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SECOND SUBSTITUTE SENATE BILL 5945

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State of Washington

61st Legislature

2009 Regular Session

By Senate Ways & Means (originally sponsored by Senators Keiser, Franklin, and Kohl-Welles)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to creating the Washington health partnership plan;  
2 adding new sections to chapter 74.09 RCW; adding a new section to  
3 chapter 70.95M RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that:

6 (1) Nationally and locally health care costs are inflating faster  
7 than the consumer price index and wages;

8 (2) Since 1980, health care costs have increased from nine percent  
9 to sixteen percent of the nation's gross domestic product, and are  
10 expected to exceed twenty percent by 2016;

11 (3) Other industrialized nations provide universal health care  
12 coverage, but spend much less. Some spend less than half as much per  
13 person;

14 (4) In 2007, the average annual premium for family coverage was  
15 more than twelve thousand dollars, of which over three thousand dollars  
16 are paid by the worker;

17 (5) In 2008, of Washingtonians under the age of sixty-five, over  
18 one million three hundred thousand will spend more than ten percent of

1 their pretax family income on health care costs. Eighty-four percent  
2 of these people have insurance;

3 (6) Every thirty seconds, someone in this country files for  
4 bankruptcy in the aftermath of a serious health problem. Of those who  
5 file for bankruptcy, sixty-eight percent had health insurance;

6 (7) In Washington state, approximately thirty cents of every dollar  
7 received by hospitals and doctors' offices is consumed by the  
8 administrative expenses of the health plans and the providers. Before  
9 the doctors and hospitals receive the funds for delivering the care,  
10 approximately fourteen percent of the insurance premium has already  
11 been consumed by health plan administration;

12 (8) In 2006, hospitals, physicians, community clinics, and other  
13 providers spent a combined total of five hundred eighty-four million  
14 dollars in uncompensated care for the uninsured, a twenty-eight percent  
15 increase since 2002;

16 (9) The institute of medicine estimates that between thirty and  
17 forty cents associated with every health care dollar is spent on costs  
18 related to poor quality, such as overuse, underuse, misuse,  
19 duplication, system failures, unnecessary repetition, poor  
20 communication, and adverse events attributable to medical errors;

21 (10) Rising costs have led to a decline in employer-provided health  
22 benefits. In Washington, since 1993, employer-based coverage declined  
23 from seventy-one percent to sixty-five percent;

24 (11) In 2009, fewer than half of small employers in Washington are  
25 able to offer coverage to their employees;

26 (12) In the face of a major recession, the health care system is  
27 eroding at an accelerating rate. As businesses suffer, they are  
28 compelled to shed workers and reduce health care coverage. Tax  
29 receipts have declined at the same time, making it increasingly  
30 difficult for the state to maintain existing safety net programs, even  
31 as demand for those programs grows;

32 (13) Despite the general economic downturn, the rate of health care  
33 inflation is projected to exceed ten percent per year for the next two  
34 years, further stressing the health care system;

35 (14) A new federal administration has promised to address expanded  
36 coverage, but prospects for federal reform are uncertain;

37 (15) In view of the rapid and continuing erosion of the health care

1 system, the legislature must act rapidly to reverse the decline in  
2 coverage and control health care costs in order to preserve the health  
3 and well-being of all Washingtonians.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09 RCW  
5 to read as follows:

6 (1) The Washington health partnership is hereby established and is  
7 intended to attain the following goals, consistent with the  
8 recommendations of the blue ribbon commission, chapter 372, Laws of  
9 2006:

10 (a) By 2012, every resident of this state shall have access to  
11 affordable, comprehensive health care services;

12 (b) Services shall be provided through the private health care  
13 sector;

14 (c) The health reform plan shall maintain and improve choice of  
15 health care providers and high quality health care services in this  
16 state; and

17 (d) The health reform plan shall include cost-containment  
18 strategies that retain and assure affordable coverage for all  
19 Washingtonians.

20 (2) Pursuant to sections 3 through 6 of this act, the Washington  
21 health partnership shall implement health reform in overlapping phases  
22 that include (a) extending health coverage to individuals below two  
23 hundred percent of the federal poverty level in an apple health  
24 program; (b) consolidating the state's purchasing of health coverage  
25 into a smaller number of pools and streamlining administration where  
26 possible; (c) selecting a health care reform proposal to be considered  
27 for legislative action; and (d) maximizing federal funding for  
28 immunizations for low-income children and family planning services.

29 (3) Members of the Washington health partnership at a minimum shall  
30 include representatives from the department of social and health  
31 services, the health care authority, the office of financial  
32 management, and the committees of the house of representatives and the  
33 senate responsible for health care matters.

34 NEW SECTION. **Sec. 3.** A new section is added to chapter 74.09 RCW  
35 to read as follows:

36 (1) The department shall submit a request to the federal department

1 of health and human services to expand and revise the medical  
2 assistance program as codified in Title XIX of the federal social  
3 security act. The department shall take such actions as may be  
4 necessary to access federal financial participation for low-income  
5 adults at or below two hundred percent of the federal poverty level.  
6 To the extent permitted under federal law, the program revisions must  
7 reflect the following policy considerations:

8 (a) The establishment of a single eligibility standard for low-  
9 income persons at or below two hundred percent of the federal poverty  
10 level, or if not permitted, expansion of the categorical eligibility to  
11 include additional adults;

12 (b) The delivery of all low-income coverage programs as one  
13 program, with a common core benefit package that may be similar to the  
14 basic health benefit package or alternative benefit package that may be  
15 approved by the secretary of the federal department of health and human  
16 services, including the option of supplemental coverage for select  
17 categorical groups like children, and the aged, blind, and disabled;

18 (c) A program design to include creative and innovative approaches  
19 such as, but not limited to: Coverage for preventive services with  
20 incentives to use appropriate preventive care; cost-sharing options;  
21 use of care management and care coordination programs to prompt better  
22 coordination of medical and behavioral health services; application of  
23 an innovative predictive risk model to better target care management  
24 services; and mandatory enrollment in managed care, as may be  
25 necessary;

26 (d) The ability to impose enrollment limits or benefit design  
27 changes for eligibility groups that were not eligible under the Title  
28 XIX state plan in effect at the date of the waiver application.

29 (2) The department shall hold stakeholder discussions to allow  
30 refinement and public comment on the proposal.

31 (3) Upon development of the proposal, the department and the health  
32 care authority shall identify statutory changes that may be necessary  
33 to ensure successful and timely implementation of an apple health  
34 program for adults.

35 NEW SECTION. **Sec. 4.** By December 1, 2009, the office of financial  
36 management shall, in collaboration with the Washington health  
37 partnership established in section 2 of this act:

1 (1) Review the findings of the study commissioned under chapter  
2 311, Laws of 2008;

3 (2) Identify those proposals in the study predicted to  
4 significantly lower overall costs and cover the largest percentage of  
5 uninsured individuals;

6 (3) Examine each proposal using different funding scenarios and,  
7 based on those scenarios, identify one proposal best suited to meet the  
8 health care needs of Washingtonians. The selected proposal may include  
9 elements from other proposals and shall be consistent with any health  
10 care reform legislation passed by congress;

11 (4) Make recommendations regarding the consolidation of the state's  
12 purchasing of health coverage into a smaller number of pools as part of  
13 the implementation of the selected proposal;

14 (5) Refer the selected proposal and any recommendations to the  
15 appropriate committees of the legislature to be considered for  
16 legislative action; and

17 (6) Work with the state's congressional delegation to seek federal  
18 flexibility needed to assist the state to implement the selected  
19 proposal.

20 NEW SECTION. **Sec. 5.** A new section is added to chapter 70.95M RCW  
21 to read as follows:

22 The department, in collaboration with the department of social and  
23 health services, shall maximize the use of federal funds, including  
24 section 317 of the federal public health services act direct assistance  
25 as well as federal funds that may become available under the "American  
26 recovery and reinvestment act," in order to continue to provide  
27 immunizations for low-income, nonmedicaid eligible children up to three  
28 hundred percent of the federal poverty level in state-sponsored health  
29 programs.

30 NEW SECTION. **Sec. 6.** A new section is added to chapter 74.09 RCW  
31 to read as follows:

32 (1) The department shall submit a Title XXI state plan amendment or  
33 waiver to the federal department of health and human services to allow  
34 Title XXI children to participate in the department's employer-  
35 sponsored program, as may be necessary. To the extent allowable under

1 federal law, the department shall require families to enroll in  
2 available employer-sponsored coverage when it is cost-effective for the  
3 state to do so.

4 (2)(a) The department shall continue to submit applications for the  
5 family planning waiver program. The department shall submit a request  
6 to the federal department of health and human services to amend the  
7 current family planning waiver program to allow:

8 (i) Coverage for sexually transmitted disease testing and  
9 treatment;

10 (ii) A return to the eligibility standards used in 2005, including  
11 but not limited to citizenship determination based on a declaration,  
12 insurance eligibility standards comparable to 2005, and confidential  
13 service availability for minors and survivors of domestic and sexual  
14 violence; and

15 (iii) Increasing eligibility to two hundred fifty percent of the  
16 federal poverty level, to correspond with the eligibility for publicly  
17 funded pregnancy care services.

18 (b) The implementation of (a)(iii) of this subsection is subject to  
19 funds provided specifically for this purpose.

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