

**E2SHB 2069** - S COMM AMD

By Committee on Health & Long-Term Care

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) As a result of escalating health care costs, small employers  
5 are finding it more and more difficult to offer health benefits to  
6 employees and their dependents, and their employees are struggling to  
7 pay their share of rising premiums;

8 (b) An estimated one hundred fifty thousand state residents who are  
9 either employees of small businesses or are dependents of employees of  
10 small businesses are uninsured, and these employees and their  
11 dependents account for a quarter of the state's uninsured population;  
12 and

13 (c) An erosion in employer-based coverage, as demonstrated by data  
14 showing a decrease in the percentage of people under sixty-five who  
15 have employer-based coverage from seventy-one percent in 1993 to sixty-  
16 six percent in 2004, is detrimental to the health of uninsured  
17 employees and puts additional cost pressures on small businesses and  
18 other employers that provide health benefits.

19 (2) The legislature further finds that building public-private  
20 partnerships in which employers, employees, and the public share in the  
21 cost of health care holds the promise of expanding coverage and  
22 reducing the adverse cost consequences of caring for uninsured  
23 populations.

24 (3) It is the intent of the legislature that the state, in  
25 collaboration with carriers and small businesses, develop mechanisms to  
26 provide small businesses, particularly those who currently are unable  
27 to purchase health benefit plans, with affordable and meaningful  
28 coverage options that meet the health care needs of employees and their  
29 families.

1        NEW SECTION.    **Sec. 2.** For purposes of this chapter "small  
2 employer" and "carrier" have the same meaning as in RCW 48.43.005.

3        NEW SECTION.    **Sec. 3.** By January 1, 2007, the health care  
4 authority established under chapter 41.05 RCW shall implement a program  
5 to assist small employers in providing meaningful health care coverage  
6 to their employees and employees' dependents. The program shall:

7            (1) Offer a choice of health benefit plans at varying prices that  
8 are consistent with the requirements of section 4 of this act,  
9 including a high deductible plan that may be used in conjunction with  
10 a health savings account;

11           (2) Require an affordable premium contribution from participating  
12 employers and employees, subsidized as available federal, state, local,  
13 or other funding allows and if necessary to provide meaningful  
14 coverage;

15           (3) Be designed to: (a) Encourage small employers that do not  
16 offer health coverage to do so, and discourage those that offer  
17 coverage from dropping it in favor of the small employer assistance  
18 program; (b) meet the needs of small employers in different areas of  
19 the state; and (c) meet the needs of small employers with differing  
20 work force characteristics;

21           (4) Use appropriate and effective risk management mechanisms where  
22 they would reduce the cost of coverage;

23           (5) Collaborate with and make maximum use of existing federal,  
24 state, local, and other programs providing coverage or health care to  
25 the uninsured, particularly those who are employed by small employers.

26           Initially, the program may be offered in limited areas of the  
27 state, but if so, the health care authority shall develop a plan for  
28 expanding the program statewide.

29        NEW SECTION.    **Sec. 4.** Any health benefit plan offered under the  
30 small employer assistance program shall reflect the conscientious,  
31 explicit, and judicious use of current best information and data with  
32 regard to patient care. In designing the schedule of benefits and cost  
33 sharing, the authority shall:

34           (1) Include preventive care services, based on the recommendations  
35 of the United States preventive services task force, with minimal  
36 enrollee cost sharing;

1 (2) Include other benefits determined to be the most efficacious  
2 and cost-effective within the limits affordable to small employers and  
3 their employees, given the available subsidy;

4 (3) Structure enrollee cost sharing to discourage demand for  
5 inappropriate or unnecessary treatment, encourage enrollee  
6 responsibility, including the use of efficacious and cost-effective  
7 services and products, and promote quality care.

8 A carrier may offer any health benefit plan available under the  
9 small employer assistance program to any small employer, whether  
10 through the small employer assistance program or otherwise.

11 NEW SECTION. **Sec. 5.** In contracting with a carrier to offer  
12 coverage under the small employer assistance program, the health care  
13 authority shall ensure that the carrier:

14 (1) Actively educates enrollees regarding responsible health care  
15 decision making and encourages their engagement in health promotion and  
16 wellness activities and their receipt of appropriate preventive  
17 services;

18 (2) Actively seeks to identify and encourage appropriate,  
19 efficacious, and cost-effective care by its providers based on evidence  
20 of best practices and promotes the use of quality providers by its  
21 enrollees;

22 (3) Actively seeks to identify enrollees with, or with the  
23 potential for, chronic or other high-cost conditions and provides them  
24 coordinated care through disease and demand management programs;

25 (4) Actively encourages innovative, efficient, and patient-centered  
26 facility designs and service delivery methods that improve enrollee  
27 access to care and health outcomes.

28 If the health care authority implements a self-insured plan, it  
29 shall be responsible for these requirements.

30 NEW SECTION. **Sec. 6.** The activities and operations of the small  
31 employer assistance program, including carriers to the extent of their  
32 participation in the program, are exempt from the provisions and  
33 requirements of Title 48 RCW except:

34 (1) Carriers are subject to RCW 48.43.022, 48.43.500, 48.43.505  
35 through 48.43.535, 48.43.545, and 48.43.550;

1 (2) Persons appointed or authorized to solicit applications for  
2 enrollment in a plan offered under the small employer assistance  
3 program, including employees of the health care authority, must comply  
4 with chapter 48.17 RCW. For purposes of this section, "solicit" does  
5 not include distributing information and applications for the small  
6 employer assistance program and responding to questions; and

7 (3) Amounts paid to a carrier representing the premium contribution  
8 of employers and employees must comply with RCW 48.14.0201.

9 NEW SECTION. **Sec. 7.** The health care authority may implement a  
10 self-funded or self-insured method of providing insurance coverage, as  
11 provided in RCW 41.05.140, under the small employer assistance program  
12 if no carrier is willing to provide coverage under the program in a  
13 given area and the health care authority has received a certification  
14 from a member of the American academy of actuaries that the funding  
15 available in the small employer assistance self-insurance reserve  
16 account is sufficient for the self-funded or self-insured risk assumed,  
17 or expected to be assumed, by the authority.

18 NEW SECTION. **Sec. 8.** The health care authority shall consult with  
19 interested parties in its development of the small employer assistance  
20 program and shall provide a progress report on its implementation to  
21 the legislature by December 1, 2005. The report shall: (1) Identify  
22 and provide an explanation for any variance in the program design from  
23 the requirements of Title 48 RCW; (2) discuss funding options to  
24 support the subsidy of small employer program enrollees; and (3)  
25 identify any additional statutory changes necessary to meet the intent  
26 of the program.

27 NEW SECTION. **Sec. 9.** The health care authority may adopt rules to  
28 implement this chapter.

29 NEW SECTION. **Sec. 10.** (1) Beginning July 1, 2006, the health care  
30 authority may accept applications for premium assistance from  
31 individuals whose current small employer has not offered health  
32 insurance within the last six months, on behalf of themselves and their  
33 spouses and dependent children. The health care authority may

1 determine the minimum premium contribution to be paid by small  
2 employers whose employees are participating in this premium assistance  
3 option.

4 (2) To the extent of funding provided in the biennial operating  
5 budget, the health care authority may make premium assistance payments  
6 to help employees pay their premium obligation for their employer's  
7 health benefit plan when:

8 (a) The individual seeking premium assistance, plus the  
9 individual's spouse and dependent children: (i) Is not confined or  
10 residing in a government-operated institution, unless he or she meets  
11 eligibility criteria adopted by the health care authority; (ii) has  
12 gross family income at the time of enrollment that does not exceed two  
13 hundred percent of the federal poverty level as adjusted for family  
14 size and determined annually by the federal department of health and  
15 human services; (iii) resides within the state of Washington; and (iv)  
16 meets the definition of eligible employee as defined in RCW 48.43.005;

17 (b) The premium assistance paid would be less than the subsidy that  
18 would be paid if the individual, or the individual plus his or her  
19 spouse and dependent children, were to enroll in the Washington basic  
20 health plan under chapter 70.47 RCW as subsidized enrollees. The  
21 amount of an individual's premium assistance shall be determined by  
22 applying the percent of premium subsidy paid for subsidized basic  
23 health plan enrollees under RCW 70.47.060 to the employee's premium  
24 obligation for his or her employer's health benefit plan;

25 (c) The premium assistance enrollee agrees to provide verification  
26 of continued enrollment in his or her small employer's health benefit  
27 plan on a semiannual basis, or to notify the health care authority  
28 whenever his or her enrollment status changes, whichever is earlier.  
29 Verification or notification may be made directly by the employee, or  
30 through his or her employer or the carrier providing the small employer  
31 health benefit plan. When necessary, the health care authority has the  
32 authority to perform retrospective audits on premium assistance  
33 accounts.

34 (3) The health care authority may adopt standards for minimum  
35 thresholds of small employer health benefit plans for which premium  
36 assistance will be paid under this section. The office of insurance  
37 commissioner under Title 48 RCW shall certify that small employer

1 health benefit plans meet any standards developed under this  
2 subsection.

3 (4) The health care authority, in consultation with small  
4 employers, carriers, and the office of insurance commissioner under  
5 Title 48 RCW, shall determine an effective and efficient method for the  
6 payment of premium assistance and adopt rules necessary for its  
7 implementation.

8 (5) Funds received by a family as part of participation in the  
9 adoption support program authorized under RCW 26.33.320 and 74.13.100  
10 through 74.13.145 may not be counted toward a family's current gross  
11 family income for the purposes of this chapter. No premium assistance  
12 may be paid to an employee whose current gross family income exceeds  
13 twice the federal poverty level or who is a recipient of medical  
14 assistance or medical care services under chapter 74.09 RCW.

15 NEW SECTION. **Sec. 11.** Sections 1 through 10 of this act  
16 constitute a new chapter in Title 70 RCW.

17 NEW SECTION. **Sec. 12.** (1) The sum of five hundred thousand  
18 dollars, or as much thereof as may be necessary, is appropriated from  
19 the general fund to the health care authority for the fiscal year  
20 ending June 30, 2006, to carry out the purposes of this act.

21 (2) The sum of two hundred twenty-four thousand dollars, or as much  
22 thereof as may be necessary, is appropriated from the general fund to  
23 the health care authority for the fiscal year ending June 30, 2007, to  
24 carry out the purposes of this act."

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25 On page 1, line 2 of the title, after "program;" strike the  
26 remainder of the title and insert "adding a new chapter to Title 70  
27 RCW; and making appropriations."

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