

2 **SB 6034** - S AMD 046
3 By Senator Deccio

4
5 S/O BEYOND SCOPE - 3/7/95

6 On page 1, strike all of section 1 and insert the following:

7 "Sec. 1. RCW 18.130.320 and 1993 c 492 s 408 are each amended to
8 read as follows:

9 The ~~((Washington health services commission established by RCW
10 43.72.020, in consultation with the))~~ secretary of health~~((,))~~ and the
11 health care disciplinary authorities under RCW 18.130.040(2)(b), shall
12 establish standards and monetary penalties in rule prohibiting provider
13 investments and referrals that present a conflict of interest resulting
14 from inappropriate financial gain for the provider or his or her
15 immediate family. These standards are not intended to inhibit the
16 efficient operation of managed health care systems or certified health
17 plans. ~~((The commission shall report to the health policy committees
18 of the senate and house of representatives by December 1, 1994, on the
19 development of the standards and any recommended statutory changes
20 necessary to implement the standards.))~~

21 **Sec. 2.** RCW 28B.125.010 and 1993 c 492 s 270 are each amended to
22 read as follows:

23 (1) The higher education coordinating board, the state board for
24 community and technical colleges, the superintendent of public
25 instruction, the state department of health, ~~((the Washington health
26 services commission,))~~ and the state department of social and health
27 services, to be known for the purposes of this section as the
28 committee, shall establish a state-wide health personnel resource plan.
29 The governor shall appoint a lead agency from one of the agencies on
30 the committee.

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

35 Should a successor agency or agencies be authorized or created by
36 the legislature with planning, coordination, or administrative

1 authority over vocational-technical schools, community colleges, or
2 four-year higher education institutions, the governor shall grant
3 membership on the committee to such agency or agencies and remove the
4 member or members it replaces.

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

18 In establishing and implementing the state-wide health personnel
19 resource plan the committee shall, to the extent possible, utilize
20 existing data and information, personnel, equipment, and facilities and
21 shall minimize travel and take such other steps necessary to reduce the
22 administrative costs associated with the preparation and implementation
23 of the plan.

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

26 (a)(i) Identification of the type, number, and location of the
27 health care professional work force necessary to meet health care needs
28 of the state.

29 (ii) A description and analysis of the composition and numbers of
30 the potential work force available for meeting health care service
31 needs of the population to be used for recruitment purposes. This
32 should include a description of the data, methodology, and process used
33 to make such determinations.

34 (b) A centralized inventory of the numbers of student applications
35 to higher education and vocational-technical training and education
36 programs, yearly enrollments, yearly degrees awarded, and numbers on
37 waiting lists for all the state's publicly funded health care training
38 and education programs. The committee shall request similar
39 information for incorporation into the inventory from private higher

1 education and vocational-technical training and education programs.

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

5 (d) A description of how innovative, cost-effective technologies
6 such as telecommunications can and will be used to provide higher
7 education, vocational-technical, continued competency, and skill
8 maintenance and enhancement education and training to placebound
9 students who need flexible programs and who are unable to attend
10 institutions for training.

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

15 (f) Strategies to increase the number of persons of color in the
16 health professions. Such strategies shall incorporate, to the extent
17 possible, federal and state assistance programs for health career
18 development, including those for American Indians, economically
19 disadvantaged persons, physically challenged persons, and persons of
20 color.

21 (g) A strategy and coordinated state-wide policy developed by the
22 subcommittees authorized in subsection (1) of this section for
23 increasing the number of graduates intending to serve in shortage areas
24 after graduation, including such strategies as the establishment of
25 preferential admissions and designated enrollment slots.

26 (h) Guidelines and policies developed by the subcommittees
27 authorized in subsection (1) of this section for allowing academic
28 credit for on-the-job experience such as internships, volunteer
29 experience, apprenticeships, and community service programs.

30 (i) A strategy developed by the subcommittees authorized in
31 subsection (1) of this section for making required internships and
32 residency programs available that are geographically accessible and
33 sufficiently diverse to meet both general and specialized training
34 needs as identified in the plan when such programs are required.

35 (j) A description of the need for multiskilled health care
36 professionals and an implementation plan to restructure educational and
37 training programming to meet these needs.

38 (k) An analysis of the types and estimated numbers of health care
39 personnel that will need to be recruited from out-of-state to meet the

1 health professional needs not met by in-state trained personnel.

2 (l) An analysis of the need for educational articulation within the
3 various health care disciplines and a plan for addressing the need.

4 (m) An analysis of the training needs of those members of the long-
5 term care profession that are not regulated and that have no formal
6 training requirements. Programs to meet these needs should be
7 developed in a cost-effective and a state-wide accessible manner that
8 provide for the basic training needs of these individuals.

9 (n) A designation of the professions and geographic locations in
10 which loan repayment and scholarships should be available based upon
11 objective data-based forecasts of health professional shortages. A
12 description of the criteria used to select professions and geographic
13 locations shall be included. Designations of professions and
14 geographic locations may be amended by the department of health when
15 circumstances warrant as provided for in RCW 28B.115.070.

16 (o) A description of needed changes in regulatory laws governing
17 the credentialing of health professionals.

18 (p) A description of linguistic and cultural training needs of
19 foreign-trained health care professionals to assure safe and effective
20 practice of their health care profession.

21 (q) A plan to implement the recommendations of the state-wide
22 nursing plan authorized by RCW 74.39.040.

23 (r) A description of criteria and standards that institutional
24 plans provided for in this section must address in order to meet the
25 requirements of the state-wide health personnel resource plan,
26 including funding requirements to implement the plans. The committee
27 shall also when practical identify specific outcome measures to measure
28 progress in meeting the requirements of this plan. The criteria and
29 standards shall be established in a manner as to provide flexibility to
30 the institutions in meeting state-wide plan requirements. The
31 committee shall establish required submission dates for the
32 institutional plans that permit inclusion of funding requests into the
33 institutions budget requests to the state.

34 (s) A description of how the higher education coordinating board,
35 state board for community and technical colleges, superintendent of
36 public instruction, department of health, and department of social and
37 health services coordinated in the creation and implementation of the
38 state plan including the areas of responsibility each agency shall
39 assume. The plan should also include a description of the steps taken

1 to assure participation by the groups that are to be consulted with.

2 (t) A description of the estimated fiscal requirements for
3 implementation of the state-wide health resource plan that include a
4 description of cost saving activities that reduce potential costs by
5 avoiding administrative duplication, coordinating programming
6 activities, and other such actions to control costs.

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

11 (4) State agencies involved in the development and implementation
12 of the plan shall to the extent possible utilize existing personnel and
13 financial resources in the development and implementation of the state-
14 wide health personnel resource plan.

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

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

24 (7) Implementation of the state-wide plan shall begin by July 1,
25 1993.

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

31 (9) Each publicly funded two-year and four-year institute of higher
32 education authorized under Title 28B RCW and vocational-technical
33 institution authorized under Title 28A RCW that offers health training
34 and education programs shall biennially prepare and submit an
35 institutional plan to the committee. The institutional plan shall
36 identify specific programming and activities of the institution that
37 meet the requirements of the state-wide health professional resource
38 plan.

39 The committee shall review and assess whether the institutional

1 plans meet the requirements of the state-wide health personnel resource
2 plan and shall prepare a report with its determination. The report
3 shall become part of the institutional plan and shall be submitted to
4 the governor and the legislature.

5 The institutional plan shall be included with the institution's
6 biennial budget submission. The institution's budget shall identify
7 proposed spending to meet the requirements of the institutional plan.
8 Each vocational-technical institution, college, or university shall be
9 responsible for implementing its institutional plan.

10 **Sec. 3.** RCW 41.05.011 and 1994 c 153 s 2 are each amended to read
11 as follows:

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

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

15 (2) "State purchased health care" or "health care" means medical
16 and health care, pharmaceuticals, and medical equipment purchased with
17 state and federal funds by the department of social and health
18 services, the department of health, the basic health plan, the state
19 health care authority, the department of labor and industries, the
20 department of corrections, the department of veterans affairs, and
21 local school districts.

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

23 (4) "Insuring entity" means an insurer as defined in chapter 48.01
24 RCW, a health care service contractor as defined in chapter 48.44 RCW,
25 or a health maintenance organization as defined in chapter 48.46 RCW.
26 On and after (~~July 1, 1995~~) January 1, 1996, "insuring entity" means
27 a (~~certified health plan~~) health carrier, as defined in RCW
28 43.72.010.

29 (5) "Flexible benefit plan" means a benefit plan that allows
30 employees to choose the level of health care coverage provided and the
31 amount of employee contributions from among a range of choices offered
32 by the authority.

33 (6) "Employee" includes all full-time and career seasonal employees
34 of the state, whether or not covered by civil service; elected and
35 appointed officials of the executive branch of government, including
36 full-time members of boards, commissions, or committees; and includes
37 any or all part-time and temporary employees under the terms and
38 conditions established under this chapter by the authority; justices of

1 the supreme court and judges of the court of appeals and the superior
2 courts; and members of the state legislature or of the legislative
3 authority of any county, city, or town who are elected to office after
4 February 20, 1970. "Employee" also includes(~~(a) By October 1,~~
5 ~~1995, all employees of school districts and educational service~~
6 ~~districts. Between October 1, 1994, and September 30, 1995, "employee"~~
7 ~~includes employees of those school districts and educational service~~
8 ~~districts for whom the authority has undertaken the purchase of~~
9 ~~insurance benefits. The transition to insurance benefits purchasing by~~
10 ~~the authority may not disrupt existing insurance contracts between~~
11 ~~school district or educational service district employees and insurers.~~
12 ~~However, except to the extent provided in RCW 28A.400.200, any such~~
13 ~~contract that provides for health insurance benefits coverage after~~
14 ~~October 1, 1995, shall be void as of that date if the contract was~~
15 ~~entered into, renewed, or extended after July 1, 1993. Prior to~~
16 ~~October 1, 1994, "employee" includes employees of a school district if~~
17 ~~the board of directors of the school district seeks and receives the~~
18 ~~approval of the authority to provide any of its insurance programs by~~
19 ~~contract with the authority;~~(b)) employees of a county, municipality,
20 or other political subdivision of the state if the legislative
21 authority of the county, municipality, or other political subdivision
22 of the state seeks and receives the approval of the authority to
23 provide any of its insurance programs by contract with the authority,
24 as provided in RCW 41.04.205(~~(c) employees of employee organizations~~
25 ~~representing state civil service employees, at the option of each such~~
26 ~~employee organization, and, effective October 1, 1995, employees of~~
27 ~~employee organizations currently pooled with employees of school~~
28 ~~districts for the purpose of purchasing insurance benefits, at the~~
29 ~~option of each such employee organization)), and employees of a school
30 district if the board of directors of the school district seeks and
31 receives the approval of the authority to provide any of its insurance
32 programs by contract with the authority as provided in RCW 28A.400.350.~~

33 (7) "Board" means the public employees' benefits board established
34 under RCW 41.05.055.

35 (8) "Retired or disabled school employee" means:

36 (a) Persons who separated from employment with a school district or
37 educational service district and are receiving a retirement allowance
38 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

39 (b) Persons who separate from employment with a school district or

1 educational service district on or after October 1, 1993, and
2 immediately upon separation receive a retirement allowance under
3 chapter 41.32 or 41.40 RCW;

4 (c) Persons who separate from employment with a school district or
5 educational service district due to a total and permanent disability,
6 and are eligible to receive a deferred retirement allowance under
7 chapter 41.32 or 41.40 RCW.

8 **Sec. 4.** RCW 41.05.021 and 1994 c 309 s 1 are each amended to read
9 as follows:

10 (1) The Washington state health care authority is created within
11 the executive branch. The authority shall have an administrator
12 appointed by the governor, with the consent of the senate. The
13 administrator shall serve at the pleasure of the governor. The
14 administrator may employ up to seven staff members, who shall be exempt
15 from chapter 41.06 RCW, and any additional staff members as are
16 necessary to administer this chapter. The administrator may delegate
17 any power or duty vested in him or her by this chapter, including
18 authority to make final decisions and enter final orders in hearings
19 conducted under chapter 34.05 RCW. The primary duties of the authority
20 shall be to administer state employees' insurance benefits and retired
21 or disabled school employees' insurance benefits, study state-purchased
22 health care programs in order to maximize cost containment in these
23 programs while ensuring access to quality health care, and implement
24 state initiatives, joint purchasing strategies, and techniques for
25 efficient administration that have potential application to all state-
26 purchased health services. The authority's duties include, but are not
27 limited to, the following:

28 (a) To administer health care benefit programs for employees and
29 retired or disabled school employees as specifically authorized in RCW
30 41.05.065 and in accordance with the methods described in RCW
31 41.05.075, 41.05.140, and other provisions of this chapter;

32 (b) To analyze state-purchased health care programs and to explore
33 options for cost containment and delivery alternatives for those
34 programs that are consistent with the purposes of those programs,
35 including, but not limited to:

36 (i) Creation of economic incentives for the persons for whom the
37 state purchases health care to appropriately utilize and purchase
38 health care services, including the development of flexible benefit

1 plans to offset increases in individual financial responsibility;

2 (ii) Utilization of provider arrangements that encourage cost
3 containment, including but not limited to prepaid delivery systems,
4 utilization review, and prospective payment methods, and that ensure
5 access to quality care, including assuring reasonable access to local
6 providers, especially for employees residing in rural areas;

7 (iii) Coordination of state agency efforts to purchase drugs
8 effectively as provided in RCW 70.14.050;

9 (iv) Development of recommendations and methods for purchasing
10 medical equipment and supporting services on a volume discount basis;
11 and

12 (v) Development of data systems to obtain utilization data from
13 state-purchased health care programs in order to identify cost centers,
14 utilization patterns, provider and hospital practice patterns, and
15 procedure costs, utilizing the information obtained pursuant to RCW
16 41.05.031;

17 (c) To analyze areas of public and private health care interaction;

18 (d) To provide information and technical and administrative
19 assistance to the board;

20 (e) To review and approve or deny applications from counties,
21 municipalities, and other political subdivisions of the state to
22 provide state-sponsored insurance or self-insurance programs to their
23 employees in accordance with the provisions of RCW 41.04.205, setting
24 the premium contribution for approved groups as outlined in RCW
25 41.05.050;

26 (f) To appoint a health care policy technical advisory committee as
27 required by RCW 41.05.150;

28 (g) To establish billing procedures and collect funds from school
29 districts and educational service districts under RCW 28A.400.400 in a
30 way that minimizes the administrative burden on districts; and

31 (h) To promulgate and adopt rules consistent with this chapter as
32 described in RCW 41.05.160.

33 (2) (~~After July 1, 1995,~~) The public employees' benefits board
34 (~~shall~~) may implement strategies to promote (~~managed~~) competition
35 among employee health benefit plans (~~in accordance with the Washington~~
36 ~~health services commission schedule of employer requirements.~~
37 ~~Strategies may include~~) including but (~~are~~) not limited to:

38 (a) Standardizing the benefit package;

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

1 (c) Limiting the state's contribution to a percent of the lowest
2 priced qualified plan within a geographical area. If the state's
3 contribution is less than one hundred percent of the lowest priced
4 qualified bid, employee financial contributions shall be structured on
5 a sliding-scale basis related to household income;

6 (d) Monitoring the impact of the approach under this subsection
7 with regards to: Efficiencies in health service delivery, cost shifts
8 to subscribers, access to and choice of (~~managed care~~) plans state-
9 wide, and quality of health services. (~~The health care authority
10 shall also advise on the value of administering a benchmark employer-
11 managed plan to promote competition among managed care plans.~~) The
12 health care authority shall report its findings and recommendations to
13 the legislature by January 1, 1997.

14 (3) The health care authority shall, no later than July 1, 1996,
15 submit to the appropriate committees of the legislature, proposed
16 methods whereby, through the use of a voucher-type process, state
17 employees may enroll with any health carrier to receive employee
18 benefits. Such methods shall include the employee option of
19 participating in a health care savings account, as set forth in Title
20 48 RCW.

21 (4) The joint committee on health systems oversight shall study the
22 necessity and desirability of the health care authority continuing as
23 a self-insuring entity and make recommendations to the appropriate
24 committees of the legislature by December 1, 1996.

25 **Sec. 5.** RCW 41.05.022 and 1994 c 153 s 3 are each amended to read
26 as follows:

27 (1) The health care authority is hereby designated as the single
28 state agent for purchasing health services.

29 (2) On and after January 1, 1995, at least the following state-
30 purchased health services programs shall be merged into a single,
31 community-rated risk pool: Health benefits for employees of school
32 districts and educational service districts that voluntarily purchase
33 health benefits as provided in RCW 41.05.011; health benefits for state
34 employees; health benefits for eligible retired or disabled school
35 employees not eligible for parts A and B of medicare; and health
36 benefits for eligible state retirees not eligible for parts A and B of
37 medicare. Beginning (~~(July 1, 1995)~~) January 1, 1996, the basic health
38 plan shall be included in the risk pool. The administrator may develop

1 mechanisms to ensure that the cost of comparable benefits packages does
2 not vary widely across the risk pools before they are merged. At the
3 earliest opportunity the governor shall seek necessary federal waivers
4 and state legislation to place the medical and acute care components of
5 the medical assistance program, the limited casualty program, and the
6 medical care services program of the department of social and health
7 services in this single risk pool. (~~Long term care services that are~~
8 ~~provided under the medical assistance program shall not be placed in~~
9 ~~the single risk pool until such services have been added to the uniform~~
10 ~~benefits package.~~) On or before January 1, 1997, the governor shall
11 submit necessary legislation to place the purchasing of health benefits
12 for persons incarcerated in institutions administered by the department
13 of corrections into the single community-rated risk pool effective on
14 and after July 1, 1997.

15 (3) At a minimum, and regardless of other legislative enactments,
16 the state health services purchasing agent shall:

17 (a) Require that a public agency that provides subsidies for a
18 substantial portion of services now covered under the basic health plan
19 or a (~~uniform~~) standard benefits package (~~as adopted by the~~
20 ~~Washington health services commission~~) as provided in RCW 43.72.130,
21 use uniform eligibility processes, insofar as may be possible, and
22 ensure that multiple eligibility determinations are not required;

23 (b) Require that a health care provider or a health care facility
24 that receives funds from a public program provide care to state
25 residents receiving a state subsidy who may wish to receive care from
26 them consistent with the provisions of chapter 492, Laws of 1993 as
27 amended by chapter . . . , Laws of 1995 (this act), and that a health
28 maintenance organization, health care service contractor, insurer, or
29 (~~certified health plan~~) health carrier that receives funds from a
30 public program accept enrollment from state residents receiving a state
31 subsidy who may wish to enroll with them under the provisions of
32 chapter 492, Laws of 1993 as amended by chapter . . . , Laws of 1995
33 (this act);

34 (c) Strive to integrate purchasing for all publicly sponsored
35 health services in order to maximize the cost control potential and
36 promote the most efficient methods of financing and coordinating
37 services;

38 (d) Annually suggest changes in state and federal law and rules to
39 bring all publicly funded health programs in compliance with the goals

1 and intent of chapter 492, Laws of 1993 as amended by chapter . . . ,
2 Laws of 1995 (this act);

3 (e) Consult regularly with the governor, the legislature, and state
4 agency directors whose operations are affected by the implementation of
5 this section.

6 **Sec. 6.** RCW 41.05.050 and 1994 c 309 s 2 and 1994 c 153 s 4 are
7 each reenacted and amended to read as follows:

8 (1) Every department, division, or separate agency of state
9 government, and such county, municipal, school district, educational
10 service district, or other political subdivisions as are covered by
11 this chapter, shall provide contributions to insurance and health care
12 plans for its employees and their dependents, the content of such plans
13 to be determined by the authority. Contributions, paid by the county,
14 the municipality, school district, educational service district, or
15 other political subdivision for their employees, shall include an
16 amount determined by the authority to pay such administrative expenses
17 of the authority as are necessary to administer the plans for employees
18 of those groups. Until October 1, 1995, contributions to be paid by
19 school districts or educational service districts shall be adjusted by
20 the authority to reflect the remittance provided under RCW 28A.400.400.

21 (2) The contributions of any department, division, or separate
22 agency of the state government, and such county, municipal, or other
23 political subdivisions as are covered by this chapter, shall be set by
24 the authority, subject to the approval of the governor for availability
25 of funds as specifically appropriated by the legislature for that
26 purpose. Insurance and health care contributions for ferry employees
27 shall be governed by RCW 47.64.270 (~~until December 31, 1996. On and~~
28 ~~after January 1, 1997, ferry employees shall enroll with certified~~
29 ~~health plans under chapter 492, Laws of 1993)).~~

30 (3) The authority shall transmit a recommendation for the amount of
31 the employer contribution to the governor and the director of financial
32 management for inclusion in the proposed budgets submitted to the
33 legislature.

34 **Sec. 7.** RCW 41.05.065 and 1994 c 153 s 5 are each amended to read
35 as follows:

36 (1) The board shall study all matters connected with the provision
37 of health care coverage, life insurance, liability insurance,

1 accidental death and dismemberment insurance, and disability income
2 insurance or any of, or a combination of, the enumerated types of
3 insurance for employees and their dependents on the best basis possible
4 with relation both to the welfare of the employees and to the state,
5 however liability insurance shall not be made available to dependents.

6 (2) The public employees' benefits board shall develop employee
7 benefit plans that include comprehensive health care benefits for all
8 employees. In developing these plans, the board shall consider the
9 following elements:

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

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

15 (c) Wellness incentives that focus on proven strategies, such as
16 smoking cessation, injury and accident prevention, reduction of alcohol
17 misuse, appropriate weight reduction, exercise, automobile and
18 motorcycle safety, blood cholesterol reduction, and nutrition
19 education;

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

26 (e) Effective coordination of benefits;

27 (f) Minimum standards for insuring entities; and

28 (g) Minimum scope and content of ((standard)) public employee
29 benefit plans to be offered to enrollees participating in the employee
30 health benefit plans. On and after ((July 1, 1995)) January 1, 1996,
31 the ((uniform)) standard benefits package shall constitute the minimum
32 level of health benefits offered to employees. ((To maintain the
33 comprehensive nature of employee health care benefits, employee
34 eligibility criteria related to the number of hours worked and the
35 benefits provided to employees shall be substantially equivalent to the
36 state employees' health benefits plan and eligibility criteria in
37 effect on January 1, 1993.))

38 (3) The board shall design benefits and determine the terms and
39 conditions of employee participation and coverage, including

1 establishment of eligibility criteria.

2 (4) (~~The board shall attempt to achieve enrollment of all~~
3 ~~employees and retirees in managed health care systems by July 1994.~~)

4 The board may authorize premium contributions for an employee and
5 the employee's dependents in a manner that encourages the use of cost-
6 efficient ((managed)) health care systems.

7 (5) Employees shall choose participation in one of the health care
8 benefit plans developed by the board.

9 (6) The board shall review plans proposed by insurance carriers
10 that desire to offer property insurance and/or accident and casualty
11 insurance to state employees through payroll deduction. The board may
12 approve any such plan for payroll deduction by carriers holding a valid
13 certificate of authority in the state of Washington and which the board
14 determines to be in the best interests of employees and the state. The
15 board shall promulgate rules setting forth criteria by which it shall
16 evaluate the plans.

17 **Sec. 8.** RCW 41.05.190 and 1993 c 492 s 221 are each amended to
18 read as follows:

19 The administrator, in consultation with the public employees'
20 benefits board, shall design a self-insured medicare supplemental
21 insurance plan for retired and disabled employees eligible for
22 medicare. (~~For the purpose of determining the appropriate scope of~~
23 ~~the self-funded medicare supplemental plan, the administrator shall~~
24 ~~consider the differences in the scope of health services available~~
25 ~~under the uniform benefits package and the medicare program.~~) The
26 proposed plan shall be submitted to appropriate committees of the
27 legislature by December 1, 1993.

28 **Sec. 9.** RCW 41.05.200 and 1993 c 492 s 228 are each amended to
29 read as follows:

30 (1) The Washington state group purchasing association is
31 established for the purpose of coordinating and enhancing the health
32 care purchasing power of the groups identified in subsection (2) of
33 this section. The purchasing association shall be administered by the
34 administrator.

35 (2) The following organizations or entities may seek the approval
36 of the administrator for membership in the purchasing association:

37 (a) Private nonprofit human services provider organizations under

1 contract with state agencies, on behalf of their employees and their
2 employees' spouses and dependent children;

3 (b) Individuals providing in-home long-term care services to
4 persons whose care is financed in whole or in part through the medical
5 assistance personal care or community options program entry system
6 program as provided in chapter 74.09 RCW, or the chore services
7 program, as provided in chapter 74.08 RCW, on behalf of themselves and
8 their spouses and dependent children;

9 (c) Owners and operators of child day care centers and family child
10 care homes licensed under chapter 74.15 RCW and of preschool or other
11 child care programs exempted from licensing under chapter 74.15 RCW on
12 behalf of themselves and their employees and employees' spouses and
13 dependent children; and

14 (d) Foster parents contracting with the department of social and
15 health services under chapter 74.13 RCW and licensed under chapter
16 74.15 RCW on behalf of themselves and their spouses and dependent
17 children.

18 (3) In administering the purchasing association, the administrator
19 shall:

20 (a) Negotiate and enter into contracts on behalf of the purchasing
21 association's members in conjunction with its contracting and
22 purchasing activities for employee benefits plans under RCW 41.05.075.
23 In negotiating and contracting with insuring entities on behalf of
24 employees and purchasing association members, two distinct pools shall
25 be maintained.

26 (b) Review and approve or deny applications from entities seeking
27 membership in the purchasing association:

28 (i) The administrator may require all or the substantial majority
29 of the employees of the organizations or entities listed in subsection
30 (2) of this section to enroll in the purchasing association.

31 (ii) The administrator shall require, that as a condition of
32 membership in the purchasing association, an entity or organization
33 listed in subsection (2) of this section that employs individuals pay
34 at least fifty percent of the cost of the health insurance coverage for
35 each employee enrolled in the purchasing association.

36 (iii) In offering and administering the purchasing association, the
37 administrator may not discriminate against individuals or groups based
38 on age, gender, geographic area, industry, or medical history.

39 (4) On and after (~~July 1, 1995~~) January 1, 1996, the (~~uniform~~)

1 standard benefits package and schedule of premiums and point of service
2 cost-sharing adopted and from time to time revised by the health
3 services commission pursuant to chapter 492, Laws of 1993 shall be
4 applicable to the association.

5 (5) The administrator shall adopt preexisting condition coverage
6 provisions for the association as provided in RCW 48.20.540, 48.21.340,
7 48.44.480, and 48.46.550.

8 (6) Premiums charged to purchasing association members shall
9 include the authority's reasonable administrative and marketing costs.
10 Purchasing association members may not receive any subsidy from the
11 state for the purchase of health insurance coverage through the
12 association.

13 (7)(a) The Washington state group purchasing association account is
14 established in the custody of the state treasurer, to be used by the
15 administrator for the deposit of premium payments from individuals and
16 entities described in subsection (2) of this section, and for payment
17 of premiums for benefit contracts entered into on behalf of the
18 purchasing association's participants and operating expenses incurred
19 by the authority in the administration of benefit contracts under this
20 section. Moneys from the account shall be disbursed by the state
21 treasurer by warrants on vouchers duly authorized by the administrator.

22 (b) Disbursements from the account are not subject to
23 appropriations, but shall be subject to the allotment procedure
24 provided under chapter 43.88 RCW.

25 **Sec. 10.** RCW 41.05.220 and 1993 c 492 s 232 are each amended to
26 read as follows:

27 (1) State general funds appropriated to the department of health
28 for the purposes of funding community health centers to provide primary
29 health and dental care services, migrant health services, and maternity
30 health care services shall be transferred to the state health care
31 authority. Any related administrative funds expended by the department
32 of health for this purpose shall also be transferred to the health care
33 authority. The health care authority shall exclusively expend these
34 funds through contracts with community health centers to provide
35 primary health and dental care services, migrant health services, and
36 maternity health care services. The administrator of the health care
37 authority shall establish requirements necessary to assure community
38 health centers provide quality health care services that are

1 appropriate and effective and are delivered in a cost-efficient manner.
2 The administrator shall further assure that community health centers
3 have appropriate referral arrangements for acute care and medical
4 specialty services not provided by the community health centers.

5 (2) To further the intent of chapter 492, Laws of 1993, the health
6 care authority, in consultation with the department of health, shall
7 evaluate the organization and operation of the federal and state-funded
8 community health centers and other not-for-profit health care
9 organizations and propose recommendations to the (~~health services~~
10 ~~commission and the~~) health policy committees of the legislature by
11 November 30, 1994, that identify changes to permit community health
12 centers and other not-for-profit health care organizations to form
13 certified health plans or other innovative health care delivery
14 arrangements that help ensure access to primary health care services
15 consistent with the purposes of chapter 492, Laws of 1993.

16 (3) The authority, in consultation with the department of health,
17 shall work with community and migrant health clinics and other
18 providers of care to underserved populations, to ensure that the number
19 of people of color and underserved people receiving access to managed
20 care is expanded in proportion to need, based upon demographic data.

21 **Sec. 11.** RCW 43.70.500 and 1993 c 492 s 410 are each amended to
22 read as follows:

23 The department of health shall consult with health care providers
24 and facilities, purchasers, health professional regulatory authorities
25 under RCW 18.130.040, appropriate research and clinical experts, and
26 consumers of health care services to identify specific practice areas
27 where practice indicators and risk management protocols have been
28 developed, including those that have been demonstrated to be effective
29 among persons of color. Practice indicators shall be based upon expert
30 consensus and best available scientific evidence. The department
31 shall:

32 (1) Develop a definition of expert consensus and best available
33 scientific evidence so that practice indicators can serve as a standard
34 for excellence in the provision of health care services.

35 (2) Establish a process to identify and evaluate practice
36 indicators and risk management protocols as they are developed by the
37 appropriate professional, scientific, and clinical communities.

38 (~~(3) Recommend the use of practice indicators and risk management~~

1 ~~protocols in quality assurance, utilization review, or provider payment~~
2 ~~to the health services commission.))~~

3 **Sec. 12.** RCW 43.70.510 and 1993 c 492 s 417 are each amended to
4 read as follows:

5 (1)(a) Health care institutions and medical facilities, other than
6 hospitals, that are licensed by the department, and professional
7 societies or organizations(~~(, and certified health plans approved~~
8 ~~pursuant to RCW 43.72.100))~~ may maintain a coordinated quality
9 improvement program for the improvement of the quality of health care
10 services rendered to patients and the identification and prevention of
11 medical malpractice as set forth in RCW 70.41.200.

12 (b) All such programs shall comply with the requirements of RCW
13 70.41.200(1)(a), (c), (d), (e), (f), (g), and (h) as modified to
14 reflect the structural organization of the institution, facility,
15 professional societies or organizations, or certified health plan,
16 unless an alternative quality improvement program substantially
17 equivalent to RCW 70.41.200(1)(a) is developed. All such programs,
18 whether complying with the requirement set forth in RCW 70.41.200(1)(a)
19 or in the form of an alternative program, must be approved by the
20 department before the discovery limitations provided in subsections (3)
21 and (4) of this section shall apply. In reviewing plans submitted by
22 licensed entities that are associated with physicians' offices, the
23 department shall ensure that the discovery limitations of this section
24 are applied only to information and documents related specifically to
25 quality improvement activities undertaken by the licensed entity.

26 (2) Health care provider groups of ten or more providers may
27 maintain a coordinated quality improvement program for the improvement
28 of the quality of health care services rendered to patients and the
29 identification and prevention of medical malpractice as set forth in
30 RCW 70.41.200. All such programs shall comply with the requirements of
31 RCW 70.41.200(1)(a), (c), (d), (e), (f), (g), and (h) as modified to
32 reflect the structural organization of the health care provider group.
33 All such programs must be approved by the department before the
34 discovery limitations provided in subsections (3) and (4) of this
35 section shall apply.

36 (3) Any person who, in substantial good faith, provides information
37 to further the purposes of the quality improvement and medical
38 malpractice prevention program or who, in substantial good faith,

1 participates on the quality improvement committee shall not be subject
2 to an action for civil damages or other relief as a result of such
3 activity.

4 (4) Information and documents, including complaints and incident
5 reports, created specifically for, and collected, and maintained by a
6 quality improvement committee are not subject to discovery or
7 introduction into evidence in any civil action, and no person who was
8 in attendance at a meeting of such committee or who participated in the
9 creation, collection, or maintenance of information or documents
10 specifically for the committee shall be permitted or required to
11 testify in any civil action as to the content of such proceedings or
12 the documents and information prepared specifically for the committee.
13 This subsection does not preclude: (a) In any civil action, the
14 discovery of the identity of persons involved in the medical care that
15 is the basis of the civil action whose involvement was independent of
16 any quality improvement activity; (b) in any civil action, the
17 testimony of any person concerning the facts that form the basis for
18 the institution of such proceedings of which the person had personal
19 knowledge acquired independently of such proceedings; (c) in any civil
20 action by a health care provider regarding the restriction or
21 revocation of that individual's clinical or staff privileges,
22 introduction into evidence information collected and maintained by
23 quality improvement committees regarding such health care provider; (d)
24 in any civil action, disclosure of the fact that staff privileges were
25 terminated or restricted, including the specific restrictions imposed,
26 if any and the reasons for the restrictions; or (e) in any civil
27 action, discovery and introduction into evidence of the patient's
28 medical records required by rule of the department of health to be made
29 regarding the care and treatment received.

30 (5) The department of health shall adopt rules as are necessary to
31 implement this section.

32 **Sec. 13.** RCW 43.70.520 and 1993 c 492 s 467 are each amended to
33 read as follows:

34 (1) The legislature finds that the public health functions of
35 community assessment, policy development, and assurance of service
36 delivery are essential elements in achieving the objectives of health
37 reform in Washington state. The legislature further finds that the
38 population-based services provided by state and local health

1 departments are cost-effective and are a critical strategy for the
2 long-term containment of health care costs. The legislature further
3 finds that the public health system in the state lacks the capacity to
4 fulfill these functions consistent with the needs of a reformed health
5 care system.

6 (2) The department of health shall develop, in consultation with
7 local health departments and districts, the state board of health,
8 (~~the health services commission,~~) area Indian health service, and
9 other state agencies, health services providers, and citizens concerned
10 about public health, a public health services improvement plan. The
11 plan shall provide a detailed accounting of deficits in the core
12 functions of assessment, policy development, assurance of the current
13 public health system, how additional public health funding would be
14 used, and describe the benefits expected from expanded expenditures.

15 (3) The plan shall include:

16 (a) Definition of minimum standards for public health protection
17 through assessment, policy development, and assurances:

18 (i) Enumeration of communities not meeting those standards;

19 (ii) A budget and staffing plan for bringing all communities up to
20 minimum standards;

21 (iii) An analysis of the costs and benefits expected from adopting
22 minimum public health standards for assessment, policy development, and
23 assurances;

24 (b) Recommended strategies and a schedule for improving public
25 health programs throughout the state, including((+

26 ~~(i) Strategies for transferring personal health care services from
27 the public health system, into the uniform benefits package where
28 feasible; and~~

29 ~~(ii))~~ timing of increased funding for public health services
30 linked to specific objectives for improving public health; and

31 (c) A recommended level of dedicated funding for public health
32 services to be expressed in terms of a percentage of total health
33 service expenditures in the state or a set per person amount; such
34 recommendation shall also include methods to ensure that such funding
35 does not supplant existing federal, state, and local funds received by
36 local health departments, and methods of distributing funds among local
37 health departments.

38 (4) The department shall coordinate this planning process with the
39 study activities required in section 258, chapter 492, Laws of 1993.

1 (5) By March 1, 1994, the department shall provide initial
2 recommendations of the public health services improvement plan to the
3 legislature regarding minimum public health standards, and public
4 health programs needed to address urgent needs, such as those cited in
5 subsection (7) of this section.

6 (6) By December 1, 1994, the department shall present the public
7 health services improvement plan to the legislature, with specific
8 recommendations for each element of the plan to be implemented over the
9 period from 1995 through 1997.

10 (7) Thereafter, the department shall update the public health
11 services improvement plan for presentation to the legislature prior to
12 the beginning of a new biennium.

13 (8) Among the specific population-based public health activities to
14 be considered in the public health services improvement plan are:
15 Health data assessment and chronic and infectious disease surveillance;
16 rapid response to outbreaks of communicable disease; efforts to prevent
17 and control specific communicable diseases, such as tuberculosis and
18 acquired immune deficiency syndrome; health education to promote
19 healthy behaviors and to reduce the prevalence of chronic disease, such
20 as those linked to the use of tobacco; access to primary care in
21 coordination with existing community and migrant health clinics and
22 other not for profit health care organizations; programs to ensure
23 children are born as healthy as possible and they receive immunizations
24 and adequate nutrition; efforts to prevent intentional and
25 unintentional injury; programs to ensure the safety of drinking water
26 and food supplies; poison control; trauma services; and other
27 activities that have the potential to improve the health of the
28 population or special populations and reduce the need for or cost of
29 health services.

30 **Sec. 14.** RCW 48.14.0201 and 1993 sp.s. c 25 s 601 are each amended
31 to read as follows:

32 (1) As used in this section, "taxpayer" means a health maintenance
33 organization, as defined in RCW 48.46.020, or a health care service
34 contractor, as defined in RCW 48.44.010(~~(, or a certified health plan~~
35 ~~certified under RCW 48.43.030))~~).

36 (2) Each taxpayer shall pay a tax on or before the first day of
37 March of each year to the state treasurer through the insurance
38 commissioner's office. The tax shall be equal to the total amount of

1 all premiums and prepayments for health care services received by the
2 taxpayer during the preceding calendar year multiplied by the rate of
3 two percent.

4 (3) Taxpayers shall prepay their tax obligations under this
5 section. The minimum amount of the prepayments shall be percentages of
6 the taxpayer's tax obligation for the preceding calendar year
7 recomputed using the rate in effect for the current year. For the
8 prepayment of taxes due during the first calendar year, the minimum
9 amount of the prepayments shall be percentages of the taxpayer's tax
10 obligation that would have been due had the tax been in effect during
11 the previous calendar year. The tax prepayments shall be paid to the
12 state treasurer through the commissioner's office by the due dates and
13 in the following amounts:

14 (a) On or before June 15, forty-five percent;

15 (b) On or before September 15, twenty-five percent;

16 (c) On or before December 15, twenty-five percent.

17 (4) For good cause demonstrated in writing, the commissioner may
18 approve an amount smaller than the preceding calendar year's tax
19 obligation as recomputed for calculating the health maintenance
20 organization's(~~(7)~~) or health care service contractor's(~~(7 or certified~~
21 ~~health plan's)~~) prepayment obligations for the current tax year.

22 (5) Moneys collected under this section shall be deposited in the
23 general fund through March 31, 1996, and in the health services account
24 under RCW 43.72.900 after March 31, 1996.

25 (6) The taxes imposed in this section do not apply to:

26 (a) Amounts received by any taxpayer from the United States or any
27 instrumentality thereof as prepayments for health care services
28 provided under Title XVIII (medicare) of the federal social security
29 act. This exemption shall expire July 1, 1997.

30 (b) Amounts received by any health care service contractor, as
31 defined in RCW 48.44.010, as prepayments for health care services
32 included within the definition of practice of dentistry under RCW
33 18.32.020. (~~(This exemption does not apply to amounts received under~~
34 ~~a certified health plan certified under RCW 48.43.030.)~~)

35 **Sec. 15.** RCW 70.47.020 and 1995 c 2 s 3 are each amended to read
36 as follows:

37 As used in this chapter:

38 (1) "Washington basic health plan" or "plan" means the system of

1 enrollment and payment on a prepaid capitated basis for basic health
2 care services, administered by the plan administrator through
3 participating managed health care systems, created by this chapter.

4 (2) "Administrator" means the Washington basic health plan
5 administrator, who also holds the position of administrator of the
6 Washington state health care authority.

7 (3) "Managed health care system" means any health care
8 organization, including health care providers, insurers, health care
9 service contractors, health maintenance organizations, or any
10 combination thereof, that provides directly or by contract basic health
11 care services, as defined by the administrator and rendered by duly
12 licensed providers, on a prepaid capitated basis to a defined patient
13 population enrolled in the plan and in the managed health care system.
14 (~~On and after July 1, 1995, "managed health care system" means a~~
15 ~~certified health plan, as defined in RCW 43.72.010.~~)

16 (4) "Subsidized enrollee" means an individual, or an individual
17 plus the individual's spouse or dependent children, not eligible for
18 medicare, who resides in an area of the state served by a managed
19 health care system participating in the plan, whose gross family income
20 at the time of enrollment does not exceed twice the federal poverty
21 level as adjusted for family size and determined annually by the
22 federal department of health and human services, who the administrator
23 determines shall not have, or shall not have voluntarily relinquished
24 health insurance more comprehensive than that offered by the plan as of
25 the effective date of enrollment, and who chooses to obtain basic
26 health care coverage from a particular managed health care system in
27 return for periodic payments to the plan.

28 (5) "Nonsubsidized enrollee" means an individual, or an individual
29 plus the individual's spouse or dependent children, not eligible for
30 medicare, who resides in an area of the state served by a managed
31 health care system participating in the plan, who the administrator
32 determines shall not have, or shall not have voluntarily relinquished
33 health insurance more comprehensive than that offered by the plan as of
34 the effective date of enrollment, and who chooses to obtain basic
35 health care coverage from a particular managed health care system, and
36 who pays or on whose behalf is paid the full costs for participation in
37 the plan, without any subsidy from the plan.

38 (6) "Subsidy" means the difference between the amount of periodic
39 payment the administrator makes to a managed health care system on

1 behalf of a subsidized enrollee plus the administrative cost to the
2 plan of providing the plan to that subsidized enrollee, and the amount
3 determined to be the subsidized enrollee's responsibility under RCW
4 70.47.060(2).

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

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

13 **Sec. 16.** RCW 70.129.150 and 1994 c 214 s 16 are each amended to
14 read as follows:

15 (1) Prior to admission, all long-term care facilities or nursing
16 facilities licensed under chapter 18.51 RCW that require payment of an
17 admissions fee, deposit, or a minimum stay fee, by or on behalf of a
18 person seeking (~~(admissions-[admission])~~) admission to the long-term
19 care facility or nursing facility, shall provide the resident, or his
20 or her representative, full disclosure in writing of the long-term care
21 facility or nursing facility's schedule of charges for items and
22 services provided by the facility and the amount of any admissions
23 fees, deposits, or minimum stay fees. In addition, the long-term care
24 facility or nursing facility shall also fully disclose in writing prior
25 to admission what portion of the deposits, admissions fees, or minimum
26 stay fees will be refunded to the resident or his or her representative
27 if the resident leaves the long-term care facility or nursing facility.
28 If a resident, during the first thirty days of residence, dies or is
29 hospitalized and does not return to the facility, the facility shall
30 refund any deposit already paid less the facility's per diem rate for
31 the days the resident actually resided or reserved a bed in the
32 facility notwithstanding any minimum stay policy. All long-term care
33 facilities or nursing facilities covered under this section are
34 required to refund any and all refunds due the resident or their
35 representative within thirty days from the resident's date of discharge
36 from the facility. Nothing in this section applies to provisions in
37 contracts negotiated between a nursing facility or long-term care
38 facility and a (~~(certified health plan)~~) health or disability insurer,

1 health maintenance organization, managed care organization, or similar
2 entities.

3 (2) Where a long-term care facility or nursing facility requires
4 the execution of an admission contract by or on behalf of an individual
5 seeking admission to the facility, the terms of the contract shall be
6 consistent with the requirements of this section.

7 **Sec. 17.** RCW 70.47.060 and 1995 c 2 s 4 are each amended to read
8 as follows:

9 The administrator has the following powers and duties:

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

1 services through the medical assistance program under chapter 74.09
2 RCW, the administrator shall not contract for such services except to
3 the extent that the services are necessary over not more than a one-
4 month period in order to maintain continuity of care after diagnosis of
5 pregnancy by the managed care provider.

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

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

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

28 (3) To design and implement a structure of copayments due a managed
29 health care system from subsidized and nonsubsidized enrollees. The
30 structure shall discourage inappropriate enrollee utilization of health
31 care services, but shall not be so costly to enrollees as to constitute
32 a barrier to appropriate utilization of necessary health care services.
33 (~~On and after July 1, 1995, the administrator shall endeavor to make~~
34 ~~the copayments structure of the plan consistent with enrollee point of~~
35 ~~service cost sharing levels adopted by the Washington health services~~
36 ~~commission, giving consideration to funding available to the plan.))~~

37 (4) To limit enrollment of persons who qualify for subsidies so as
38 to prevent an overexpenditure of appropriations for such purposes.
39 Whenever the administrator finds that there is danger of such an

1 overexpenditure, the administrator shall close enrollment until the
2 administrator finds the danger no longer exists.

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

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

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

26 (8) To receive periodic premiums from or on behalf of subsidized
27 and nonsubsidized enrollees, deposit them in the basic health plan
28 operating account, keep records of enrollee status, and authorize
29 periodic payments to managed health care systems on the basis of the
30 number of enrollees participating in the respective managed health care
31 systems.

32 (9) To accept applications from individuals residing in areas
33 served by the plan, on behalf of themselves and their spouses and
34 dependent children, for enrollment in the Washington basic health plan
35 as subsidized or nonsubsidized enrollees, to establish appropriate
36 minimum-enrollment periods for enrollees as may be necessary, and to
37 determine, upon application and at least semiannually thereafter, or at
38 the request of any enrollee, eligibility due to current gross family
39 income for sliding scale premiums. No subsidy may be paid with

1 respect to any enrollee whose current gross family income exceeds twice
2 the federal poverty level or, subject to RCW 70.47.110, who is a
3 recipient of medical assistance or medical care services under chapter
4 74.09 RCW. If, as a result of an eligibility review, the administrator
5 determines that a subsidized enrollee's income exceeds twice the
6 federal poverty level and that the enrollee knowingly failed to inform
7 the plan of such increase in income, the administrator may bill the
8 enrollee for the subsidy paid on the enrollee's behalf during the
9 period of time that the enrollee's income exceeded twice the federal
10 poverty level. If a number of enrollees drop their enrollment for no
11 apparent good cause, the administrator may establish appropriate rules
12 or requirements that are applicable to such individuals before they
13 will be allowed to re-enroll in the plan.

14 (10) To accept applications from business owners on behalf of
15 themselves and their employees, spouses, and dependent children, as
16 subsidized or nonsubsidized enrollees, who reside in an area served by
17 the plan. The administrator may require all or the substantial
18 majority of the eligible employees of such businesses to enroll in the
19 plan and establish those procedures necessary to facilitate the orderly
20 enrollment of groups in the plan and into a managed health care system.
21 The administrator shall require that a business owner pay at least
22 fifty percent of the nonsubsidized premium cost of the plan on behalf
23 of each employee enrolled in the plan. Enrollment is limited to those
24 not eligible for medicare who wish to enroll in the plan and choose to
25 obtain the basic health care coverage and services from a managed care
26 system participating in the plan. The administrator shall adjust the
27 amount determined to be due on behalf of or from all such enrollees
28 whenever the amount negotiated by the administrator with the
29 participating managed health care system or systems is modified or the
30 administrative cost of providing the plan to such enrollees changes.

31 (11) To determine the rate to be paid to each participating managed
32 health care system in return for the provision of covered basic health
33 care services to enrollees in the system. Although the schedule of
34 covered basic health care services will be the same for similar
35 enrollees, the rates negotiated with participating managed health care
36 systems may vary among the systems. In negotiating rates with
37 participating systems, the administrator shall consider the
38 characteristics of the populations served by the respective systems,
39 economic circumstances of the local area, the need to conserve the

1 resources of the basic health plan trust account, and other factors the
2 administrator finds relevant.

3 (12) To monitor the provision of covered services to enrollees by
4 participating managed health care systems in order to assure enrollee
5 access to good quality basic health care, to require periodic data
6 reports concerning the utilization of health care services rendered to
7 enrollees in order to provide adequate information for evaluation, and
8 to inspect the books and records of participating managed health care
9 systems to assure compliance with the purposes of this chapter. In
10 requiring reports from participating managed health care systems,
11 including data on services rendered enrollees, the administrator shall
12 endeavor to minimize costs, both to the managed health care systems and
13 to the plan. The administrator shall coordinate any such reporting
14 requirements with other state agencies, such as the insurance
15 commissioner and the department of health, to minimize duplication of
16 effort.

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 funding, assistance for
25 rural residents, underserved populations, and persons of color.

26 **Sec. 18.** RCW 70.170.100 and 1993 c 492 s 259 are each amended to
27 read as follows:

28 (1) To promote the public interest consistent with the purposes of
29 chapter 492, Laws of 1993, the department is responsible for the
30 development, implementation, and custody of a state-wide health care
31 data system(~~(, with policy direction and oversight to be provided by~~
32 ~~the Washington health services commission)~~). As part of the design
33 stage for development of the system, the department shall undertake a
34 needs assessment of the types of, and format for, health care data
35 needed by consumers, purchasers, health care payers, providers, and
36 state government as consistent with the intent of chapter 492, Laws of
37 1993. The department shall identify a set of health care data elements
38 and report specifications which satisfy these needs(~~(. The Washington~~

1 ~~health services commission, created by RCW 43.72.020, shall review the~~
2 ~~design of the data system))~~ and may establish a technical advisory
3 committee on health data and may, if deemed cost-effective and
4 efficient, ~~((recommend that the department))~~ contract with a private
5 vendor for assistance in the design of the data system or for any part
6 of the work to be performed under this section. The data elements,
7 specifications, and other distinguishing features of this data system
8 shall be made available for public review and comment and shall be
9 published, with comments, as the department's first data plan by July
10 1, 1994.

11 (2) Subsequent to the initial development of the data system as
12 published as the department's first data plan, revisions to the data
13 system shall be considered with the oversight and policy guidance of
14 the ~~((Washington health services commission or its))~~ technical advisory
15 committee and funded by the legislature through the biennial
16 appropriations process with funds appropriated to the health services
17 account.

18 In designing the state-wide health care data system and any data
19 plans, the department shall identify health care data elements relating
20 to health care costs, the quality of health care services, the outcomes
21 of health care services, and use of health care by consumers. Data
22 elements shall be reported as the ~~((Washington health services~~
23 ~~commission))~~ department directs by reporters in conformance with a
24 uniform reporting system established by the department, which shall be
25 adopted by reporters. "Reporter" means an individual, hospital, or
26 business entity, required to be registered with the department of
27 revenue for payment of taxes imposed under chapter 82.04 RCW or Title
28 48 RCW, that is primarily engaged in furnishing or insuring for
29 medical, surgical, and other health services to persons. In the case
30 of hospitals this includes data elements identifying each hospital's
31 revenues, expenses, contractual allowances, charity care, bad debt,
32 other income, total units of inpatient and outpatient services, and
33 other financial information reasonably necessary to fulfill the
34 purposes of chapter 492, Laws of 1993, for hospital activities as a
35 whole and, as feasible and appropriate, for specified classes of
36 hospital purchasers and payers. Data elements relating to use of
37 hospital services by patients shall, at least initially, be the same as
38 those currently compiled by hospitals through inpatient discharge
39 abstracts. The commission and the department shall encourage and

1 permit reporting by electronic transmission or hard copy as is
2 practical and economical to reporters.

3 (3) The state-wide health care data system shall be uniform in its
4 identification of reporting requirements for reporters across the state
5 to the extent that such uniformity is useful to fulfill the purposes of
6 chapter 492, Laws of 1993. Data reporting requirements may reflect
7 differences that involve pertinent distinguishing features as
8 determined by the (~~Washington health services commission~~) department
9 by rule. So far as is practical, the data system shall be coordinated
10 with any requirements of the trauma care data registry as authorized in
11 RCW 70.168.090, the federal department of health and human services in
12 its administration of the medicare program, the state in its role of
13 gathering public health statistics, or any other payer program of
14 consequence so as to minimize any unduly burdensome reporting
15 requirements imposed on reporters.

16 (4) In identifying financial reporting requirements under the
17 state-wide health care data system, the department may require both
18 annual reports and condensed quarterly reports from reporters, so as to
19 achieve both accuracy and timeliness in reporting, but shall craft such
20 requirements with due regard of the data reporting burdens of
21 reporters.

22 (5) The health care data collected, maintained, and studied by the
23 department (~~or the Washington health services commission~~) shall only
24 be available for retrieval in original or processed form to public and
25 private requestors and shall be available within a reasonable period of
26 time after the date of request. The cost of retrieving data for state
27 officials and agencies shall be funded through the state general
28 appropriation. The cost of retrieving data for individuals and
29 organizations engaged in research or private use of data or studies
30 shall be funded by a fee schedule developed by the department which
31 reflects the direct cost of retrieving the data or study in the
32 requested form.

33 (6) All persons subject to chapter 492, Laws of 1993 shall comply
34 with departmental (~~or commission~~) requirements established by rule in
35 the acquisition of data.

36 **Sec. 19.** RCW 70.170.110 and 1993 c 492 s 260 are each amended to
37 read as follows:

38 The department shall provide, or may contract with a private entity

1 to provide, analyses and reports or any studies it chooses to conduct
2 consistent with the purposes of chapter 492, Laws of 1993, subject to
3 the availability of funds (~~and any policy direction that may be given~~
4 ~~by the Washington health services commission~~). These studies,
5 analyses, or reports shall include:

6 (1) (~~Consumer guides on purchasing or consuming health care and~~
7 ~~publications providing verifiable and useful aggregate comparative~~
8 ~~information to the public on health care services, their cost, and the~~
9 ~~quality of health care providers who participate in certified health~~
10 ~~plans;~~

11 ~~(2))~~ Reports for use by classes of purchasers, who purchase from
12 (~~certified~~) health plans, health care payers, and providers as
13 specified for content and format in the state-wide data system and data
14 plan; and

15 (~~(3))~~ (2) Reports on relevant health care policy including the
16 distribution of hospital charity care obligations among hospitals;
17 absolute and relative rankings of Washington and other states, regions,
18 and the nation with respect to expenses, net revenues, and other key
19 indicators; provider efficiencies; and the effect of medicare,
20 medicaid, and other public health care programs on rates paid by other
21 purchasers of health care(~~;~~ and

22 ~~(4) Any other reports the commission or department deems useful to~~
23 ~~assist the public or purchasers of certified health plans in~~
24 ~~understanding the prudent and cost-effective use of certified health~~
25 ~~plan services)).~~

26 **Sec. 20.** RCW 70.170.120 and 1993 c 492 s 261 are each amended to
27 read as follows:

28 (1) Notwithstanding the provisions of chapter 42.17 RCW, any
29 material contained within the state-wide health care data system or in
30 the files of either the department (~~or the Washington health services~~
31 ~~commission~~) shall be subject to the following limitation(~~s~~):
32 (~~(a)~~) Records obtained, reviewed by, or on file that contain
33 information concerning medical treatment of individuals shall be exempt
34 from public inspection and copying(~~;~~ and ~~(b) any actuarial formulas,~~
35 ~~statistics, and assumptions submitted by a certified health plan to the~~
36 ~~commission or department upon request shall be exempt from public~~
37 ~~inspection and copying in order to preserve trade secrets or prevent~~
38 ~~unfair competition)).~~

1 (2) All persons and any public or private agencies or entities
2 whatsoever subject to this chapter shall comply with any requirements
3 established by rule relating to the acquisition or use of health
4 services data and maintain the confidentiality of any information that
5 may, in any manner, identify individual persons.

6 (3) Data collected pursuant to RCW 70.170.130 and 70.170.140 shall
7 be used solely for the health care reform provisions of chapter 492,
8 Laws of 1993. The department shall ensure that the enrollee identifier
9 used will employ the highest available standards for accuracy and
10 uniqueness.

11 (4) Nothing in this section shall impede an enrollee's access to
12 her or his health care records as provided in chapter 70.02 RCW.

13 **Sec. 21.** RCW 70.170.130 and 1993 c 492 s 262 are each amended to
14 read as follows:

15 ~~((The Washington health services commission shall have access to
16 all health data available to the secretary of health. To the extent
17 possible, the commission shall use existing data systems and coordinate
18 among existing agencies.))~~ The department of health shall be the
19 designated depository agency for all health data collected pursuant to
20 chapter 492, Laws of 1993. The following data sources shall be
21 developed or made available:

22 (1) ~~The ((commission shall coordinate with the))~~ secretary of
23 health ~~((to))~~ shall utilize data collected by the state center for
24 health statistics, including hospital charity care and related data,
25 rural health data, epidemiological data, ethnicity data, social and
26 economic status data, and other data relevant to the ~~((commission's))~~
27 department's responsibilities.

28 ~~((The commission, in coordination with the department of health
29 and the health science programs of the state universities shall develop
30 procedures to analyze clinical and other health services outcome data,
31 and conduct other research necessary for the specific purpose of
32 assisting in the design of the uniform benefits package under chapter
33 492, Laws of 1993.))~~

34 ~~((3) The commission shall establish cost data sources and shall
35 require each certified health plan to provide the commission and the
36 department of health with enrollee care and cost information, to
37 include, but not be limited to: (a) Enrollee identifier, including
38 date of birth, sex, and ethnicity; (b) provider identifier; (c)~~

1 diagnosis; (d) health care services or procedures provided; (e)
2 provider charges, if any; and (f) amount paid. The department shall
3 establish by rule confidentiality standards to safeguard the
4 information from inappropriate use or release.

5 (4)) The ((commission)) department shall coordinate with the area
6 Indian health service, reservation Indian health service units, tribal
7 clinics, and any urban Indian health service organizations the design,
8 development, implementation, and maintenance of an American Indian-
9 specific health data, statistics information system. ((The
10 commission)) Rules regarding the confidentiality to safeguard the
11 information from inappropriate use or release shall apply.

12 **Sec. 22.** RCW 70.170.140 and 1993 c 492 s 263 are each amended to
13 read as follows:

14 (1) The department is responsible for the implementation and
15 custody of a state-wide personal health services data and information
16 system. ((The data elements, specifications, and other design features
17 of this data system shall be consistent with criteria adopted by the
18 Washington health services commission. The department shall provide
19 the commission with reasonable assistance in the development of these
20 criteria, and shall provide the commission with periodic progress
21 reports related to the implementation of the system or systems related
22 to those criteria.))

23 (2) The department shall coordinate the development and
24 implementation of the personal health services data and information
25 system with related private activities and with the implementation
26 activities of the data sources identified by the commission. Data
27 shall include: (a) Enrollee identifier, including date of birth, sex,
28 and ethnicity; (b) provider identifier; (c) diagnosis; (d) health
29 services or procedures provided; (e) provider charges, if any; and (f)
30 amount paid. The ((commission)) department shall establish by rule,
31 confidentiality standards to safeguard the information from
32 inappropriate use or release. The department shall ((assist the
33 commission in establishing)) establish reasonable time frames for the
34 completion of the system development and system implementation.

35 **Sec. 23.** RCW 70.180.040 and 1994 c 103 s 3 are each amended to
36 read as follows:

37 (1) Requests for a temporary substitute health care professional

1 may be made to the department by the ((~~certified health plan,~~)) local
2 rural hospital, public health department or district, community health
3 clinic, local practicing physician, physician assistant, pharmacist, or
4 advanced registered nurse practitioner, or local city or county
5 government.

6 (2) The department may provide directly or contract for services
7 to:

8 (a) Establish a manner and form for receiving requests;

9 (b) Minimize paperwork and compliance requirements for participant
10 health care professionals and entities requesting assistance; and

11 (c) Respond promptly to all requests for assistance.

12 (3) The department may apply for, receive, and accept gifts and
13 other payments, including property and services, from any governmental
14 or other public or private entity or person, and may make arrangements
15 as to the use of these receipts to operate the pool. The department
16 shall make available upon request to the appropriate legislative
17 committees information concerning the source, amount, and use of such
18 gifts or payments.

19 **Sec. 24.** RCW 82.04.322 and 1993 c 492 s 303 are each amended to
20 read as follows:

21 This chapter does not apply to any health maintenance
22 organization((~~τ~~)) or health care service contractor((~~τ~~, ~~or~~ ~~certified~~
23 ~~health plan~~)) in respect to premiums or prepayments that are taxable
24 under RCW 48.14.0201.

25 NEW SECTION. **Sec. 25.** The following acts or parts of acts are
26 each repealed:

27 (1) RCW 18.130.330 and 1994 c 102 s 1 & 1993 c 492 s 412;

28 (2) RCW 43.72.005 and 1993 c 492 s 401;

29 (3) RCW 43.72.010 and 1994 c 4 s 1, 1993 c 494 s 1, & 1993 c 492 s
30 402;

31 (4) RCW 43.72.020 and 1994 c 154 s 311 & 1993 c 492 s 403;

32 (5) RCW 43.72.030 and 1993 c 492 s 405;

33 (6) RCW 43.72.040 and 1994 c 4 s 3, 1993 c 494 s 2, & 1993 c 492 s
34 406;

35 (7) RCW 43.72.050 and 1993 c 492 s 407;

36 (8) RCW 43.72.060 and 1994 c 4 s 2 & 1993 c 492 s 404;

37 (9) RCW 43.72.070 and 1993 c 492 s 409;

1 (10) RCW 43.72.080 and 1993 c 492 s 425;
2 (11) RCW 43.72.090 and 1993 c 492 s 427;
3 (12) RCW 43.72.100 and 1993 c 492 s 428;
4 (13) RCW 43.72.110 and 1993 c 492 s 429;
5 (14) RCW 43.72.120 and 1993 c 492 s 430;
6 (15) RCW 43.72.130 and 1993 c 492 s 449;
7 (16) RCW 43.72.140 and 1993 c 492 s 450;
8 (17) RCW 43.72.150 and 1993 c 492 s 451;
9 (18) RCW 43.72.160 and 1993 c 492 s 452;
10 (19) RCW 43.72.170 and 1993 c 492 s 453;
11 (20) RCW 43.72.180 and 1993 c 492 s 454;
12 (21) RCW 43.72.190 and 1993 c 492 s 455;
13 (22) RCW 43.72.200 and 1993 c 492 s 456;
14 (23) RCW 43.72.210 and 1993 c 492 s 463;
15 (24) RCW 43.72.220 and 1993 c 494 s 3 & 1993 c 492 s 464;
16 (25) RCW 43.72.225 and 1994 c 4 s 4;
17 (26) RCW 43.72.230 and 1993 c 492 s 465;
18 (27) RCW 43.72.240 and 1993 c 494 s 4 & 1993 c 492 s 466;
19 (28) RCW 43.72.300 and 1993 c 492 s 447;
20 (29) RCW 43.72.310 and 1993 c 492 s 448;
21 (30) RCW 43.72.800 and 1993 c 492 s 457;
22 (31) RCW 43.72.810 and 1993 c 492 s 474;
23 (32) RCW 43.72.820 and 1993 c 492 s 475;
24 (33) RCW 43.72.840 and 1993 c 492 s 478;
25 (34) RCW 43.72.850 and 1993 c 492 s 485;
26 (35) RCW 43.72.860 and 1993 c 492 s 486;
27 (36) RCW 48.20.540 and 1993 c 492 s 283;
28 (37) RCW 48.21.340 and 1993 c 492 s 284;
29 (38) RCW 48.22.080 and 1994 c 102 s 2 & 1993 c 492 s 413;
30 (39) RCW 48.43.010 and 1993 c 492 s 432;
31 (40) RCW 48.43.020 and 1993 c 492 s 433;
32 (41) RCW 48.43.030 and 1993 c 492 s 434;
33 (42) RCW 48.43.040 and 1993 c 492 s 435;
34 (43) RCW 48.43.050 and 1993 c 492 s 436;
35 (44) RCW 48.43.060 and 1993 c 492 s 437;
36 (45) RCW 48.43.070 and 1993 c 492 s 438;
37 (46) RCW 48.43.080 and 1993 c 492 s 439;
38 (47) RCW 48.43.090 and 1993 c 492 s 440;
39 (48) RCW 48.43.100 and 1993 c 492 s 441;

- 1 (49) RCW 48.43.110 and 1993 c 492 s 442;
2 (50) RCW 48.43.120 and 1993 c 492 s 443;
3 (51) RCW 48.43.130 and 1993 c 492 s 444;
4 (52) RCW 48.43.140 and 1993 c 492 s 445;
5 (53) RCW 48.43.150 and 1993 c 492 s 446;
6 (54) RCW 48.43.160 and 1993 c 492 s 426; and
7 (55) RCW 48.43.170 and 1993 c 492 s 431."

8 Renumber the remaining section consecutively.

9 **SB 6034** - S AMD
10 By Senator Deccio

11
12 On page 1, line 2 of the title, after "employers;" strike the
13 remainder of the title and insert "amending RCW 18.130.320,
14 28B.125.010, 41.05.011, 41.05.021, 41.05.022, 41.05.065, 41.05.190,
15 41.05.200, 41.05.220, 43.70.500, 43.70.510, 43.70.520, 48.14.0201,
16 70.47.020, 70.129.150, 70.47.060, 70.170.100, 70.170.110, 70.170.120,
17 70.170.130, 70.170.140, 70.180.040, and 82.04.322; reenacting and
18 amending RCW 41.05.050; repealing RCW 18.130.330, 43.72.005, 43.72.010,
19 43.72.020, 43.72.030, 43.72.040, 43.72.050, 43.72.060, 43.72.070,
20 43.72.080, 43.72.090, 43.72.100, 43.72.110, 43.72.120, 43.72.130,
21 43.72.140, 43.72.150, 43.72.160, 43.72.170, 43.72.180, 43.72.190,
22 43.72.200, 43.72.210, 43.72.220, 43.72.225, 43.72.230, 43.72.240,
23 43.72.300, 43.72.310, 43.72.800, 43.72.810, 43.72.820, 43.72.840,
24 43.72.850, 43.72.860, 48.20.540, 48.21.340, 48.22.080, 48.43.010,
25 48.43.020, 48.43.030, 48.43.040, 48.43.050, 48.43.060, 48.43.070,
26 48.43.080, 48.43.090, 48.43.100, 48.43.110, 48.43.120, 48.43.130,
27 48.43.140, 48.43.150, 48.43.160, and 48.43.170; providing an effective
28 date; and declaring an emergency."

--- END ---