



Basic Health™

2010 Annual Report



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# 1 Overview

## Basic Health

Basic Health (BH) is a health care program administered by the Washington State Health Care Authority (HCA). This program offers subsidies to eligible Washington State residents to help them pay for health insurance.

Basic Health operates cooperatively with the Department of Social and Health Services (DSHS) to provide Basic Health *Plus* and the Maternity Benefits program.

To be eligible for Basic Health you must:

- ◆ Be a Washington State resident.
- ◆ Not be eligible for free or purchased Medicare.
- ◆ Not be institutionalized at the time of enrollment.
- ◆ Not be attending school full time in the United States on a student visa.
- ◆ Not be receiving Medical Assistance through the Department of Social and Health Services (DSHS) or Washington Health benefits.
- ◆ Be within Basic Health's following income guidelines.

Number of People in your family	Gross monthly income July 1, 2009 — June 30, 2011
1	Up to \$1,805.09
2	Up to \$2,428.45
3	Up to \$3,051.81
4	Up to \$3,675.18
5	Up to \$4,298.54
6	Up to \$4,921.91
7	Up to \$5,545.27

Members pay a monthly premium based on:

- ◆ Age
- ◆ Income
- ◆ The number of people in the family
- ◆ The health plan selected
- ◆ Where the applicant resides

## Basic Health *Plus*

This program is for children under 19 only. They must be a US citizen and determined eligible by DSHS based on Medicaid criteria.

### Additional Services

Children receive the same benefits as Basic Health as well as:

- ◆ Vision and dental benefits.
- ◆ Non-emergency transportation to medical services.
- ◆ No waiting periods for preexisting conditions.
- ◆ No deductibles, coinsurance, monthly premiums, or copayments.

### Core Value: *Professionalism*

As a public service organization, we must attain the highest level of performance and demonstrate actions that will ensure the public's confidence.

## Maternity Benefits Program

Basic Health members who are pregnant usually receive care through the Maternity Benefits Program. This program, jointly administered by Basic Health and DSHS, allows members to receive maternity benefits through the same health plan selected for Basic Health. If eligible for the Maternity Benefits Program, Basic Health will cover maternity services for only 30 days after the member's doctor verifies pregnancy. For eligible members, there is no cost during pregnancy and for two months following the end of pregnancy. To continue maternity coverage without interruption, Basic Health must receive the member's Maternity Benefits Application within 30 days of the date pregnancy is verified. If the member or applicant does not apply within that time, the member or applicant will have to pay the full cost of any maternity care received beyond 30 days after the pregnancy is verified.

### Additional Services

The Maternity Benefits Program allows members to receive other services called First Steps, which includes maternity support such as:

- ◆ Childbirth education classes
- ◆ Childcare
- ◆ Transportation to medical appointments.

## Federal Health Coverage Tax Credit (HCTC)

The Health Coverage Tax Credit (HCTC) is a federal tax credit that pays 80 percent of the health plan premium for eligible people enrolled in qualified health plans.

In Washington State, Basic Health is the only “qualified health plan” designated to offer HCTC coverage. The Internal Revenue Service (IRS) administers the HCTC program in partnership with other federal agencies, the states, and the private health care industry.

### 2010 Operational Results – By the Numbers

- BH covered an average of 64,415 members per month, in addition to an average of:
  - 14,649 BH *Plus* members;
  - 311 Maternity Benefits Program members;
  - 103 Home Care Workers; and
  - 213 HCTC members
- WH covered an average of 1,639 members per month
- Answered 157,530 BH and 25,210 WH calls of which 81% were answered in 1 minute or less
- Received and processed 138,180 BH and 31,351 WH members’ and applicants’ documents to determine or maintain eligibility

## Foster Parent Program

Licensed foster parents who are eligible (income is 300% or below of the federal income guidelines) and within Basic Health’s income guidelines pay as little as \$34 per month per licensed foster parent, and may enroll other family members in subsidized Basic Health. They may also apply for Basic Health *Plus* for their children who are under age 19. This program offers additional benefits for children, and is jointly administered by BH and DSHS.

Premiums for those who are eligible would be no higher than \$100 per licensed foster parent per month.

## Washington Health Program

Since 1993, Basic Health has provided affordable health care coverage for Washington State residents. Uninsured Washington State residents now have another option with fewer restrictions, low cost, and that’s just as reliable. This unique program—Washington Health—offers either \$75,000 or \$100,000 in health insurance coverage every year. Members have low deductibles, and at times, no-cost coverage for basic health care services. Washington Health (WH) is not subsidized, so members pay the full premium and there are no income limits.

### Core Value: *Ethical Behavior*

It is ultimately a matter of personal responsibility. It requires us to consider the impact of our actions on other persons and modify our actions to reflect respect and concern we have for them.

Washington Health is available to anyone who lives in Washington and:

- Is not eligible for free or purchased Medicare.
- At the time of enrollment, is not confined to an institution.
- Is ineligible for coverage under the Washington State Health Insurance Pool (WSHIP) or qualifies to bypass the standard health questionnaire under state law.
- Is not receiving Washington Department of Social and Health Services (DSHS) medical assistance (Medicaid) or subsidized Basic Health benefit.

Washington Health partnered with Community Health Plan of Washington to provide statewide coverage. Their extensive network includes over 1,600 primary care providers, 9,000 specialists, 300 primary care sites, and over 90 hospitals.

Member premiums are based on:

- Age,
- The age of each family member applying for coverage,
- The annual benefit limit chosen,
- Tobacco use
- County of residence

## Health Plans available by county

The HCA contracts with five health plans to offer Basic Health and Basic Health *Plus*. Each health plan works with hospitals, clinics, pharmacies, physicians, and other providers to serve Basic Health and Basic Health *Plus* members.

At least one plan is available in each of the 39 counties. Plans include the following:

Health Plan	Phone Numbers	Website
Columbia United Providers, Inc.	1-800-315-7862 OR 360-891-1520 TDD: 1-866-287-9962	www.cuphealth.com
Community Health Plan of Washington*	1-800-440-1561 TTY/TDD: 1-866-816-2479	www.chpw.org
Group Health Cooperative	1-888-901-4636 TTY: 1-800-833-6388	www.ghc.org
Kaiser Foundation Health Plan of the Northwest	1-800-813-2000 TTY: 1-800-735-2900	www.kaiserpermanente.org
Molina Healthcare of Washington	1-800-869-7165 TTY: 1-877-665-4629	www.molinahealthcare.com

*\*CHPW is the only contracted health plan for Washington Health. Members are urged to confirm health plan information prior to selection.*

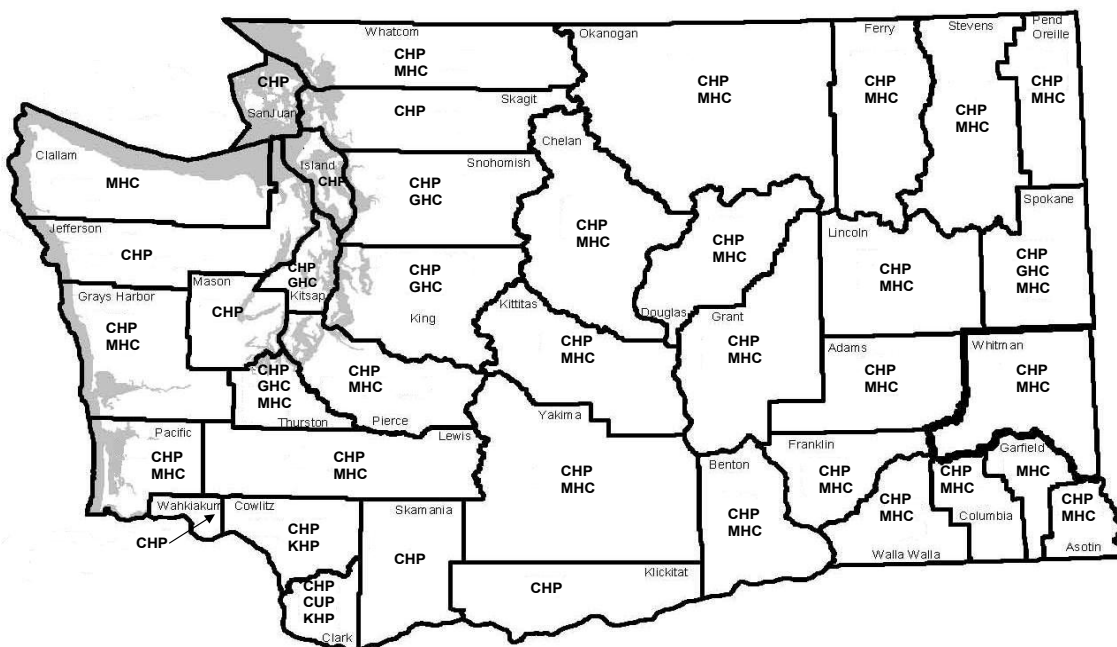
## 2010 Procurement

Basic Health worked with agency actuaries again this year on a Request for Renewal (RFR). All five of the contracted health plans renewed with rates 5.7 percent below 2009. Community Health Plan of Washington expanded its service areas by 4 counties and coverage in 37 of the 39 counties—all but Clallam and Garfield. Effective January 1, 2010, Molina no longer offered coverage in King County; approximately 8,000 members transitioned to either Group Health or Community Health Plan of Washington coverage.

There were no plan changes except an increased deductible and higher member premiums. The 2010 annual deductible is \$250 instead of \$150 and the member premiums increased by an average of \$25 per member per month. Members now contribute 25 percent of the premium costs (approximately \$50 million) as opposed to 15 percent in 2009.

In line with the state's Government Management Accountability and Performance (GMAP) program, Basic Health focused on quality for the 2010 plan year. The program improved carrier performance through a revised clinical quality review process. Basic Health reorganized the performance management oversight of the health plans ensuring compliance with new, defined clinical standards. The program developed clinical standards (performance standards) that are measurable, enforceable, and meaningful. Denials, appeals, and grievances continue to be monitored.

**2010 Health Plan Service Areas  
Effective January 1, 2010 – December 31, 2010**



CHP – Community Health Plan  
 CUP – Columbia United Providers  
 GHC – Group Health Cooperative  
 KHP – Kaiser Foundation Health Plan  
 MHC – Molina Healthcare of Washington

## 2011 Procurement

We successfully released a Request for Renewal (RFR) asking our existing health plans to submit bids for 2011 coverage. We were able to secure a 1% rate reduction with no changes to deductibles or out-of-pocket maximums. Four of our five plans renewed contracts. Kaiser decided to contract with Healthy Options instead of Basic Health. Approximately 2,300 members in Clark and Cowlitz counties were affected by this, but were given an opportunity during Open Enrollment to change to a different plan. The only other service area change was that Community Health Plan of Washington dropped coverage in Lincoln county. There continues to be at least one health plan available in all 39 counties.

### **Benefit Changes**

Members will see an enhanced mental health benefit required under a state law that passed in 2005 (Mental Health Parity). This law has been phased in over time with the final phase beginning in 2011. The mental health benefit is now equal to the medical benefit.

### **National Health Reform**

Although not directly related to Procurement, the following changes are consistent with our efforts to implement certain federal health reform provisions.

Beginning in January 2011, enrolled dependents are able to remain on their parent's account up to age 26, regardless of their marital or student status. These young adult dependents are no longer required to provide proof of full-time student status, unless they attend school out of state.

Starting in 2011, health plans are not allowed to impose a pre-existing condition waiting period on children up to age 19, including services for organ transplants.

### **Core Value: Integrity**

It is imperative that we act with integrity and honesty as these qualities are essential in providing a basis for trust and support the core of what is expected from business professionals.

# 3 Demand for Basic Health

## Wait List

Beginning May 4, 2009 Basic Health stopped processing incoming applications to determine eligibility (except for the groups listed below) and officially implemented a waiting list. By the end of December more than 136,500 individuals were waiting for coverage in the program. Basic Health places new applicants on this list behind those already waiting. When space becomes available, Basic Health will notify those on the list in date-received order and provide information on how to complete the application process.

State rules (WAC 182-24-020) allows the following groups to bypass this wait list:

- ◆ Foster parents
- ◆ Personal care workers
- ◆ People who qualify for Health Coverage Tax Credit (HCTC)
- ◆ Tribal sponsored applicants
- ◆ Certain members of the Washington National Guard or Reserves who served in specific Operations
- ◆ BH *Plus* and Maternity applicants who were referred to DSHS and who were deemed ineligible for DSHS programs.
- ◆ Former BH members who disenrolled due to Medicaid coverage who have since lost that coverage and notified BH within 30 days.

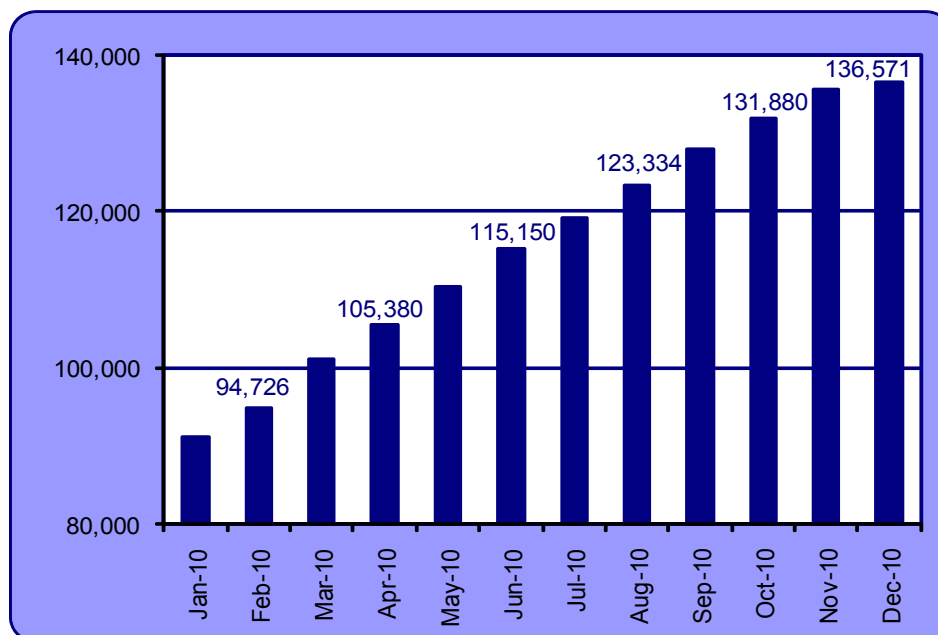
Individuals interested in signing up for the wait list may do so by calling BH or by filling out an online form. The wait list continues to grow by an average of 296 individuals per day.

## Legislative changes

The 2010 Legislative Session was a short session and, despite the Governor's proposal to eliminate Basic Health, the program survived. Due to the decline in the state's economy and a major budget crisis, Governor Gregoire ordered 6.3% across-the board cuts in September that BH was able to absorb. The November forecast was worse than expected and a one-day special session convened on December 11 cutting \$27.7 million from Basic Health for the remainder of the fiscal year (ending June 30, 2011). BH is relying on current attrition rates to meet these savings.

### Core Value: *Respect*

The Basic Health operation conveys respect for the dignity of all people. Our relationships are based on mutual respect and differences of opinions are discussed openly and courteously. We remain sensitive to the impacts of our words and actions on others.



2010 Wait List\* Increase

\*Wait list represents estimated number of individuals waiting for coverage based on average family size.

## Net enrollment changes

### BH Enrollment

During 2010, an average of 425 residents became members of Basic Health each month. Usually, the federal income guidelines (FIG) are updated in April changing the income guidelines for Basic Health applicants and members effective July 1. The U.S. Department of Health and Human Services extended the 2009 rates through the end of 2010 so there were no changes to Basic Health's income guidelines. Typically during open enrollment

each October, members are allowed to change health plans and add new dependents or spouses to their account. However, due to our wait list this year members could change health plans and add family members for family size, but they could not add them to their account for coverage.

### BH Disenrollment

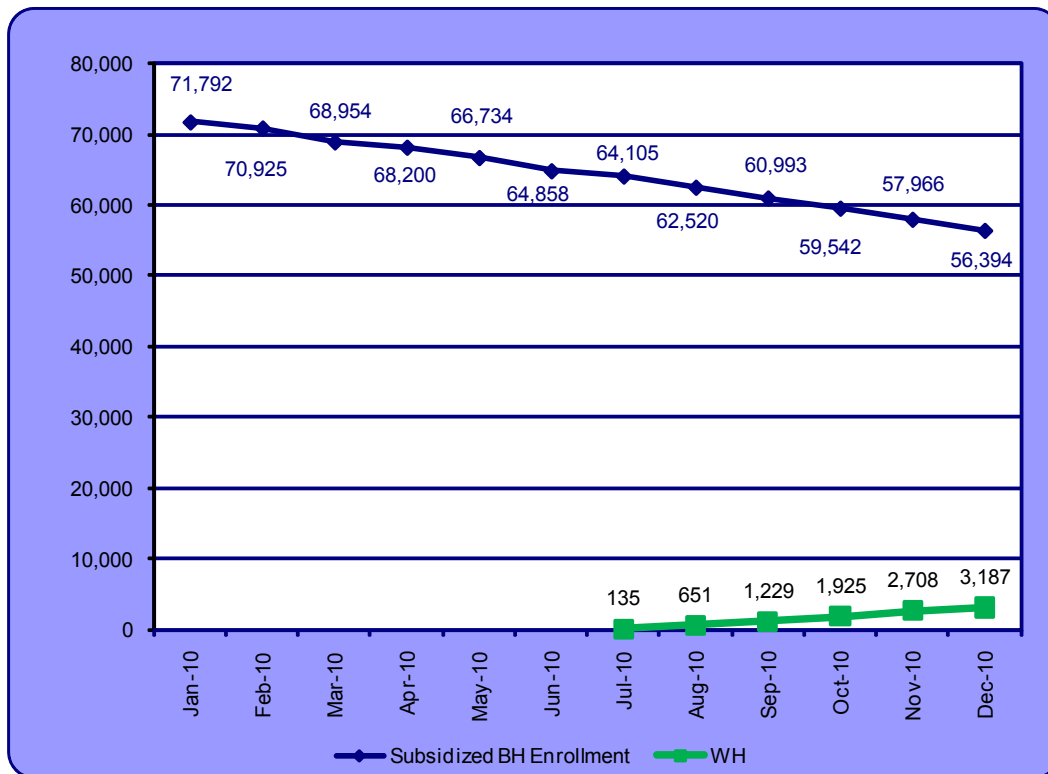
On average, 2,000 members are disenrolled from the program each month. This can result from income changes reflected during the recertification process, non-payment of premiums, or no longer needing health insurance.

### Core Value: Sincerity

We endeavor to encourage the exchange of ideas freely within the bounds of reasonable and professional behavior. We recognize and value that learning requires such an environment.

### WH Enrollment

After six months (July - December) of operation, WH had 3,187 members. Marketing funds were limited, but by conducting no-cost outreach efforts, year-end enrollment was 437 members more than projected. The demand for this program continues to grow as Washington residents lose other insurance and are desperate to find affordable coverage.



2010 Enrollment

# 4 Program Events

## Non-subsidized Basic Health

In our state, nearly one million residents are uninsured or underinsured and the demand for quality, low-cost health care continues to increase. In July, we reinstated the non-subsidized portion of our program—Washington Health—to help meet this demand. Washington Health (WH) provides an affordable non-subsidized health insurance option for low-income, non-Medicare eligible, state residents who have nowhere else to turn. It was designed primarily for the more than 136,000 low-income residents on the Basic Health waiting list or those in Basic Health who have lost coverage. Participants pay full premiums, including an administrative fee which allows the agency to operate the program at no cost to the state. Employees spent the summer months promoting this new option at events throughout Western Washington. (See page 2 for more information on this program.)

## Electronic Payments

Basic Health submitted a request to the Office of Financial Management (OFM) on July 28, 2009 to begin accepting credit and debit card payments over the Internet for BH premiums. On August 17, 2009, OFM approved the request to conduct an economic feasibility study required by state law. Work is still underway with implementation targeted in early 2011.

This opportunity will help give our members the ability to make payments on time.

### Core Value: *Responsibility*

We accept responsibility for our actions and understand that our work environment and Basic Health mission keeps us accountable for our dealings. We deliver on the commitments and promises we make to others.

## 2014 Transitional Bridge Waiver

The Health Care Authority (HCA) and the Department of Social and Health Services (DSHS) submitted an 1115 Demonstration Waiver (waiver) application to the Centers for Medicare and Medicaid Services (CMS). On January 3, 2011, the waiver was approved. The purpose of the waiver is to help sustain the Basic Health program as a transitional bridge to 2014 when national health reform goes into full effect. This waiver does not change the intent of the Basic Health (BH) program; it does not become a “Medicaid” program.

The waiver allows Washington to take advantage of the early

Medicaid expansion opportunity established by the Affordable Care Act. Through this, Title XIX (Medicaid) funds could help sustain Basic Health by providing federal matching dollars for early expansion-eligible individuals (known as Transition Eligible) who have a household income up to 133% of the Federal Poverty Level (FPL) and are enrolled in Basic Health.

It helps sustain BH, but only as long as the state can continue to pay its portion to subsidize coverage for Transition Eligible individuals (and those for whom the State will not receive federal match). Even with this Federal financial support, BH may still be discontinued due to the state budget crisis.

## Joint Procurement

Basic Health and Healthy Options (Department of Social and Health Services) are working on a joint procurement project to create the most innovative, people-centered, and cost effective managed health care system in the country. The mission of the team is to execute a thoughtful, comprehensive procurement that results in managed care contracts that will provide a solid foundation for a seamless transition into Health Care Reform in 2014.

The team hopes to achieve lower costs through:

- Combined purchasing power of HCA/MPA and enhanced competition from interested health plans
- Including additional populations where appropriate
  - Dual Eligible (Medicaid/Medicare)
  - Aged Blind and Disabled
  - SSI
- Determining appropriate benefit packages for each population
- Variable benefits based on needs and service delivery system
- Streamlined processes across programs
- Focus on purchasing outcomes rather than volume
- Emphasis on better chronic care management
- Consistent monitoring of performance standards aimed at utilization management and quality-of-care provisions
- Integration of behavioral health services into primary care settings, where appropriate.

### Timelines and deliverables

- Release RFP – June 2011
- Bidder's Conference – July 2011
- Bids due to HCA – August 2011
- Announce awards and service areas – January 2012
- Contracts signed – February 2012
- Implementation for member/client coverage – July 2012

**Core Value: Diversity**

We acknowledge everyone is different and endeavor to combine different experiences, insights, and perspectives to produce new ideas and create better ways of providing service.

## Revised Washington Administrative Code

After extensive work with stakeholders, other agencies, and Washington Administrative Code (WAC) committee staff, Basic Health filed revisions to its administrative rules chapter 182-25. The revised rules take effect January 1, 2011. These changes are intended to support implementation of the Washington Health (WH) program, incorporate revisions to existing rules as required by the passage of federal health reform, such as raising the dependent age limit to 26 and eliminating pre-existing conditions waiting periods for children up to age 19, and to clarify the recertification process to address the state auditor’s finding earlier this year.

A copy of the final filing is located on the HCA website at [http://www.hca.wa.gov/documents/laws/basichealth/10-03\\_permanent.pdf](http://www.hca.wa.gov/documents/laws/basichealth/10-03_permanent.pdf).

While substantive changes to the rules are few, it is important to note that only a small portion of chapter 182-25 remains regarding the Health Coverage Tax Credit program. The new rules are reorganized into three separate and distinct chapters:

- Administrative provisions and definitions applicable to both programs, such as the appeals process (182-22);
- The Washington Health Program (182-23)
- The Basic Health Plan (182-24)

An additional filing is anticipated in 2011 as a result of legislative changes to the program and the federal waiver.

## Merger

In April, Governor Gregoire unveiled a proposal to merge the Health Care Authority (HCA) and the Medicaid Purchasing Administration (MPA) into one agency. The consolidation sets HCA up as the healthcare purchaser for over a million Washington residents and gets the state ready to implement health care reform. Doug Porter, who previously headed the Health Recovery Services Administration for DSHS, became the new administrator for the HCA and the director for MPA in May. It is expected the 2011 Legislature will take action to fully implement the merger effective July 1, 2011.

**Core Value: Teamwork**

Our organization is stronger when we work as a team and we foster attitudes that encourage constructive criticism and the development of creative solutions to challenges.

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