plan.

17 (6) "Subsidy" means the difference between the amount of
18 periodic payment the administrator makes to a managed health care
19 system on behalf of a subsidized enrollee plus the administrative
20 cost to the plan of providing the plan to that subsidized enrollee,
21 and the amount determined to be the subsidized enrollee's
22 responsibility under RCW 70.47.060(2).

23 (7) "Premium" means a periodic payment, based upon gross
24 family income which an individual, their employer or another
25 financial sponsor makes to the plan as consideration for enrollment
26 in the plan as a subsidized enrollee or a nonsubsidized enrollee.

27 (8) "Rate" means the per capita amount, negotiated by the
28 administrator with and paid to a participating managed health care
29 system, that is based upon the enrollment of subsidized and
30 nonsubsidized enrollees in the plan and in that system.

31 **Sec. 9.** RCW 70.47.060 is amended to read as follows:

32 The administrator has the following powers and duties:

1 (1) To design and from time to time revise a schedule of
2 covered basic health care services, including physician services,
3 inpatient and outpatient hospital services, prescription drugs and
4 medications, and other services that may be necessary for basic
5 health care, which subsidized and nonsubsidized enrollees in any
6 participating managed health care system under the Washington basic
7 health plan shall be entitled to receive in return for premium
8 payments to the plan. The schedule of services shall emphasize
9 proven preventive and primary health care and shall include all
10 services necessary for prenatal, postnatal, and well-child care.
11 However, with respect to coverage for groups of subsidized
12 enrollees who are eligible to receive prenatal and postnatal
13 services through the medical assistance program under chapter 74.09
14 RCW, the administrator shall not contract for such services except
15 to the extent that such services are necessary over not more than
16 a one-month period in order to maintain continuity of care after
17 diagnosis of pregnancy by the managed care provider. The schedule
18 of services shall also include a separate schedule of basic health
19 care services for children, eighteen years of age and younger, for
20 those subsidized or nonsubsidized enrollees who choose to secure
21 basic coverage through the plan only for their dependent children.
22 In designing and revising the schedule of services, the
23 administrator shall consider the guidelines for assessing health
24 services under the mandated benefits act of 1984, RCW 48.42.080,
25 and such other factors as the administrator deems appropriate. On
26 and after July 1, 1995, the uniform benefits package adopted and
27 from time to time revised by the Washington health services
28 commission pursuant to RCW 43.72.130 shall be implemented by the
29 administrator as the schedule of covered basic health care
30 services. However, with respect to coverage for subsidized
31 enrollees who are eligible to receive prenatal and postnatal
32 services through the medical assistance program under chapter 74.09
33 RCW, the administrator shall not contract for such services except

1 to the extent that the services are necessary over not more than a
2 one-month period in order to maintain continuity of care after
3 diagnosis of pregnancy by the managed care provider.

4 (2)(a) To design and implement a structure of periodic
5 premiums due the administrator from subsidized enrollees that is
6 based upon gross family income, giving appropriate consideration to
7 family size and the ages of all family members. The enrollment of
8 children shall not require the enrollment of their parent or
9 parents who are eligible for the plan. The structure of periodic
10 premiums shall be applied to subsidized enrollees entering the plan
11 as individuals pursuant to subsection (9) of this section and to
12 the share of the cost of the plan due from subsidized enrollees
13 entering the plan as employees pursuant to subsection (10) of this
14 section.

15 (b) To determine the periodic premiums due the administrator
16 from nonsubsidized enrollees. Premiums due from nonsubsidized
17 enrollees shall be in an amount equal to the cost charged by the
18 managed health care system provider to the state for the plan plus
19 the administrative cost of providing the plan to those enrollees
20 and the premium tax under RCW 48.14.0201.

21 (c) An employer or other financial sponsor may, with the prior
22 approval of the administrator, pay the premium, rate, or any other
23 amount on behalf of a subsidized or nonsubsidized enrollee, by
24 arrangement with the enrollee and through a mechanism acceptable to
25 the administrator, but in no case shall the payment made on behalf
26 of the enrollee exceed the total premiums due from the enrollee.

27 (3) To design and implement a structure of copayments due a
28 managed health care system from subsidized and nonsubsidized
29 enrollees. The structure shall discourage inappropriate enrollee
30 utilization of health care services, but shall not be so costly to
31 enrollees as to constitute a barrier to appropriate utilization of
32 necessary health care services. On and after July 1, 1995, the
33 administrator shall endeavor to make the copayments structure of

1 the plan consistent with enrollee point of service cost-sharing
2 levels adopted by the Washington health services commission, giving
3 consideration to funding available to the plan.

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

9 (5) To limit the payment of subsidies to subsidized enrollees,
10 as defined in RCW 70.47.020.

11 (6) To adopt a schedule for the orderly development of the
12 delivery of services and availability of the plan to residents of
13 the state, subject to the limitations contained in RCW 70.47.080 or
14 any act appropriating funds for the plan.

15 (7) To solicit and accept applications from managed health
16 care systems, as defined in this chapter, for inclusion as eligible
17 basic health care providers under the plan. The administrator
18 shall endeavor to assure that covered basic health care services
19 are available to any enrollee of the plan from among a selection of
20 two or more participating managed health care systems. In adopting
21 any rules or procedures applicable to managed health care systems
22 and in its dealings with such systems, the administrator shall
23 consider and make suitable allowance for the need for health care
24 services and the differences in local availability of health care
25 resources, along with other resources, within and among the several
26 areas of the state. Contracts with participating managed health
27 care systems shall ensure that basic health plan enrollees who
28 become eligible for medical assistance may, at their option,
29 continue to receive services from their existing providers within
30 the managed health care system if such providers have entered into
31 provider agreements with the department of social and health
32 services.

1 (8) To receive periodic premiums from or on behalf of
2 subsidized and nonsubsidized enrollees, deposit them in the basic
3 health plan operating account, keep records of enrollee status, and
4 authorize periodic payments to managed health care systems on the
5 basis of the number of enrollees participating in the respective
6 managed health care systems.

7 (9) To accept applications from individuals residing in areas
8 served by the plan, on behalf of themselves and their spouses and
9 dependent children, for enrollment in the Washington basic health
10 plan as subsidized or nonsubsidized enrollees, to establish
11 appropriate minimum-enrollment periods for enrollees as may be
12 necessary, and to determine, upon application and at least
13 semiannually thereafter, or at the request of any enrollee,
14 eligibility due to current gross family income for sliding scale
15 premiums. No subsidy may be paid with respect to any enrollee
16 whose current gross family income exceeds ~~((twice))~~two hundred
17 fifty percent of the federal poverty level or, subject to RCW
18 70.47.110, who is a recipient of medical assistance or medical care
19 services under chapter 74.09 RCW. If, as a result of an
20 eligibility review, the administrator determines that a subsidized
21 enrollee's income exceeds ~~((twice))~~two hundred fifty percent of
22 the federal poverty level and that the enrollee knowingly failed to
23 inform the plan of such increase in income, the administrator may
24 bill the enrollee for the subsidy paid on the enrollee's behalf
25 during the period of time that the enrollee's income exceeded
26 ~~((twice))~~two hundred fifty percent of the federal poverty level. If
27 a number of enrollees drop their enrollment for no apparent good
28 cause, the administrator may establish appropriate rules or
29 requirements that are applicable to such individuals before they
30 will be allowed to re-enroll in the plan.

31 (10) To accept applications from business owners on behalf of
32 themselves and their employees, spouses, and dependent children, as
33 subsidized or nonsubsidized enrollees, who reside in an area served

1 by the plan. The administrator may require all or the substantial
2 majority of the eligible employees of such businesses to enroll in
3 the plan and establish those procedures necessary to facilitate the
4 orderly enrollment of groups in the plan and into a managed health
5 care system. The administrator shall require that a business owner
6 pay at least fifty percent of the nonsubsidized premium cost of the
7 plan on behalf of each employee enrolled in the plan. Enrollment
8 is limited to those not eligible for medicare who wish to enroll in
9 the plan and choose to obtain the basic health care coverage and
10 services from a managed care system participating in the plan. The
11 administrator shall adjust the amount determined to be due on
12 behalf of or from all such enrollees whenever the amount negotiated
13 by the administrator with the participating managed health care
14 system or systems is modified or the administrative cost of
15 providing the plan to such enrollees changes.

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

27 (12) To monitor the provision of covered services to enrollees
28 by participating managed health care systems in order to assure
29 enrollee access to good quality basic health care, to require
30 periodic data reports concerning the utilization of health care
31 services rendered to enrollees in order to provide adequate
32 information for evaluation, and to inspect the books and records of
33 participating managed health care systems to assure compliance with

1 the purposes of this chapter. In requiring reports from
2 participating managed health care systems, including data on
3 services rendered enrollees, the administrator shall endeavor to
4 minimize costs, both to the managed health care systems and to the
5 plan. The administrator shall coordinate any such reporting
6 requirements with other state agencies, such as the insurance
7 commissioner and the department of health, to minimize duplication
8 of effort.

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

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

16 (15) To provide, consistent with available funding, assistance
17 for rural residents, underserved populations, and persons of
18 color."

19
20 Renumber the remaining sections consecutively and correct internal
21 references accordingly.

22
23 Amend the title accordingly.
24

EFFECT: Present law limits persons eligible for a partial
subsidization of the Basic Health Plan premium to 200% of the
federal poverty level. This amendment expands the subsidy
category up to 250%.