
SENATE BILL 5722

State of Washington

59th Legislature

2005 Regular Session

By Senators Keiser, Thibaudeau, McAuliffe, Kline, Franklin, Prentice, Kastama, Rasmussen and Kohl-Welles

Read first time 02/03/2005. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to small employers and the basic health plan;
2 amending RCW 70.47.020; and adding a new section to chapter 70.47 RCW.

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

4 **Sec. 1.** RCW 70.47.020 and 2004 c 192 s 1 are each amended to read
5 as follows:

6 As used in this chapter:

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

11 (2) "Administrator" means the Washington basic health plan
12 administrator, who also holds the position of administrator of the
13 Washington state health care authority.

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

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

8 (5) "Managed health care system" means: (a) Any health care
9 organization, including health care providers, insurers, health care
10 service contractors, health maintenance organizations, or any
11 combination thereof, that provides directly or by contract basic health
12 care services, as defined by the administrator and rendered by duly
13 licensed providers, to a defined patient population enrolled in the
14 plan and in the managed health care system; or (b) a self-funded or
15 self-insured method of providing insurance coverage to subsidized
16 enrollees provided under RCW 41.05.140 and subject to the limitations
17 under RCW 70.47.100(7).

18 (6) "Subsidized enrollee" means an individual, or an individual
19 plus the individual's spouse or dependent children: (a) Who is not
20 eligible for medicare; (b) who is not confined or residing in a
21 government-operated institution, unless he or she meets eligibility
22 criteria adopted by the administrator; (c) who resides in an area of
23 the state served by a managed health care system participating in the
24 plan; (d) whose gross family income at the time of enrollment does not
25 exceed two hundred percent of the federal poverty level as adjusted for
26 family size and determined annually by the federal department of health
27 and human services; and (e) who chooses to obtain basic health care
28 coverage from a particular managed health care system in return for
29 periodic payments to the plan. To the extent that state funds are
30 specifically appropriated for this purpose, with a corresponding
31 federal match, "subsidized enrollee" also means an individual, or an
32 individual's spouse or dependent children, who meets the requirements
33 in (a) through (c) and (e) of this subsection and whose gross family
34 income at the time of enrollment is more than two hundred percent, but
35 less than two hundred fifty-one percent, of the federal poverty level
36 as adjusted for family size and determined annually by the federal
37 department of health and human services.

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

11 (8) "Subsidy" means the difference between the amount of periodic
12 payment the administrator makes to a managed health care system on
13 behalf of a subsidized enrollee plus the administrative cost to the
14 plan of providing the plan to that subsidized enrollee, and the amount
15 determined to be the subsidized enrollee's responsibility under RCW
16 70.47.060(2).

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

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

26 (11) "Small employer group enrollee" means an individual, or an
27 individual plus the individual's spouse or dependent children, whose
28 employer: (a) Is a small employer as defined in RCW 48.43.005; (b)
29 applies for group coverage through the plan; and (c) agrees to pay a
30 premium for that coverage which is equal to the cost charged by the
31 managed health care system to the state for the plan plus the
32 administrative cost of providing the plan to the small employer group.

33 NEW SECTION. Sec. 2. A new section is added to chapter 70.47 RCW
34 to read as follows:

35 (1) The administrator shall accept applications for group coverage
36 from small employers who meet the requirements of this section on

1 behalf of themselves and their employees, spouses, and dependent
2 children who reside in an area served by the plan.

3 (2) Small employer group coverage through the basic health plan is
4 not conditioned upon the small employer group enrollees meeting the
5 eligibility requirements for subsidized enrollees provided in RCW
6 70.47.020(6). The administrator shall not require employers to report
7 total household income of their employees as a condition of receiving
8 group coverage through the basic health plan.

9 (3) The administrator may require all or a substantial majority of
10 employees of small employers to enroll in the plan and establish those
11 procedures necessary to facilitate the orderly enrollment of groups in
12 the plan. The administrator may also devise policies and procedures to
13 assist small employer group enrollees who meet the eligibility
14 requirements for subsidized enrollees provided in RCW 70.47.020(6) to
15 seek enrollment as a subsidized enrollee.

16 (4) Small employer group enrollees are eligible for coverage
17 through the basic health plan subsidized enrollee pool, even though
18 employees in the group may not be subsidized enrollees as defined in
19 RCW 70.47.020(6).

20 (5) Premiums due from small employers participating in the plan
21 under the terms of this section shall be in an amount equal to the cost
22 charged by the managed health care system to the state for the plan
23 plus the administrative cost of providing the plan to the small
24 employer less the amount of subsidy paid by the plan for employees
25 enrolled as subsidized enrollees.

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