
SENATE BILL 6526

State of Washington

62nd Legislature

2012 Regular Session

By Senators Becker, Zarelli, Holmquist Newbry, Delvin, King, Stevens, Hewitt, Parlette, and Ericksen

Read first time 01/27/12. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to medicaid cost containment through consumer
2 engagement; amending RCW 74.09.055 and 74.09.470; creating new
3 sections; and providing a contingent effective date.

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

5 NEW SECTION. **Sec. 1.** In the face of daunting budgetary
6 constraints and significant and protracted fiscal tightening, the
7 legislature intends to enact the Washington state medicaid cost
8 containment act in order to allow the state to target scarce resources
9 to the most vulnerable beneficiaries, while upholding the integrity and
10 solvency of safety net programs through containing costs and increasing
11 consumer engagement. These goals will be achieved by applying premiums
12 to certain medical assistance populations with incomes over one hundred
13 fifty percent of the federal poverty level, and requiring eligibility
14 renewal every six months for certain populations. In recognition of
15 regulatory constraints imposed by the federal patient protection and
16 affordable care act of 2010, related to the maintenance of medicaid
17 eligibility, this legislation anticipates the enactment of the federal
18 state flexibility act of 2011 by congress or the secretary of the

1 United States department of health and human services exercising his or
2 her authority under section 1115 of the social security act to waive
3 maintenance of eligibility requirements.

4 **Sec. 2.** RCW 74.09.055 and 2011 1st sp.s. c 15 s 6 are each amended
5 to read as follows:

6 The authority is authorized to establish copayment, deductible, or
7 coinsurance, or other cost-sharing requirements for recipients of any
8 medical programs defined in RCW 74.09.010, except that premiums shall
9 not be imposed on children in households at or below (~~two hundred~~
10 ~~percent~~) one hundred fifty percent of the federal poverty level.

11 **Sec. 3.** RCW 74.09.470 and 2011 1st sp.s. c 33 s 2 are each amended
12 to read as follows:

13 (1) Consistent with the goals established in RCW 74.09.402, through
14 the apple health for kids program authorized in this section, the
15 authority shall provide affordable health care coverage to children
16 under the age of nineteen who reside in Washington state and whose
17 family income at the time of enrollment is not greater than two hundred
18 fifty percent of the federal poverty level as adjusted for family size
19 and determined annually by the federal department of health and human
20 services, and effective January 1, 2009, and only to the extent that
21 funds are specifically appropriated therefor, to children whose family
22 income is not greater than three hundred percent of the federal poverty
23 level. In administering the program, the authority shall take such
24 actions as may be necessary to ensure the receipt of federal financial
25 participation under the medical assistance program, as codified at
26 Title XIX of the federal social security act, the state children's
27 health insurance program, as codified at Title XXI of the federal
28 social security act, and any other federal funding sources that are now
29 available or may become available in the future. The authority and the
30 caseload forecast council shall estimate the anticipated caseload and
31 costs of the program established in this section.

32 (2) The authority shall accept applications for enrollment for
33 children's health care coverage; establish appropriate minimum-
34 enrollment periods, as may be necessary; and determine eligibility
35 based on current family income. The authority shall make eligibility
36 determinations within the time frames for establishing eligibility for

1 children on medical assistance, as defined by RCW 74.09.510. The
2 application and (~~annual~~) recurring six-month renewal processes shall
3 be designed to minimize administrative barriers for applicants and
4 enrolled clients, and to minimize gaps in eligibility for families who
5 are eligible for coverage. If a change in family income results in a
6 change in the source of funding for coverage, the authority shall
7 transfer the family members to the appropriate source of funding and
8 notify the family with respect to any change in premium obligation,
9 without a break in eligibility. The authority shall use the same
10 eligibility redetermination and appeals procedures as those provided
11 for children on medical assistance programs. The authority shall
12 modify its eligibility renewal procedures to lower the percentage of
13 children failing to (~~annually~~) renew every six months. The authority
14 shall manage its outreach, application, and renewal procedures with the
15 goals of: (a) Achieving year by year improvements in enrollment,
16 enrollment rates, renewals, and renewal rates; (b) maximizing the use
17 of existing program databases to obtain information related to earned
18 and unearned income for purposes of eligibility determination and
19 renewals, including, but not limited to, the basic food program, the
20 child care subsidy program, federal social security administration
21 programs, and the employment security department wage database; (c)
22 streamlining renewal processes to rely primarily upon data matches,
23 online submissions, and telephone interviews; and (d) implementing any
24 other eligibility determination and renewal processes to allow the
25 state to receive an enhanced federal matching rate and additional
26 federal outreach funding available through the federal children's
27 health insurance program reauthorization act of 2009 by January 2010.
28 The department shall advise the governor and the legislature regarding
29 the status of these efforts by September 30, 2009. The information
30 provided should include the status of the department's efforts, the
31 anticipated impact of those efforts on enrollment, and the costs
32 associated with that enrollment.

33 (3) To ensure continuity of care and ease of understanding for
34 families and health care providers, and to maximize the efficiency of
35 the program, the amount, scope, and duration of health care services
36 provided to children under this section shall be the same as that
37 provided to children under medical assistance, as defined in RCW
38 74.09.520.

1 (4) The primary mechanism for purchasing health care coverage under
2 this section shall be through contracts with managed health care
3 systems as defined in RCW 74.09.522, subject to conditions,
4 limitations, and appropriations provided in the biennial appropriations
5 act. However, the authority shall make every effort within available
6 resources to purchase health care coverage for uninsured children whose
7 families have access to dependent coverage through an employer-
8 sponsored health plan or another source when it is cost-effective for
9 the state to do so, and the purchase is consistent with requirements of
10 Title XIX and Title XXI of the federal social security act. To the
11 extent allowable under federal law, the authority shall require
12 families to enroll in available employer-sponsored coverage, as a
13 condition of participating in the program established under this
14 section, when it is cost-effective for the state to do so. Families
15 who enroll in available employer-sponsored coverage under this section
16 shall be accounted for separately in the annual report required by RCW
17 74.09.053.

18 (5)(a) To reflect appropriate parental responsibility, the
19 authority shall develop and implement a schedule of premiums for
20 children's health care coverage due to the authority from families with
21 income greater than two hundred percent of the federal poverty level.
22 For families with income greater than (~~two~~) one hundred fifty percent
23 of the federal poverty level, the premiums shall be established in
24 consultation with the senate majority and minority leaders and the
25 speaker and minority leader of the house of representatives. For
26 children eligible for coverage under the federally funded children's
27 health insurance program, Title XXI of the federal social security act,
28 premiums shall be set at a reasonable level that does not pose a
29 barrier to enrollment. The amount of the premium shall be based upon
30 family income and shall not exceed the premium limitations in Title XXI
31 of the federal social security act. For children who are not eligible
32 for coverage under the federally funded children's health insurance
33 program, premiums shall be set every two years in an amount no greater
34 than the average state-only share of the per capita cost of coverage in
35 the state-funded children's health program.

36 (b) Premiums shall not be imposed on children in households at or
37 below two hundred percent of the federal poverty level as articulated
38 in RCW 74.09.055.

1 (c) Beginning no later than January 1, 2010, the authority shall
2 offer families whose income is greater than three hundred percent of
3 the federal poverty level the opportunity to purchase health care
4 coverage for their children through the programs administered under
5 this section without an explicit premium subsidy from the state. The
6 design of the health benefit package offered to these children should
7 provide a benefit package substantially similar to that offered in the
8 apple health for kids program, and may differ with respect to cost-
9 sharing, and other appropriate elements from that provided to children
10 under subsection (3) of this section including, but not limited to,
11 application of preexisting conditions, waiting periods, and other
12 design changes needed to offer affordable coverage. The amount paid by
13 the family shall be in an amount equal to the rate paid by the state to
14 the managed health care system for coverage of the child, including any
15 associated and administrative costs to the state of providing coverage
16 for the child. Any pooling of the program enrollees that results in
17 state fiscal impact must be identified and brought to the legislature
18 for consideration.

19 (6) The authority shall undertake and continue a proactive,
20 targeted outreach and education effort with the goal of enrolling
21 children in health coverage and improving the health literacy of youth
22 and parents. The authority shall collaborate with the department of
23 social and health services, department of health, local public health
24 jurisdictions, the office of the superintendent of public instruction,
25 the department of early learning, health educators, health care
26 providers, health carriers, community-based organizations, and parents
27 in the design and development of this effort. The outreach and
28 education effort shall include the following components:

29 (a) Broad dissemination of information about the availability of
30 coverage, including media campaigns;

31 (b) Assistance with completing applications, and community-based
32 outreach efforts to help people apply for coverage. Community-based
33 outreach efforts should be targeted to the populations least likely to
34 be covered;

35 (c) Use of existing systems, such as enrollment information from
36 the free and reduced-price lunch program, the department of early
37 learning child care subsidy program, the department of health's women,

1 infants, and children program, and the early childhood education and
2 assistance program, to identify children who may be eligible but not
3 enrolled in coverage;

4 (d) Contracting with community-based organizations and government
5 entities to support community-based outreach efforts to help families
6 apply for coverage. These efforts should be targeted to the
7 populations least likely to be covered. The authority shall provide
8 informational materials for use by government entities and community-
9 based organizations in their outreach activities, and should identify
10 any available federal matching funds to support these efforts;

11 (e) Development and dissemination of materials to engage and inform
12 parents and families statewide on issues such as: The benefits of
13 health insurance coverage; the appropriate use of health services,
14 including primary care provided by health care practitioners licensed
15 under chapters 18.71, 18.57, 18.36A, and 18.79 RCW, and emergency
16 services; the value of a medical home, well-child services and
17 immunization, and other preventive health services with linkages to
18 department of health child profile efforts; identifying and managing
19 chronic conditions such as asthma and diabetes; and the value of good
20 nutrition and physical activity;

21 (f) An evaluation of the outreach and education efforts, based upon
22 clear, cost-effective outcome measures that are included in contracts
23 with entities that undertake components of the outreach and education
24 effort;

25 (g) An implementation plan to develop online application capability
26 that is integrated with the automated client eligibility system, and to
27 develop data linkages with the office of the superintendent of public
28 instruction for free and reduced-price lunch enrollment information and
29 the department of early learning for child care subsidy program
30 enrollment information.

31 (7) The authority shall take action to increase the number of
32 primary care physicians providing dental disease preventive services
33 including oral health screenings, risk assessment, family education,
34 the application of fluoride varnish, and referral to a dentist as
35 needed.

36 (8) The department shall monitor the rates of substitution between
37 private-sector health care coverage and the coverage provided under
38 this section.

1 NEW SECTION. **Sec. 4.** (1) Sections 2 and 3 of this act take effect
2 upon enactment of federal legislation modifying the federal patient
3 protection and affordable care act maintenance of eligibility
4 requirements as proposed in the federal state flexibility act of 2011.

5 (2) The health care authority shall notify the code reviser upon
6 the satisfaction of the conditions in subsection (1) of this section.

7 NEW SECTION. **Sec. 5.** This act may be known and cited as the
8 Washington state medicaid cost containment act.

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