
SUBSTITUTE SENATE BILL 5945

State of Washington

61st Legislature

2009 Regular Session

By Senate Health & Long-Term Care (originally sponsored by Senators Keiser, Franklin, and Kohl-Welles)

READ FIRST TIME 02/25/09.

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

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

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

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

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

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

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

16 (5) In 2008, of Washingtonians under the age of sixty-five, over
17 one million three hundred thousand will spend more than ten percent of
18 their pretax family income on health care costs. Eighty-four percent
19 of these people have insurance;

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

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

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

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

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

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

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

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

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

35 (15) In view of the rapid and continuing erosion of the health care
36 system, the legislature must act rapidly to reverse the decline in
37 coverage and control health care costs in order to preserve the health
38 and well-being of all Washingtonians.

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

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

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

9 (b) Services shall be provided through the private health care
10 sector;

11 (c) The health reform plan shall maintain and improve choice of
12 health care providers and high quality health care services in this
13 state; and

14 (d) The health reform plan shall include cost-containment
15 strategies that retain and assure affordable coverage for all
16 Washingtonians.

17 (2) Pursuant to sections 3 and 4 of this act, the Washington health
18 partnership shall implement health reform in overlapping phases that
19 include (a) extending health coverage to individuals below two hundred
20 percent of the federal poverty level in an apple health program; (b)
21 consolidating the state's purchasing of health coverage into a smaller
22 number of pools and streamlining administration where possible; and (c)
23 selecting a health care reform proposal to be considered for
24 legislative action.

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

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

32 (1) The department shall submit a request to the federal department
33 of health and human services to expand and revise the medical
34 assistance program as codified in Title XIX of the federal social
35 security act. The department shall take such actions as may be
36 necessary to access federal financial participation for low-income

1 adults at or below two hundred percent of the federal poverty level.
2 To the extent permitted under federal law, the program revisions must
3 reflect the following policy considerations:

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

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

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

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

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

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

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

34 (1) Review the findings of the study commissioned under chapter
35 311, Laws of 2008;

36 (2) Identify those proposals in the study predicted to

1 significantly lower overall costs and cover the largest percentage of
2 uninsured individuals;

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

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

11 (5) Refer the selected proposal and any recommendations to the
12 appropriate committees of the legislature to be considered for
13 legislative action; and

14 (6) Work with the state's congressional delegation to seek federal
15 flexibility needed to assist the state to implement the selected
16 proposal.

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