

CERTIFICATION OF ENROLLMENT

SENATE BILL 5038

Chapter 2, Laws of 1995

54th Legislature
1995 Regular Session

Health benefits and standards--Extension of deadlines

EFFECTIVE DATE: 2/3/95

Passed by the Senate January 25, 1995
YEAS 49 NAYS 0

R. LORRAINE WOJAHN

President of the Senate

Passed by the House February 1, 1995
YEAS 96 NAYS 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved February 3, 1995

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5038** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

Secretary

FILED

February 3, 1995 - 2:10 p.m.

**Secretary of State
State of Washington**

SENATE BILL 5038

Passed Legislature - 1995 Regular Session

State of Washington

54th Legislature

1995 Regular Session

By Senator Quigley

Read first time 01/09/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to modifying time periods for adoption of health
2 benefits and standards; amending RCW 43.72.090, 43.72.180, 70.47.020,
3 and 70.47.060; and declaring an emergency.

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

5 **Sec. 1.** RCW 43.72.090 and 1993 c 492 s 427 are each amended to
6 read as follows:

7 (1) On and after (~~July 1~~) December 31, 1995, no person or entity
8 in this state shall provide the uniform benefits package and
9 supplemental benefits as defined in RCW 43.72.010 without being
10 certified as a certified health plan by the insurance commissioner.

11 (2) On and after (~~July 1~~) December 31, 1995, no certified health
12 plan may offer less than the uniform benefits package to residents of
13 this state and no registered employer health plan may provide less than
14 the uniform benefits package to its employees and their dependents.

15 (3) The health services commission may authorize renewal or
16 continuation until December 31, 1996, of health care service contracts,
17 disability group insurance, or health maintenance policies in effect on
18 December 31, 1995.

1 **Sec. 2.** RCW 43.72.180 and 1993 c 492 s 454 are each amended to
2 read as follows:

3 The legislature may disapprove of the uniform benefits package
4 developed under RCW 43.72.130 and medical risk adjustment mechanisms
5 developed under RCW 43.72.040(7) by an act of law at any time prior to
6 the (~~thirtieth~~) last day of the following regular legislative
7 session. If such disapproval action is taken, the commission shall
8 resubmit a modified package to the legislature within fifteen days of
9 the disapproval. If the legislature does not disapprove or modify the
10 package by an act of law by the end of that regular session, the
11 package is deemed approved.

12 **Sec. 3.** RCW 70.47.020 and 1994 c 309 s 4 are each amended to read
13 as follows:

14 As used in this chapter:

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

19 (2) "Administrator" means the Washington basic health plan
20 administrator, who also holds the position of administrator of the
21 Washington state health care authority.

22 (3) "Managed health care system" means any health care
23 organization, including health care providers, insurers, health care
24 service contractors, health maintenance organizations, or any
25 combination thereof, that provides directly or by contract basic health
26 care services, as defined by the administrator and rendered by duly
27 licensed providers, on a prepaid capitated basis to a defined patient
28 population enrolled in the plan and in the managed health care system.
29 On and after (~~July 1~~) December 31, 1995, "managed health care system"
30 means a certified health plan, as defined in RCW 43.72.010.

31 (4) "Subsidized enrollee" means an individual, or an individual
32 plus the individual's spouse or dependent children, not eligible for
33 medicare, who resides in an area of the state served by a managed
34 health care system participating in the plan, whose gross family income
35 at the time of enrollment does not exceed twice the federal poverty
36 level as adjusted for family size and determined annually by the
37 federal department of health and human services, who the administrator
38 determines shall not have, or shall not have voluntarily relinquished

1 health insurance more comprehensive than that offered by the plan as of
2 the effective date of enrollment, and who chooses to obtain basic
3 health care coverage from a particular managed health care system in
4 return for periodic payments to the plan.

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

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

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

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

29 **Sec. 4.** RCW 70.47.060 and 1994 c 309 s 5 are each amended to read
30 as follows:

31 The administrator has the following powers and duties:

32 (1) To design and from time to time revise a schedule of covered
33 basic health care services, including physician services, inpatient and
34 outpatient hospital services, prescription drugs and medications, and
35 other services that may be necessary for basic health care, which
36 subsidized and nonsubsidized enrollees in any participating managed
37 health care system under the Washington basic health plan shall be
38 entitled to receive in return for premium payments to the plan. The

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

28 (2)(a) To design and implement a structure of periodic premiums due
29 the administrator from subsidized enrollees that is based upon gross
30 family income, giving appropriate consideration to family size and the
31 ages of all family members. The enrollment of children shall not
32 require the enrollment of their parent or parents who are eligible for
33 the plan. The structure of periodic premiums shall be applied to
34 subsidized enrollees entering the plan as individuals pursuant to
35 subsection (9) of this section and to the share of the cost of the plan
36 due from subsidized enrollees entering the plan as employees pursuant
37 to subsection (10) of this section.

38 (b) To determine the periodic premiums due the administrator from
39 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees

1 shall be in an amount equal to the cost charged by the managed health
2 care system provider to the state for the plan plus the administrative
3 cost of providing the plan to those enrollees and the premium tax under
4 RCW 48.14.0201.

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

11 (3) To design and implement a structure of copayments due a managed
12 health care system from subsidized and nonsubsidized enrollees. The
13 structure shall discourage inappropriate enrollee utilization of health
14 care services, but shall not be so costly to enrollees as to constitute
15 a barrier to appropriate utilization of necessary health care services.
16 On and after July 1, 1995, the administrator shall endeavor to make the
17 copayments structure of the plan consistent with enrollee point of
18 service cost-sharing levels adopted by the Washington health services
19 commission, giving consideration to funding available to the plan.

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

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

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

31 (7) To solicit and accept applications from managed health care
32 systems, as defined in this chapter, for inclusion as eligible basic
33 health care providers under the plan. The administrator shall endeavor
34 to assure that covered basic health care services are available to any
35 enrollee of the plan from among a selection of two or more
36 participating managed health care systems. In adopting any rules or
37 procedures applicable to managed health care systems and in its
38 dealings with such systems, the administrator shall consider and make
39 suitable allowance for the need for health care services and the

1 differences in local availability of health care resources, along with
2 other resources, within and among the several areas of the state.
3 Contracts with participating managed health care systems shall ensure
4 that basic health plan enrollees who become eligible for medical
5 assistance may, at their option, continue to receive services from
6 their existing providers within the managed health care system if such
7 providers have entered into provider agreements with the department of
8 social and health services.

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

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

36 (10) To accept applications from business owners on behalf of
37 themselves and their employees, spouses, and dependent children, as
38 subsidized or nonsubsidized enrollees, who reside in an area served by
39 the plan. The administrator may require all or the substantial

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

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

25 (12) To monitor the provision of covered services to enrollees by
26 participating managed health care systems in order to assure enrollee
27 access to good quality basic health care, to require periodic data
28 reports concerning the utilization of health care services rendered to
29 enrollees in order to provide adequate information for evaluation, and
30 to inspect the books and records of participating managed health care
31 systems to assure compliance with the purposes of this chapter. In
32 requiring reports from participating managed health care systems,
33 including data on services rendered enrollees, the administrator shall
34 endeavor to minimize costs, both to the managed health care systems and
35 to the plan. The administrator shall coordinate any such reporting
36 requirements with other state agencies, such as the insurance
37 commissioner and the department of health, to minimize duplication of
38 effort.

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

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

8 (15) To provide, consistent with available funding, assistance for
9 rural residents, underserved populations, and persons of color.

10 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
11 preservation of the public peace, health, or safety, or support of the
12 state government and its existing public institutions, and shall take
13 effect immediately.

Passed the Senate January 25, 1995.

Passed the House February 1, 1995.

Approved by the Governor February 3, 1995.

Filed in Office of Secretary of State February 3, 1995.

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