

# HOUSE BILL REPORT

## HB 2798

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**As Passed House:**  
March 6, 2014

**Title:** An act relating to payments by the health care authority to managed health care systems.

**Brief Description:** Concerning payments made by the health care authority to managed health care systems.

**Sponsors:** Representative Hunter.

**Brief History:**

**Committee Activity:**

Appropriations: 3/1/14 [DP].

**Floor Activity:**

Passed House: 3/6/14, 85-11.

**Brief Summary of Bill**

- Allows the Health Care Authority to make payments to Medicaid managed care plans for clients receiving Medicaid coverage.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 30 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Christian, Cody, Dahlquist, Dunshee, Fagan, Green, Haigh, Haler, Harris, Hudgins, G. Hunt, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Parker, Pettigrew, Schmick, Seaquist, Springer, Sullivan and Tharinger.

**Minority Report:** Do not pass. Signed by 1 member: Representative Taylor.

**Staff:** Erik Cornellier (786-7116).

**Background:**

Basic Health Plan.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Health Care Authority (HCA) administered the Basic Health Plan (BHP), which was a health care insurance program that assisted enrollees by providing a state subsidy to offset the cost of premiums. Coverage under the BHP was available for residents of Washington with incomes less than 200 percent of the federal poverty level (FPL) that were also eligible for federal matching funds under a Medicaid waiver related to the BHP.

#### Medicaid.

Medical assistance is available to eligible low-income state residents and their families from the HCA, primarily through the Medicaid program. Most of the state medical assistance programs are funded with matching federal funds in various percentages. Federal funding for the Medicaid program is conditioned on the state having an approved Medicaid state plan and related state laws to enforce the plan. Coverage is provided through fee-for-service (FFS) and managed care systems.

#### Medicaid Expansion and Elimination of the BHP.

On January 1, 2014, Washington exercised its option under the federal Affordable Care Act to expand the Medicaid program to cover adults with incomes below 133 percent of the FPL. Most of the clients in the BHP became eligible for Medicaid coverage under the expansion, and the Legislature eliminated funding for the BHP.

#### Managed Care.

Managed care is a prepaid, comprehensive system of medical and health care delivery that includes preventive, primary, specialty, and ancillary health services. Healthy Options is the HCA Medicaid managed care program for low-income people in Washington. Healthy Options offers eligible families, children under age 19, certain disabled individuals, pregnant women, and low-income adults a complete medical benefits package. Coverage under the BHP was also provided through managed care.

#### Basic Health Plan Medicaid Managed Care Payments.

The HCA was allowed to make payments to managed care plans participating in the BHP on behalf of BHP clients with Medicaid coverage.

#### Basic Health Plan Trust Account.

Any non-State General Fund dollars collected by the BHP were deposited in the Basic Health Plan Trust Account to be used exclusively for the BHP. Initiative Measure 502 (I-502) was a ballot measure approved by Washington voters in November 2012 that legalized the production, processing, possession, and personal use of marijuana and created a framework for a regulatory scheme that includes an excise tax system with respect to marijuana production, distribution, and retailing. The initiative required that 50 percent of the remaining excise taxes after certain specified disbursements must be deposited into the Basic Health Plan Trust Account.

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

The HCA may, under its BHP authority, make payments to Medicaid managed care plans for clients receiving Medicaid coverage.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) None.

(With concerns) The question is what the need for the bill is. The BHP ended operations on January 1. The federal Affordable Care Act provides a Basic Health Option under federal statutes and is governed under chapter 74.09 RCW. The need to cross-reference the revenue from I-502 is understandable and the intent of the bill is to allow the revenue to be used for Medicaid and the federal BHP. There is no need for the reference in the BHP statutes. Various changes should be made to the language.

(Opposed) None.

**Persons Testifying:** Dave Knutson, United Healthcare.

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