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HOUSE BILL 1602

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Kagi, Dickerson, Pettigrew, Appleton, Walsh, Roberts, Santos, Ormsby, Hasegawa, McDermott, Schual-Berke, Haigh and Simpson

Read first time 01/24/2007. Referred to Committee on Health Care & Wellness.

1            AN ACT Relating to enrollment of foster parents in the Washington  
2 basic health plan; amending RCW 70.47.020 and 70.47.060; creating a new  
3 section; making an appropriation; and providing an effective date.

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

5            NEW SECTION.    **Sec. 1.** (1) The legislature finds that foster  
6 parents play a critical role in our child welfare system by providing  
7 a safe and nurturing environment for children who have been placed in  
8 foster care. The legislature further finds that foster parents often  
9 forgo employment in order to become foster parents, and thereby lose an  
10 opportunity to obtain health care coverage through employer-sponsored  
11 health insurance.

12            (2) The legislature intends to acknowledge the difficulties that  
13 foster parents encounter in finding affordable health care coverage by  
14 providing opportunities to enroll in the Washington basic health plan.

15            **Sec. 2.** RCW 70.47.020 and 2005 c 188 s 2 are each amended to read  
16 as follows:

17            As used in this chapter:

1 (1) "Washington basic health plan" or "plan" means the system of  
2 enrollment and payment for basic health care services, administered by  
3 the plan administrator through participating managed health care  
4 systems, created by this chapter.

5 (2) "Administrator" means the Washington basic health plan  
6 administrator, who also holds the position of administrator of the  
7 Washington state health care authority.

8 (3) "Health coverage tax credit program" means the program created  
9 by the Trade Act of 2002 (P.L. 107-210) that provides a federal tax  
10 credit that subsidizes private health insurance coverage for displaced  
11 workers certified to receive certain trade adjustment assistance  
12 benefits and for individuals receiving benefits from the pension  
13 benefit guaranty corporation.

14 (4) "Health coverage tax credit eligible enrollee" means individual  
15 workers and their qualified family members who lose their jobs due to  
16 the effects of international trade and are eligible for certain trade  
17 adjustment assistance benefits; or are eligible for benefits under the  
18 alternative trade adjustment assistance program; or are people who  
19 receive benefits from the pension benefit guaranty corporation and are  
20 at least fifty-five years old.

21 (5) "Managed health care system" means: (a) Any health care  
22 organization, including health care providers, insurers, health care  
23 service contractors, health maintenance organizations, or any  
24 combination thereof, that provides directly or by contract basic health  
25 care services, as defined by the administrator and rendered by duly  
26 licensed providers, to a defined patient population enrolled in the  
27 plan and in the managed health care system; or (b) a self-funded or  
28 self-insured method of providing insurance coverage to subsidized  
29 enrollees provided under RCW 41.05.140 and subject to the limitations  
30 under RCW 70.47.100(7).

31 (6) "Subsidized enrollee" means:

32 (a) An individual, or an individual plus the individual's spouse or  
33 dependent children:

34 ~~((a))~~ (i) Who is not eligible for medicare;

35 ~~((b))~~ (ii) Who is not confined or residing in a government-  
36 operated institution, unless he or she meets eligibility criteria  
37 adopted by the administrator;

1 ((+e)) (iii) Who is not a full-time student who has received a  
2 temporary visa to study in the United States;

3 ((+d)) (iv) Who resides in an area of the state served by a  
4 managed health care system participating in the plan;

5 ((+e)) (v) Whose gross family income at the time of enrollment  
6 does not exceed two hundred percent of the federal poverty level as  
7 adjusted for family size and determined annually by the federal  
8 department of health and human services; and

9 ((+f)) (vi) Who chooses to obtain basic health care coverage from  
10 a particular managed health care system in return for periodic payments  
11 to the plan((-));

12 (b) An individual who meets the requirements in (a)(i) through (iv)  
13 and (vi) of this subsection and who is a foster parent licensed under  
14 chapter 74.15 RCW; and

15 (c) To the extent that state funds are specifically appropriated  
16 for this purpose, with a corresponding federal match, (~~"subsidized~~  
17 ~~enrollee" also means~~) an individual, or an individual's spouse or  
18 dependent children, who meets the requirements in (a)(i) through  
19 ~~((+d))~~ (iv) and ~~((+f))~~ (vi) of this subsection and whose gross family  
20 income at the time of enrollment is more than two hundred percent, but  
21 less than two hundred fifty-one percent, of the federal poverty level  
22 as adjusted for family size and determined annually by the federal  
23 department of health and human services.

24 (7) "Nonsubsidized enrollee" means an individual, or an individual  
25 plus the individual's spouse or dependent children: (a) Who is not  
26 eligible for medicare; (b) who is not confined or residing in a  
27 government-operated institution, unless he or she meets eligibility  
28 criteria adopted by the administrator; (c) who resides in an area of  
29 the state served by a managed health care system participating in the  
30 plan; (d) who chooses to obtain basic health care coverage from a  
31 particular managed health care system; and (e) who pays or on whose  
32 behalf is paid the full costs for participation in the plan, without  
33 any subsidy from the plan.

34 (8) "Subsidy" means the difference between the amount of periodic  
35 payment the administrator makes to a managed health care system on  
36 behalf of a subsidized enrollee plus the administrative cost to the  
37 plan of providing the plan to that subsidized enrollee, and the amount

1 determined to be the subsidized enrollee's responsibility under RCW  
2 70.47.060(2).

3 (9) "Premium" means a periodic payment, based upon gross family  
4 income which an individual, their employer or another financial sponsor  
5 makes to the plan as consideration for enrollment in the plan as a  
6 subsidized enrollee, a nonsubsidized enrollee, or a health coverage tax  
7 credit eligible enrollee.

8 (10) "Rate" means the amount, negotiated by the administrator with  
9 and paid to a participating managed health care system, that is based  
10 upon the enrollment of subsidized, nonsubsidized, and health coverage  
11 tax credit eligible enrollees in the plan and in that system.

12 **Sec. 3.** RCW 70.47.060 and 2006 c 343 s 9 are each amended to read  
13 as follows:

14 The administrator has the following powers and duties:

15 (1) To design and from time to time revise a schedule of covered  
16 basic health care services, including physician services, inpatient and  
17 outpatient hospital services, prescription drugs and medications, and  
18 other services that may be necessary for basic health care. In  
19 addition, the administrator may, to the extent that funds are  
20 available, offer as basic health plan services chemical dependency  
21 services, mental health services and organ transplant services;  
22 however, no one service or any combination of these three services  
23 shall increase the actuarial value of the basic health plan benefits by  
24 more than five percent excluding inflation, as determined by the office  
25 of financial management. All subsidized and nonsubsidized enrollees in  
26 any participating managed health care system under the Washington basic  
27 health plan shall be entitled to receive covered basic health care  
28 services in return for premium payments to the plan. The schedule of  
29 services shall emphasize proven preventive and primary health care and  
30 shall include all services necessary for prenatal, postnatal, and well-  
31 child care. However, with respect to coverage for subsidized enrollees  
32 who are eligible to receive prenatal and postnatal services through the  
33 medical assistance program under chapter 74.09 RCW, the administrator  
34 shall not contract for such services except to the extent that such  
35 services are necessary over not more than a one-month period in order  
36 to maintain continuity of care after diagnosis of pregnancy by the  
37 managed care provider. The schedule of services shall also include a

1 separate schedule of basic health care services for children, eighteen  
2 years of age and younger, for those subsidized or nonsubsidized  
3 enrollees who choose to secure basic coverage through the plan only for  
4 their dependent children. In designing and revising the schedule of  
5 services, the administrator shall consider the guidelines for assessing  
6 health services under the mandated benefits act of 1984, RCW 48.47.030,  
7 and such other factors as the administrator deems appropriate.

8 (2)(a) To design and implement a structure of periodic premiums due  
9 the administrator from subsidized enrollees that is based upon gross  
10 family income, giving appropriate consideration to family size and the  
11 ages of all family members. The enrollment of children shall not  
12 require the enrollment of their parent or parents who are eligible for  
13 the plan. The structure of periodic premiums shall be applied to  
14 subsidized enrollees entering the plan as individuals pursuant to  
15 subsection (11) of this section and to the share of the cost of the  
16 plan due from subsidized enrollees entering the plan as employees  
17 pursuant to subsection (12) of this section.

18 (b) To determine the periodic premiums due the administrator from  
19 subsidized enrollees under RCW 70.47.020(6)(b). Premiums due for  
20 foster parents with gross family income up to two hundred percent of  
21 the federal poverty level shall be set at the minimum premium amount  
22 charged to enrollees with income below sixty-five percent of the  
23 federal poverty level. Premiums due for foster parents with gross  
24 family income greater than two hundred percent of the federal poverty  
25 level shall not exceed one hundred dollars per month.

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

32 ((+e)) (d) To determine the periodic premiums due the  
33 administrator from health coverage tax credit eligible enrollees.  
34 Premiums due from health coverage tax credit eligible enrollees must be  
35 in an amount equal to the cost charged by the managed health care  
36 system provider to the state for the plan, plus the administrative cost  
37 of providing the plan to those enrollees and the premium tax under RCW  
38 48.14.0201. The administrator will consider the impact of eligibility

1 determination by the appropriate federal agency designated by the Trade  
2 Act of 2002 (P.L. 107-210) as well as the premium collection and  
3 remittance activities by the United States internal revenue service  
4 when determining the administrative cost charged for health coverage  
5 tax credit eligible enrollees.

6 ~~((d))~~ (e) An employer or other financial sponsor may, with the  
7 prior approval of the administrator, pay the premium, rate, or any  
8 other amount on behalf of a subsidized or nonsubsidized enrollee, by  
9 arrangement with the enrollee and through a mechanism acceptable to the  
10 administrator. The administrator shall establish a mechanism for  
11 receiving premium payments from the United States internal revenue  
12 service for health coverage tax credit eligible enrollees.

13 ~~((e))~~ (f) To develop, as an offering by every health carrier  
14 providing coverage identical to the basic health plan, as configured on  
15 January 1, 2001, a basic health plan model plan with uniformity in  
16 enrollee cost-sharing requirements.

17 (3) To evaluate, with the cooperation of participating managed  
18 health care system providers, the impact on the basic health plan of  
19 enrolling health coverage tax credit eligible enrollees. The  
20 administrator shall issue to the appropriate committees of the  
21 legislature preliminary evaluations on June 1, 2005, and January 1,  
22 2006, and a final evaluation by June 1, 2006. The evaluation shall  
23 address the number of persons enrolled, the duration of their  
24 enrollment, their utilization of covered services relative to other  
25 basic health plan enrollees, and the extent to which their enrollment  
26 contributed to any change in the cost of the basic health plan.

27 (4) To end the participation of health coverage tax credit eligible  
28 enrollees in the basic health plan if the federal government reduces or  
29 terminates premium payments on their behalf through the United States  
30 internal revenue service.

31 (5) To design and implement a structure of enrollee cost-sharing  
32 due a managed health care system from subsidized, nonsubsidized, and  
33 health coverage tax credit eligible enrollees. The structure shall  
34 discourage inappropriate enrollee utilization of health care services,  
35 and may utilize copayments, deductibles, and other cost-sharing  
36 mechanisms, but shall not be so costly to enrollees as to constitute a  
37 barrier to appropriate utilization of necessary health care services.

1 (6) To limit enrollment of persons who qualify for subsidies so as  
2 to prevent an overexpenditure of appropriations for such purposes.  
3 Whenever the administrator finds that there is danger of such an  
4 overexpenditure, the administrator shall close enrollment until the  
5 administrator finds the danger no longer exists. Such a closure does  
6 not apply to health coverage tax credit eligible enrollees who receive  
7 a premium subsidy from the United States internal revenue service as  
8 long as the enrollees qualify for the health coverage tax credit  
9 program.

10 (7) To limit the payment of subsidies to subsidized enrollees, as  
11 defined in RCW 70.47.020. The level of subsidy provided to persons who  
12 qualify may be based on the lowest cost plans, as defined by the  
13 administrator.

14 (8) To adopt a schedule for the orderly development of the delivery  
15 of services and availability of the plan to residents of the state,  
16 subject to the limitations contained in RCW 70.47.080 or any act  
17 appropriating funds for the plan.

18 (9) To solicit and accept applications from managed health care  
19 systems, as defined in this chapter, for inclusion as eligible basic  
20 health care providers under the plan for subsidized enrollees,  
21 nonsubsidized enrollees, or health coverage tax credit eligible  
22 enrollees. The administrator shall endeavor to assure that covered  
23 basic health care services are available to any enrollee of the plan  
24 from among a selection of two or more participating managed health care  
25 systems. In adopting any rules or procedures applicable to managed  
26 health care systems and in its dealings with such systems, the  
27 administrator shall consider and make suitable allowance for the need  
28 for health care services and the differences in local availability of  
29 health care resources, along with other resources, within and among the  
30 several areas of the state. Contracts with participating managed  
31 health care systems shall ensure that basic health plan enrollees who  
32 become eligible for medical assistance may, at their option, continue  
33 to receive services from their existing providers within the managed  
34 health care system if such providers have entered into provider  
35 agreements with the department of social and health services.

36 (10) To receive periodic premiums from or on behalf of subsidized,  
37 nonsubsidized, and health coverage tax credit eligible enrollees,  
38 deposit them in the basic health plan operating account, keep records

1 of enrollee status, and authorize periodic payments to managed health  
2 care systems on the basis of the number of enrollees participating in  
3 the respective managed health care systems.

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

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

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

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

1 commissioner and the department of health, to minimize duplication of  
2 effort.

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

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

10 (17) To provide, consistent with available funding, assistance for  
11 rural residents, underserved populations, and persons of color.

12 (18) In consultation with appropriate state and local government  
13 agencies, to establish criteria defining eligibility for persons  
14 confined or residing in government-operated institutions.

15 (19) To administer the premium discounts provided under RCW  
16 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the Washington  
17 state health insurance pool.

18 NEW SECTION. **Sec. 4.** The sum of three million five hundred  
19 thousand dollars, or as much thereof as may be necessary, is  
20 appropriated for the biennium ending June 30, 2009, from the health  
21 services account to the health care authority for the purposes of  
22 funding subsidized enrollment for up to one thousand foster parents in  
23 the basic health plan.

24 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2008.

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