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HOUSE BILL 2796

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By Representatives Romero, Hunt, Kessler, Murray, Simpson, G., Chase and Ormsby

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1 AN ACT Relating to the basic health plan enrollment of individuals  
2 participating in community-based programs established to provide access  
3 to health care services for uninsured persons; and amending RCW  
4 70.47.060.

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

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

8 The administrator has the following powers and duties:

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

1 any participating managed health care system under the Washington basic  
2 health plan shall be entitled to receive covered basic health care  
3 services in return for premium payments to the plan. The schedule of  
4 services shall emphasize proven preventive and primary health care and  
5 shall include all services necessary for prenatal, postnatal, and well-  
6 child care. However, with respect to coverage for subsidized enrollees  
7 who are eligible to receive prenatal and postnatal services through the  
8 medical assistance program under chapter 74.09 RCW, the administrator  
9 shall not contract for such services except to the extent that such  
10 services are necessary over not more than a one-month period in order  
11 to maintain continuity of care after diagnosis of pregnancy by the  
12 managed care provider. The schedule of services shall also include a  
13 separate schedule of basic health care services for children, eighteen  
14 years of age and younger, for those subsidized or nonsubsidized  
15 enrollees who choose to secure basic coverage through the plan only for  
16 their dependent children. In designing and revising the schedule of  
17 services, the administrator shall consider the guidelines for assessing  
18 health services under the mandated benefits act of 1984, RCW 48.47.030,  
19 and such other factors as the administrator deems appropriate. To the  
20 extent that the administrator adopts, by rule, preexisting condition  
21 limitations as part of the benefit package, any such rule must allow an  
22 enrollee to credit the period of their continued participation in a  
23 community-based program established to provide access to health care  
24 services for uninsured persons against the time period of their  
25 preexisting conditions limitation.

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

36 (b) To determine the periodic premiums due the administrator from  
37 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees  
38 shall be in an amount equal to the cost charged by the managed health

1 care system provider to the state for the plan plus the administrative  
2 cost of providing the plan to those enrollees and the premium tax under  
3 RCW 48.14.0201.

4 (c) An employer or other financial sponsor may, with the prior  
5 approval of the administrator, pay the premium, rate, or any other  
6 amount on behalf of a subsidized or nonsubsidized enrollee, by  
7 arrangement with the enrollee and through a mechanism acceptable to the  
8 administrator.

9 (d) To develop, as an offering by every health carrier providing  
10 coverage identical to the basic health plan, as configured on January  
11 1, 2001, a basic health plan model plan with uniformity in enrollee  
12 cost-sharing requirements.

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

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. The level of subsidy provided to persons who  
27 qualify may be based on the lowest cost plans, as defined by the  
28 administrator.

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

33 (7) To solicit and accept applications from managed health care  
34 systems, as defined in this chapter, for inclusion as eligible basic  
35 health care providers under the plan for either subsidized enrollees,  
36 or nonsubsidized enrollees, or both. The administrator shall endeavor  
37 to assure that covered basic health care services are available to any  
38 enrollee of the plan from among a selection of two or more

1 participating managed health care systems. In adopting any rules or  
2 procedures applicable to managed health care systems and in its  
3 dealings with such systems, the administrator shall consider and make  
4 suitable allowance for the need for health care services and the  
5 differences in local availability of health care resources, along with  
6 other resources, within and among the several areas of the state.  
7 Contracts with participating managed health care systems shall ensure  
8 that basic health plan enrollees who become eligible for medical  
9 assistance may, at their option, continue to receive services from  
10 their existing providers within the managed health care system if such  
11 providers have entered into provider agreements with the department of  
12 social and health services.

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

19 (9) To accept applications from individuals residing in areas  
20 served by the plan, on behalf of themselves and their spouses and  
21 dependent children, for enrollment in the Washington basic health plan  
22 as subsidized or nonsubsidized enrollees, to establish appropriate  
23 minimum-enrollment periods for enrollees as may be necessary, and to  
24 determine, upon application and on a reasonable schedule defined by the  
25 authority, or at the request of any enrollee, eligibility due to  
26 current gross family income for sliding scale premiums. Funds received  
27 by a family as part of participation in the adoption support program  
28 authorized under RCW 26.33.320 and 74.13.100 through 74.13.145 shall  
29 not be counted toward a family's current gross family income for the  
30 purposes of this chapter. When an enrollee fails to report income or  
31 income changes accurately, the administrator shall have the authority  
32 either to bill the enrollee for the amounts overpaid by the state or to  
33 impose civil penalties of up to two hundred percent of the amount of  
34 subsidy overpaid due to the enrollee incorrectly reporting income. The  
35 administrator shall adopt rules to define the appropriate application  
36 of these sanctions and the processes to implement the sanctions  
37 provided in this subsection, within available resources. No subsidy  
38 may be paid with respect to any enrollee whose current gross family

1 income exceeds twice the federal poverty level or, subject to RCW  
2 70.47.110, who is a recipient of medical assistance or medical care  
3 services under chapter 74.09 RCW. If a number of enrollees drop their  
4 enrollment for no apparent good cause, the administrator may establish  
5 appropriate rules or requirements that are applicable to such  
6 individuals before they will be allowed to reenroll in the plan.

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

25 (11) To determine the rate to be paid to each participating managed  
26 health care system in return for the provision of covered basic health  
27 care services to enrollees in the system. Although the schedule of  
28 covered basic health care services will be the same or actuarially  
29 equivalent for similar enrollees, the rates negotiated with  
30 participating managed health care systems may vary among the systems.  
31 In negotiating rates with participating systems, the administrator  
32 shall consider the characteristics of the populations served by the  
33 respective systems, economic circumstances of the local area, the need  
34 to conserve the resources of the basic health plan trust account, and  
35 other factors the administrator finds relevant.

36 (12) To monitor the provision of covered services to enrollees by  
37 participating managed health care systems in order to assure enrollee  
38 access to good quality basic health care, to require periodic data

1 reports concerning the utilization of health care services rendered to  
2 enrollees in order to provide adequate information for evaluation, and  
3 to inspect the books and records of participating managed health care  
4 systems to assure compliance with the purposes of this chapter. In  
5 requiring reports from participating managed health care systems,  
6 including data on services rendered enrollees, the administrator shall  
7 endeavor to minimize costs, both to the managed health care systems and  
8 to the plan. The administrator shall coordinate any such reporting  
9 requirements with other state agencies, such as the insurance  
10 commissioner and the department of health, to minimize duplication of  
11 effort.

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

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

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

21 (16) In consultation with appropriate state and local government  
22 agencies, to establish criteria defining eligibility for persons  
23 confined or residing in government-operated institutions.

24 (17) To administer the premium discounts provided under RCW  
25 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the Washington  
26 state health insurance pool.

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