

SENATE COMMITTEE ON HEALTH CARE AND BIO-ETHICS

July 1, 1993           Hearing Room C 3:00 p.m.   Tapes 108 - 109

MEMBERS PRESENT:   Senator Bob Shoemaker, Chair Senator Gordon Smith

EXCUSED:                    Senator Jeannette Hamby, Vice Chair Senator  
Joyce Cohen Senator Bill McCoy

STAFF PRESENT:           Barbara Coombs, Administrator Dick Shoemaker,  
Administrator/Assistant Joan Green, Assistant

MEASURES HEARD:   Informational Meeting on the Washington State  
Health Services Reform Act of 1993

WITNESSES:   Don    Sloma,    Administrator,       Washington    State  
Senate Health and Human Services Committee

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These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes. [--- Unable To Translate Graphic ---]

TAPE 108, SIDE A

006 Chair Shoemaker: Meeting called to order at 3:34 p.m., as a subcommittee.

INFORMATIONAL MEETING

WASHINGTON STATE HEALTH SERVICES REFORM ACT OF 1993

025 Don Sloma, Administrator, Washington State Senate Health and Human Services Committee: Requests how the Chair would like to proceed.

029 Chair Shoemaker: Responds.

032 Sloma: Reviews the Washington State Health Services Reform Act of 1993, Exhibit A. I will review three basic areas of the Washington health

plan: 1) access, 2) politics, and 3) the legislation.

086 Sen. Smith: Did the Committee conclude that health care is compensation for work?

091 Sloma: Responds.

112 Sen. Smith: Should it remain as compensation for work?

114 Sloma: Responds. Continues with testimony and discussion of health care costs.

188 Chair Shoemaker: Before you conclude today I would like to talk about the pilot program.

193 Sloma: Continues with testimony and dependent coverage.

231 Chair Shoemaker: Was Boeing's statistic intended to be a scare statistic or a real statistic?

235 Sloma: Responds. Continues with testimony and discussion of the Study Commission and the membership composition.

274 Chair Shoemaker: Was that Commission established by the legislature?

282 Sloma: It was a joint resolution.

285 Chair Shoemaker: With a report made to the legislature?

287 Sloma: The Legislature and the Governor.

296 Chair Shoemaker: How often did they meet and for how long?

302 Sloma: There were five subcommittees that met at least once a month. It was heavily staffed, however the Commissioners were actively involved and specifically directed staff.

322 Chair Shoemaker: It was a two year commission?

325 Sloma: Concurs. An interim report was due after 12 months. This was considered to be a very important factor in the success of the

Commission. Continues with testimony and the Washington Health Care Reform Act.

357 Chair Shoemaker: Isn't there a ballot measure that would withdraw the taxation source that would fund it?

362 Sloma: Responds. Continues with testimony and access.

TAPE 109, SIDE A

009 Sen. Smith: Would the membership of the Governing Board be represented regionally?

012 Sloma: Responds. Continues with testimony and the premium cap.

063 Chair Shoemaker: How did the politics on setting a cap or a maximum allowable charge by the Legislature play out?

070 Sloma: It was strongly debated at every juncture.

090 Chair Shoemaker: Was there an estimate of what might emerge for that cap?

093 Sloma: Responds. We are expecting approximately 5% a year.

099 Chair Shoemaker: Is there any idea of what the dollar figure might be?

100 Sloma: The average cost estimated is around \$112/person/month.

121 Chair Shoemaker: When you talk cost versus price you mean cost in terms of what it would take to compensate those providing the services?

125 Sloma: Responds.

145 Sen. Smith: Does the basic health plan have any limitations, as Oregon's does?

149 Sloma: Responds.

156 Sen. Smith: It is more of a basic insurance package?

161 Sloma: Responds.

170 Dick Shoemaker, Administrator: Is the basic package uniform?

174 Sloma: Responds.

176 Shoemaker: The State established the uniform base?

180 Sloma: Concurs. Continues with testimony and phase in dates.

201 Sen. Smith: Are payroll taxes at the business level paying for this exclusively? Are business still being given the deduction?

208 Sloma: Responds.

227 Sen. Smith: The mandate is to cover all employees?

233 Sloma: Responds. Continues with testimony.

251 Sen. Smith: How has this been received by the business community?

254 Sloma: Responds.

256 Sen. Smith: How does labor like it?

258 Sloma: Responds.

276 Sen. Smith: Is this strictly a mechanism to pick up the uninsured or does it replace existing plans?

280 Sloma: Responds. 292 Chair Shoemaker: Did you say that to be a certified plan it needs to be a pre-paid managed care plan?

300 Sloma: Concurs.

301 Chair Shoemaker: The risk is on the plan?

302 Sloma: Concurs; it may be shared with the providers. In fact I believe they must share the risk with the providers.

303 Chair Shoemaker: In that set-up where is the role for the insurer; there is no risk to insure?

348 Sloma: Responds. Continues with testimony and Health

Insurance Purchasing Cooperatives (HIPCS)

359 Chair Shoemaker: Are HIPCS a creature of government or do they emerge from the private sector?

362 Sloma: Responds.

383 Chair Shoemaker: Your State's equivalent of the Department of Insurance and Finance will certify the HIPCS and essentially award franchises?

385 Sloma: Conkurs.

386 Chair Shoemaker: Has the State divided itself into four districts?

390 Sloma: Responds.

401 Barbara Coombs, Administrator: The first one in a region that gets 150,000 members gets the franchise?

404 Sloma: Responds.

TAPE 108, SIDE B

005 Chair Shoemaker: The Legislature did not deal with that issue?

008 Sloma: No.

010 Chair Shoemaker: Once a HIPC is selected for a region then does every individual in that region essentially belong to that HIPC unless they

show they are covered under another plan?

014 Sloma: Responds.

022 Chair Shoemaker: If you join the basic health plan then essentially you would join the State's pool?

024 Sloma: Conkurs.

025 Chair Shoemaker: That is the choice of each person, it is not up to the employer?

029 Sloma: Responds.

035 Sen. Smith: Would an individual pay with half of their pre-tax dollar?

038 Sloma: Responds.

040 Chair Shoemaker: You don't have an income tax in Washington, right?

041 Sloma: Conkurs.

045 Chair Shoemaker: How do you see the State subsidizing individuals and employers who cannot afford their fair share?

053 Sloma: Responds.

065 Chair Shoemaker: Your answer is that everyone who needs a subsidy will be in a State health plan; not a HIPC?

067 Sloma: Responds.

088 Chair Shoemaker: Does each State paid health plan have a community rating that differs only by region?

094 Sloma: Responds.

095 Chair Shoemaker: If even one person is taken out of the State pool it has to be open to everybody in the State pool?

099 Sloma: Responds.

102 Chair Shoemaker: Is there a mechanism to make risk adjustments?

105 Sloma: Responds.

133 Chair Shoemaker: It is the charge of the Health Services Commission to find a balance?

135 Sloma: Responds. Continues with testimony and provisions for consolidating state health care purchasing.

192 Chair Shoemaker: How do you fit the public health system within this emerging HIPC certified health plan system? Where does public health

fit?

198 Sloma: Responds. Continues with testimony and the taxing mechanism.

287 Sen. Smith: The \$250 million will be raised through a provider tax, sin taxes and the policy tax, correct?

290 Sloma: Responds.

296 Coombs: Why were micro-breweries excluded?

301 Sloma: Responds.

307 Sen. Smith: Were payroll taxes increased?

317 Sloma: No.

317 Sen. Smith: That \$300,000 will get you to the 100% coverage?

321 Sloma: No.

324 Sen. Smith: Could you describe the individual mandate?

325 Sloma: "Effective July, 1999 every citizen in the State of Washington will be required to purchase health insurance."

334 Coombs: Is there an enforcement mechanism in the legislation?

335 Sloma: No.

336 Chair Shoemaker: How do they intend to enforce this?

338 Sloma: Responds.

356 Chair Shoemaker: If an employer doesn't pay there are no sanctions?

358 Sloma: Responds.

364 Sen. Smith: Presents an overview of Oregon's proposed health care plan, the proposed financing and the opposition to the plan and financing

mechanisms.

TAPE 109, SIDE B

019 Sen. Smith: My experience has shown that most employees regard insurance as more of an entitlement rather than as compensation for

work. My sense is this will infuse the system with more cost control than by retaining the employer system.

035 Sloma: Responds.

068 Sen. Smith: Do you see any holes in the plan Oregon is working on that you could flag?

070 Sloma: Responds. 087 Sen. Smith: When it is tied to employment an administrative nightmare is created. Tying health care to an income tax return provides an

incentive, in my opinion.

103 Sloma: The debate to me seems to be one of three issues: 1) is it a public good, 2) is it compensation, or 3) is it a commodity. The rest

is politics.

142 Chair Shoemaker: How has the Washington Health Act been accepted in Washington, D.C.?

148 Sloma: Responds.

174 Chair Shoemaker: Have you heard anything about Washington, D.C.'s intent on waiving ERISA requirements, as it relates to this issue?

179 Sloma: Responds.

201 Chair Shoemaker: Have you run into resistance from the large multi-state businesses?

211 Sloma: Yes.

220 Sen. Smith: Our plan does not impact multi-state employers.

230 Chair Shoemaker: Requests testimony on the pilot program.

236 Sloma: Continues with testimony on the basic plan and the pilot program.

298 Sloma: Continues with testimony.

328 Chair Shoemaker: The benefit package offered does not include maternity, correct?

332 Sloma: Responds.

336 Coombs: I thought the testimony before the House Special Committee that pre-natal and delivery were not calculated into this premium, but

figured separately.

338 Sloma: Responds.

351 Chair Shoemaker: Are there deductibles and co-payments?

356 Sloma: Yes. Continues with testimony and the benefit package for the basic health plan.

385 Chair Shoemaker: These are all pre-paid managed care plans?

390 Sloma: Responds.

391 Chair Shoemaker: They don't need to be pre-paid or capitated?

393 Sloma: Responds.

401 Sen. Smith: Could you tell us what the sense is regarding the tax initiative?

408 Sloma: Reports the recent published poll results from the Seattle newspaper.

Meeting adjourned at 5:25 p.m

Submitted by:

Reviewed by:

Joan Green  
Administrator

Dick Shoemaker Assistant

EXHIBIT LOG:

A - Informational packet - Sloma - 217 pages