

# HOUSE BILL REPORT

## HB 3204

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**As Reported by House Committee On:**  
Appropriations

**Title:** An act relating to basic health plan benefits for home care agency providers.

**Brief Description:** Allowing basic health plan benefits for home care agency providers.

**Sponsors:** Representatives Sommers and Cody.

**Brief History:**

**Committee Activity:**

Appropriations: 2/26/04, 3/1/04 [DPS].

**Brief Summary of Substitute Bill**

- Creates a new category of Basic Health Plan (BHP) enrollee for employees of home care agencies.
- Home care agencies may purchase BHP coverage for their employees at a cost equal to the cost, plus administrative expenses, that the Health Care Authority is charged by managed care providers for the coverage.
- Home care agency enrollee premiums equal the lowest currently paid by BHP subsidized enrollees - currently \$17 per month.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Chandler, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

**Staff:** David Pringle (786-7310).

**Background:**

The Basic Health Plan (BHP) was created in 1987 to provide access to health insurance

for low-income Washington residents. It now provides state-funded subsidized coverage, through contracts with managed care plans, to approximately 100,000 subsidized enrollees and 1,300 home care workers statewide.

The BHP is administered by the Health Care Authority (HCA) pursuant to guidelines established in statute. Any person not eligible for Medicare, with a gross family income of up to 200 percent of the federal poverty level, is eligible for subsidized coverage.

Agency home care providers offer assistance to elderly and disabled individuals with daily activities such as eating, dressing, and bathing to enable them to remain in their own homes. The Aging and Disability Services Administration (ADSA) of the Department of Social and Health Services (DSHS) contracts with the 13 Area Agencies on Aging, which then subcontract with agency providers for home care services to individuals qualifying for publicly-funded care after meeting certain functional and financial requirements.

Funding is provided by the state to pay home care agencies for health care benefits to home care agency workers through the subsidized BHP or substantially equivalent benefits from an alternative plan. Home care workers who earn less than 200 percent of the federal poverty level are eligible for participation in the BHP. Home care agency workers who have family incomes in excess of 200 percent of the federal poverty level cannot enroll in the BHP, and are provided by their employers with "substantially equivalent" non-BHP health benefits. Each Area Agency on Aging evaluates and authorizes non-BHP home care agency health plan for substantial equivalency, and then reimburses the home care agency for employer premiums.

The 2003 Legislature reduced the BHP benefit package that would be offered beginning January 1, 2004 by 18 percent in value. However, ADSA found that health insurance carriers would not likewise reduce the benefit package of the substantially equivalent plans for home care agency providers. Area Agencies on Aging were thereafter authorized to also authorize home care provider plans as substantially equivalent to the BHP if they were plans approved prior to the 2003 Legislature's reduction of the BHP benefit package.

The most recent data available suggest that there are about 300 agency home care workers in the BHP at a cost to the state of about \$217 per month per employee, and that there are about 1,900 agency home care workers whose employers are being reimbursed for substantially equivalent benefit plans at an average of \$362 per month per employee.

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### **Summary of Substitute Bill:**

A "home care agency enrollee" category of BHP enrollee is established, defined as any employee of a home care agency licensed by the Department of Health and under contract

with DSHS to provide home care services to elderly and disabled clients. Enrollment in the BHP is available to agency home care providers only to the extent that specific funding is provided for that purpose.

Home care agency enrollee employee co-premiums for BHP benefits are set at the lowest premium paid by subsidized enrollees in the BHP. In 2004, this premium is \$17 per month.

Home care agency employer premiums are set at the amount HCA is charged by contract with a managed care plan, less the enrollee premium, plus the administrative cost of providing the plan to home care agency enrollees.

The Administrator of the HCA is authorized to contract for health care services for each type of BHP enrollee (subsidized, nonsubsidized, or home care agency) either individually, or in groups.

If any part of the act is found in conflict with federal requirements that are a prescribed condition to the allocation of federal funding to the state, the act is inoperative to the extent of the conflict.

**Substitute Bill Compared to Original Bill:**

The substitute bill corrects a statutory reference by requiring home care agencies to be licensed by the Department of Health, the agency that licenses in-home care agencies under RCW 70.127.020, while the original bill referred to licensing by the DSHS. The requirement that home care agency employee premiums equal the lowest rate charged to subsidized BHP enrollees is moved from the definition section to the section relating to the powers and duties of the HCA Administrator. Also, the substitute bill clarifies that employer premiums are the cost charged in the HCA managed care contract plus the HCA administrative costs, but less the amount paid by enrollee premiums.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This bill provides a collective mechanism to purchase benefits. Earlier versions of the budget would have limited reimbursement - but the version the House passed only encourages participation in the BHP. The House budget only provides BHP-capped funding rates, however. The appropriations that accompany this bill need to clarify which employees are eligible for reimbursement by the Area Agencies on Aging.

(Neutral) This provides a new option for employees that are not now categorically eligible. We were concerned about only permitting participation in the BHP, but this bill does not do that. We are concerned about the wide disparity in costs for the substantially equivalent plans - there are many factors, including geography, agency provider populations, and more. The substantially equivalent benefits provide the opportunity to access basic health benefits for all employees of agencies. Also many of the care-givers are over 65, and much more expensive than the current BHP population. We are comfortable with this bill as long as it does not force our members into the BHP. We are appreciative of the opening up of additional options through this bill, and look forward to working with the committee on the bill. As this establishes a separate category from subsidized enrollees for employees of home care agencies, we will interpret our primary responsibility as still being the subsidized BHP. We would cover them together or separately as necessary to avoid negatively affecting our subsidized BHP group. There could be an impact on pool costs for including the home care workers along with subsidized enrollees. There is nothing wrong with pursuing this as an option, but if this is a step to requiring the BHP, then we would be very concerned. The global costs of compensation need to be considered, not health benefits in isolation.

**Testimony Against:** None.

**Persons Testifying:** (In support) Penny Black, DSHS.

(Neutral) Nick Federici, Washington State Association of Home Care Services; Suzanne Ames and Dennis Martin, HCA; Melissa Johnson, ADDUS Health Care; and David Rolf, SEIU.

**Persons Signed In To Testify But Not Testifying:** None.