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**SUBSTITUTE HOUSE BILL 1830**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** House Committee on Health Care (originally sponsored by Representatives Conway, Wood, Cooper, Moeller, Kirby and Simpson)

READ FIRST TIME 03/05/03.

1 AN ACT Relating to basic health plan and medicaid coverage of  
2 employed individuals; amending RCW 70.47.060; creating a new section;  
3 and prescribing penalties.

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

5 **Sec. 1.** RCW 70.47.060 and 2001 c 196 s 13 are each amended to read  
6 as follows:

7 The administrator has the following powers and duties:

8 (1) To design and from time to time revise a schedule of covered  
9 basic health care services, including physician services, inpatient and  
10 outpatient hospital services, prescription drugs and medications, and  
11 other services that may be necessary for basic health care. In  
12 addition, the administrator may, to the extent that funds are  
13 available, offer as basic health plan services chemical dependency  
14 services, mental health services and organ transplant services;  
15 however, no one service or any combination of these three services  
16 shall increase the actuarial value of the basic health plan benefits by  
17 more than five percent excluding inflation, as determined by the office  
18 of financial management. All subsidized and nonsubsidized enrollees in  
19 any participating managed health care system under the Washington basic

1 health plan shall be entitled to receive covered basic health care  
2 services in return for premium payments to the plan. The schedule of  
3 services shall emphasize proven preventive and primary health care and  
4 shall include all services necessary for prenatal, postnatal, and well-  
5 child care. However, with respect to coverage for subsidized enrollees  
6 who are eligible to receive prenatal and postnatal services through the  
7 medical assistance program under chapter 74.09 RCW, the administrator  
8 shall not contract for such services except to the extent that such  
9 services are necessary over not more than a one-month period in order  
10 to maintain continuity of care after diagnosis of pregnancy by the  
11 managed care provider. The schedule of services shall also include a  
12 separate schedule of basic health care services for children, eighteen  
13 years of age and younger, for those subsidized or nonsubsidized  
14 enrollees who choose to secure basic coverage through the plan only for  
15 their dependent children. In designing and revising the schedule of  
16 services, the administrator shall consider the guidelines for assessing  
17 health services under the mandated benefits act of 1984, RCW 48.47.030,  
18 and such other factors as the administrator deems appropriate.

19 (2)(a) To design and implement a structure of periodic premiums due  
20 the administrator from subsidized enrollees that is based upon gross  
21 family income, giving appropriate consideration to family size and the  
22 ages of all family members. The enrollment of children shall not  
23 require the enrollment of their parent or parents who are eligible for  
24 the plan. The structure of periodic premiums shall be applied to  
25 subsidized enrollees entering the plan as individuals pursuant to  
26 subsection (9) of this section and to the share of the cost of the plan  
27 due from subsidized enrollees entering the plan as employees pursuant  
28 to subsection (10) of this section.

29 (b) To determine the periodic premiums due the administrator from  
30 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees  
31 shall be in an amount equal to the cost charged by the managed health  
32 care system provider to the state for the plan plus the administrative  
33 cost of providing the plan to those enrollees and the premium tax under  
34 RCW 48.14.0201.

35 (c) An employer or other financial sponsor may, with the prior  
36 approval of the administrator, pay the premium, rate, or any other  
37 amount on behalf of a subsidized or nonsubsidized enrollee, by

1 arrangement with the enrollee and through a mechanism acceptable to the  
2 administrator.

3 (d) To develop, as an offering by every health carrier providing  
4 coverage identical to the basic health plan, as configured on January  
5 1, 2001, a basic health plan model plan with uniformity in enrollee  
6 cost-sharing requirements.

7 (3) To design and implement a structure of enrollee cost-sharing  
8 due a managed health care system from subsidized and nonsubsidized  
9 enrollees. The structure shall discourage inappropriate enrollee  
10 utilization of health care services, and may utilize copayments,  
11 deductibles, and other cost-sharing mechanisms, but shall not be so  
12 costly to enrollees as to constitute a barrier to appropriate  
13 utilization of necessary health care services.

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

19 (5) To limit the payment of subsidies to subsidized enrollees, as  
20 defined in RCW 70.47.020. The level of subsidy provided to persons who  
21 qualify may be based on the lowest cost plans, as defined by the  
22 administrator.

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

27 (7) To solicit and accept applications from managed health care  
28 systems, as defined in this chapter, for inclusion as eligible basic  
29 health care providers under the plan for either subsidized enrollees,  
30 or nonsubsidized enrollees, or both. The administrator shall endeavor  
31 to assure that covered basic health care services are available to any  
32 enrollee of the plan from among a selection of two or more  
33 participating managed health care systems. In adopting any rules or  
34 procedures applicable to managed health care systems and in its  
35 dealings with such systems, the administrator shall consider and make  
36 suitable allowance for the need for health care services and the  
37 differences in local availability of health care resources, along with  
38 other resources, within and among the several areas of the state.

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

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

13 (9) To accept applications from individuals residing in areas  
14 served by the plan, on behalf of themselves and their spouses and  
15 dependent children, for enrollment in the Washington basic health plan  
16 as subsidized or nonsubsidized enrollees, to establish appropriate  
17 minimum-enrollment periods for enrollees as may be necessary, and to  
18 determine, upon application and on a reasonable schedule defined by the  
19 authority, or at the request of any enrollee, eligibility due to  
20 current gross family income for sliding scale premiums. Funds received  
21 by a family as part of participation in the adoption support program  
22 authorized under RCW 26.33.320 and 74.13.100 through 74.13.145 shall  
23 not be counted toward a family's current gross family income for the  
24 purposes of this chapter. When an enrollee fails to report income or  
25 income changes accurately, the administrator shall have the authority  
26 either to bill the enrollee for the amounts overpaid by the state or to  
27 impose civil penalties of up to two hundred percent of the amount of  
28 subsidy overpaid due to the enrollee incorrectly reporting income. The  
29 administrator shall adopt rules to define the appropriate application  
30 of these sanctions and the processes to implement the sanctions  
31 provided in this subsection, within available resources. No subsidy  
32 may be paid with respect to any enrollee whose current gross family  
33 income exceeds twice the federal poverty level or, subject to RCW  
34 70.47.110, who is a recipient of medical assistance or medical care  
35 services under chapter 74.09 RCW. If a number of enrollees drop their  
36 enrollment for no apparent good cause, the administrator may establish  
37 appropriate rules or requirements that are applicable to such  
38 individuals before they will be allowed to reenroll in the plan.

1 (10) To accept applications from business owners on behalf of  
2 themselves and their employees, spouses, and dependent children, as  
3 subsidized or nonsubsidized enrollees, who reside in an area served by  
4 the plan. The administrator may require all or the substantial  
5 majority of the eligible employees of such businesses to enroll in the  
6 plan and establish those procedures necessary to facilitate the orderly  
7 enrollment of groups in the plan and into a managed health care system.  
8 The administrator may require that a business owner pay at least an  
9 amount equal to what the employee pays after the state pays its portion  
10 of the subsidized premium cost of the plan on behalf of each employee  
11 enrolled in the plan. Enrollment is limited to those not eligible for  
12 medicare who wish to enroll in the plan and choose to obtain the basic  
13 health care coverage and services from a managed care system  
14 participating in the plan. The administrator shall adjust the amount  
15 determined to be due on behalf of or from all such enrollees whenever  
16 the amount negotiated by the administrator with the participating  
17 managed health care system or systems is modified or the administrative  
18 cost of providing the plan to such enrollees changes.

19 (11) For subsidized enrollees who are eligible to receive health  
20 insurance coverage through their employer:

21 (a) To require that the enrollee's employer pay at least an amount  
22 equal to what the employee pays after the state pays its portion of the  
23 subsidized premium cost of the plan on behalf of the enrollee; or

24 (b) To pay the enrollee's monthly premium obligation for his or her  
25 employer-sponsored health insurance coverage.

26 For purposes of this subsection, "employer" does not include a home  
27 care agency whose workers' basic health plan coverage is funded through  
28 an appropriation in the biennial operating budget. If an employer is  
29 delinquent in making the requested payment required by this subsection,  
30 the administrator may impose late payment fees and civil penalties of  
31 up to three hundred percent of the amount of the delinquent payment.  
32 No enrollee shall be removed from the plan as a result of an employer's  
33 delinquency in making required payments. All funds collected from  
34 employers under this subsection shall be deposited in the basic health  
35 plan trust account, to be used by the administrator for subsidized  
36 basic health plan enrollment. All state funds that would otherwise  
37 have been used in lieu of payments from an employer shall remain

1 appropriated to the health care authority for the purposes of  
2 subsidized enrollment in the basic health plan. The administrator may  
3 adopt rules to implement this subsection.

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

15 ~~((12))~~ (13) To monitor the provision of covered services to  
16 enrollees by participating managed health care systems in order to  
17 assure enrollee access to good quality basic health care, to require  
18 periodic data reports concerning the utilization of health care  
19 services rendered to enrollees in order to provide adequate information  
20 for evaluation, and to inspect the books and records of participating  
21 managed health care systems to assure compliance with the purposes of  
22 this chapter. In requiring reports from participating managed health  
23 care systems, including data on services rendered enrollees, the  
24 administrator shall endeavor to minimize costs, both to the managed  
25 health care systems and to the plan. The administrator shall  
26 coordinate any such reporting requirements with other state agencies,  
27 such as the insurance commissioner and the department of health, to  
28 minimize duplication of effort.

29 ~~((13))~~ (14) To evaluate the effects this chapter has on private  
30 employer-based health care coverage and to take appropriate measures  
31 consistent with state and federal statutes that will discourage the  
32 reduction of such coverage in the state.

33 ~~((14))~~ (15) To develop a program of proven preventive health  
34 measures and to integrate it into the plan wherever possible and  
35 consistent with this chapter.

36 ~~((15))~~ (16) To provide, consistent with available funding,  
37 assistance for rural residents, underserved populations, and persons of  
38 color.

1        (~~(16)~~) (17) In consultation with appropriate state and local  
2 government agencies, to establish criteria defining eligibility for  
3 persons confined or residing in government-operated institutions.

4        (~~(17)~~) (18) To administer the premium discounts provided under  
5 RCW 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the  
6 Washington state health insurance pool.

7        NEW SECTION.    **Sec. 2.** If any part of this act is found to be in  
8 conflict with federal requirements that are a prescribed condition to  
9 the allocation of federal funds to the state, the conflicting part of  
10 this act is inoperative solely to the extent of the conflict and with  
11 respect to the agencies directly affected, and this finding does not  
12 affect the operation of the remainder of this act in its application to  
13 the agencies concerned. Rules adopted under this act must meet federal  
14 requirements that are a necessary condition to the receipt of federal  
15 funds by the state.

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