

E2SHB 2572 - S AMD 218
By Senator Keiser

ADOPTED 3/1/2006

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature
4 finds that many small employers struggle with the cost of providing
5 employer-sponsored health insurance coverage to their employees, while
6 others are unable to offer employer-sponsored health insurance due to
7 its high cost. Low-wage workers also struggle with the burden of paying
8 their share of the costs of employer-sponsored health insurance, while
9 others turn down their employer's offer of coverage due to its costs.
10 (2) The legislature intends, through establishment of a small
11 employer health insurance partnership program, to remove economic
12 barriers to health insurance coverage for low-wage employees of small
13 employers by building on the private sector health benefit plan system
14 and encouraging employer and employee participation in
15 employer-sponsored health benefit plan coverage.

16 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this section
17 apply throughout this chapter unless the context clearly requires
18 otherwise.

19 (1) "Administrator" means the administrator of the Washington state
20 health care authority, established under chapter 41.05 RCW.

21 (2) "Eligible employee" means an individual who:

22 (a) Is a resident of the state of Washington;

23 (b) Has family income less than two hundred percent of the federal
24 poverty level, as determined annually by the federal department of
25 health and human services; and

26 (c) Is employed by a small employer.

27 (3) "Health benefit plan" has the same meaning as defined in RCW
28 48.43.005 or any plan provided by a self-funded multiple employer
29 welfare arrangement as defined in RCW 48.125.010 or by a self-insured
30 employer-sponsored health benefit arrangement under the federal
31 employee retirement income security act of 1974, as amended.

1 (4) "Program" means the small employer health insurance partnership
2 program established in section 3 of this act.

3 (5) "Small employer" has the same meaning as defined in RCW
4 48.43.005.

5 (6) "Subsidy" means payment or reimbursement to an eligible
6 employee toward the purchase of a health benefit plan, and may include
7 a net billing arrangement with insurance carriers or a prospective or
8 retrospective payment for health benefit plan premiums.

9 NEW SECTION. **Sec. 3.** SMALL EMPLOYER HEALTH INSURANCE PARTNERSHIP
10 PROGRAM ESTABLISHED. To the extent funding is appropriated in the
11 operating budget for this purpose, the small employer health insurance
12 partnership program is established. The administrator shall be
13 responsible for the implementation and operation of the small employer
14 health insurance partnership program, directly or by contract. The
15 administrator shall offer premium subsidies to eligible employees under
16 section 4 of this act.

17 NEW SECTION. **Sec. 4.** PREMIUM SUBSIDIES TO ELIGIBLE EMPLOYEES.

18 (1) Beginning July 1, 2007, the administrator shall accept
19 applications from eligible employees, on behalf of themselves, their
20 spouses, and their dependent children, to receive premium subsidies
21 through the small employer health insurance partnership program.

22 (2) Premium subsidy payments may be provided to eligible employees
23 if:

24 (a) The eligible employee is employed by a small employer;

25 (b) The health benefit plan to be subsidized has been certified by
26 the office of the insurance commissioner as, by reason of cost or
27 benefits, substantially equivalent to the basic health plan under
28 chapter 70.47 RCW; and

29 (c) The small employer will pay at least forty percent of the
30 monthly premium cost for health benefit plan coverage of the eligible
31 employee.

32 (3) The amount of an eligible employee's premium subsidy shall be
33 determined by applying the sliding scale subsidy schedule developed for
34 subsidized basic health plan enrollees under RCW 70.47.060 to the
35 employee's premium obligation for his or her employer's health benefit
36 plan. However, in no case shall the amount of an eligible employee's

1 monthly premium subsidy exceed the amount he or she would have received
2 as a basic health plan enrollee.

3 (4) After an eligible individual has enrolled in the program, the
4 program shall issue subsidies in an amount determined pursuant to
5 subsection (3) of this section to either the eligible employee or to
6 the carrier designated by the eligible employee.

7 (5) An eligible employee must agree to provide verification of
8 continued enrollment in his or her small employer's health benefit plan
9 on a semiannual basis or to notify the administrator whenever his or
10 her enrollment status changes, whichever is earlier. Verification or
11 notification may be made directly by the employee, or through his or
12 her employer or the carrier providing the small employer health benefit
13 plan. When necessary, the administrator has the authority to perform
14 retrospective audits on premium subsidy accounts. The administrator may
15 suspend or terminate an employee's participation in the program and
16 seek repayment of any subsidy amounts paid due to the omission or
17 misrepresentation of an applicant or enrolled employee. The
18 administrator shall adopt rules to define the appropriate application
19 of these sanctions and the processes to implement the sanctions
20 provided in this subsection, within available resources.

21 NEW SECTION. **Sec. 5.** ENROLLMENT LIMITS TO REMAIN WITHIN
22 APPROPRIATION. Enrollment in the small employer health insurance
23 partnership program is not an entitlement and shall not result in
24 expenditures that exceed the amount that has been appropriated for the
25 program in the operating budget. If it appears that continued
26 enrollment will result in expenditures exceeding the appropriated level
27 for a particular fiscal year, the administrator may freeze new
28 enrollment in the program and establish a waiting list of eligible
29 employees who shall receive subsidies only when sufficient funds are
30 available.

31 NEW SECTION. **Sec. 6.** COLLABORATION WITH COMMUNITY ORGANIZATIONS.
32 In implementing the small employer health insurance partnership
33 program, the administrator shall work with organizations awarded grants
34 through the community health care collaborative grant program
35 established under Engrossed Second Substitute Senate Bill No. 6459, if
36 enacted. The administrator may use funds appropriated for the small
37 employer health insurance partnership program to enhance a grant

1 otherwise awarded to a community-based organization. The grant
2 enhancement shall be used by the organization specifically to provide
3 a premium subsidy to eligible employees within the geographic region it
4 serves.

5 NEW SECTION. **Sec. 7.** RULES. The administrator shall adopt all
6 rules necessary for the implementation and operation of the small
7 employer health insurance partnership program. As part of the rule
8 development process, the administrator shall consult with small
9 employers, carriers, employee organizations, and the office of the
10 insurance commissioner under Title 48 RCW to determine an effective and
11 efficient method for the payment of subsidies under this chapter,
12 including methods for electronic funds transfers of the subsidy. All
13 rules shall be adopted in accordance with chapter 34.05 RCW.

14 NEW SECTION. **Sec. 8.** REPORTS TO THE LEGISLATURE. The
15 administrator shall report biennially to the relevant policy and fiscal
16 committees of the legislature on the effectiveness and efficiency of
17 the small employer health insurance partnership program, including the
18 services and benefits covered under the purchased health benefit plans,
19 consumer satisfaction, and other program operational issues.

20 NEW SECTION. **Sec. 9.** STATE CHILDREN'S HEALTH INSURANCE
21 PROGRAM--FEDERAL WAIVER REQUEST. The department of social and health
22 services shall submit a request to the federal department of health and
23 human services by October 1, 2006, for a state children's health
24 insurance program section 1115 demonstration waiver. The waiver request
25 shall seek authorization from the federal government to draw down
26 Washington state's unspent state children's health insurance program
27 allotment to finance basic health plan coverage, as provided in chapter
28 70.47 RCW, for parents of children enrolled in medical assistance or
29 the state children's health insurance program. The waiver also shall
30 seek authorization from the federal government to utilize the resulting
31 state savings to finance expanded basic health plan enrollment, or
32 subsidies provided to low-wage workers through the small employer
33 health insurance partnership program established in this chapter.

34 NEW SECTION. **Sec. 10.** The joint legislative audit and review
35 committee shall conduct a program and fiscal review of the small

1 employer health insurance partnership program and report their findings
2 and recommendation to the appropriate committees of the legislature no
3 later than November, 2009. The review shall include an assessment of
4 at least the following issues:

5 (1) The extent to which eligible employees' employers were
6 providing health insurance coverage prior to their entry into the
7 program, and whether their employer modified their contribution to
8 health plan premium costs or the scope of coverage provided prior to
9 the employee's entry into the program;

10 (2) The extent to which eligible employees are employed by an
11 employer who began providing health insurance coverage to its employees
12 due at least in part to the availability of the program;

13 (3) The average percentage and dollar amount of employer
14 contributions to premiums for eligible employees and dependents
15 participating in the program;

16 (4) The scope of covered benefits and the cost of employer
17 sponsored health plans being subsidized through the program; and

18 (5) The amount of the state premium subsidy per participating
19 employee and their dependents, in comparison to the cost that the state
20 would have incurred if the eligible employees and their dependents were
21 enrolled in the basic health plan.

22 NEW SECTION. **Sec. 11.** Captions used in this act are not part of
23 the law.

24 NEW SECTION. **Sec. 12.** Sections 1 through 9 and 11 of this act
25 constitute a new chapter in Title 70 RCW."

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28 On page 1, line 2 of the title, after "program;" strike the
29 remainder of the title and insert "adding a new chapter to Title 70
30 RCW; and creating a new section."

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EFFECT: The striking amendment: (1) Replaces the requirement that any subsidized plan be *actuarially* equivalent to the Basic Health Plan with the requirement than any such plan be *substantially* equivalent; (2) Limits the amount a person may receive in subsidy to no more than the amount he or she would have received as a basic health plan enrollee; (3) Directs the HCA to work with the community health care collaborative grant program in implementing the small employer health insurance partnership; (4) Deletes an unnecessary account created in the original bill; and (5) Provides additional detail regarding the nature and scope of the JLARC review of the new program.