## Washington State Basic Health Program

In 1986, the Washington Health Care Project Commission released a report with recommendations for how Washington State should address the 12 to 14 percent of residents who were uninsured. In 1987, the state legislature passed the Health Care Access Act, creating Washington Basic Health, a program that provides low-income residents with affordable health insurance. This program began as a pilot demonstration in a few counties and expanded statewide over the next few years. Through Basic Health, the state contracts with health plans to provide reduced-cost coverage for qualified residents – low-income, uninsured individuals who are not eligible for Medicare, institutionalized, or attending school on a student visa.

**Proposal in Brief**

*Target population*: Low-income Washington residents who cannot afford traditional insurance plans; cannot be eligible for Medicare.

*Source of Coverage*: Affordable private insurance.

*Coverage Incentives*: Reduced-cost premiums for qualified residents.

*Financing*: Enrollee premiums; state tobacco tax revenues.

*Timing*: First implemented in 1987; most recent changes to benefits package and funding sources occurred in 2004.

Basic Health has had modest success, but has faced a variety of funding challenges. Most recently, funding changes required an 18 percent cut in the value of the benefits package, leading to higher beneficiary cost-sharing as well as an enrollment cap of 100,000 residents. This change occurred despite voter support in 2001 for expanding the program by 50,000 enrollees through an increase in the state's tobacco tax.

### PROGRAM SUMMARY

***Basic Health*.** Eligibility for Basic Health is determined by household income, and members cannot be Medicare-eligible, institutionalized, or attending school full-time on a student visa. Basic Health covers residents with incomes up to 200 percent of the federal poverty level (FPL).

The state contracts with managed care plans, including Molina Healthcare and Kaiser Permanente, to offer the Basic Health package to eligible residents. All plans provide a basic benefit package, which includes physician care, hospital care, emergency services, and prescription drugs; however, there is some variation in benefits across plans, such as coverage of preventive services. Each enrollee is required to select a primary care provider (PCP).

Enrollees are charged a monthly premium based on age, income, family size, and choice of health plan. For 2007, members' monthly premiums ranged from $17 to $325, depending on their income, age, and choice of plans. Preventive care services are completely subsidized with no required cost-sharing. In 2002, cost-sharing for non-preventive services was raised due to funding challenges, and Basic Health now requires a $150 deductible and 20 percent coinsurance for some services, with an annual out-of-pocket cap of $1,500.

### OTHER KEY COMPONENTS

***Wellness, Prevention, & Care Coordination:*** Basic Health emphasizes preventive care through elimination of cost-sharing for these services and by requiring Basic Health enrollees to select a PCP. Preventive care services including routine physicals, immunizations, PAP tests, mammograms, and other screenings and testing conducted as part of a preventive health visit are exempt from cost-sharing requirements.

Updated as of March 2, 2007

**Washington Quick Facts**

*Population:*
6,132,460 (US total: 292.9M)
15th largest state

*No. and Percent Uninsured:*
83,000; 14% (US: 46.4M; 16%)
23rd highest uninsured rate

*Median Household Income:*
$50,885 (US: $46,037)
14th highest

*Undocumented Immigrants:*
175,000-200,000; 3%
(US: 9.3M; 3%)
10th highest number of undocumented immigrants

*Avg. Annual Cost of Employer-Sponsored Insurance (individual per year):*
$3,608 (US: $3,705)
33rd highest

*Medicaid Enrollment:*
71,000; 12% (US: 38M; 13%)
24th in % pop. covered

*Medicaid Coverage of Working Parents:*
79% FPL (US avg: 65% FPL)

Sources: Kaiser State Health Facts; Urban Institute Estimates of Undocumented Immigrants, January 2004.

***Quality:*** Basic Health does not impose any quality reporting or quality improvement requirements on providers, and the program does not appear to track any meaningful data on quality of care provided to enrollees.

***Health Information Technology*:** The Basic Health program does not include any health information technology initiatives.

## BUDGET AND FUNDING

Basic Health's funding streams have changed over time, and the program has recently encountered challenges in maintaining enrollment levels in the face of state budget deficits. In 2001, voter support for the program led to the passage of a ballot initiative (Initiative 773) to expand the program through the use of state tobacco tax revenues. The initiative was expected to raise $117 million, which could only be used to expand Basic Health enrollment by an estimated 50,000 residents. In 2003, facing a $2.6 billion budget deficit, the state legislature removed the restriction on tobacco tax funds. As a result, Basic Health was directed to cut costs by reducing the value of the benefit package by 18 percent, which led to increased cost-sharing by beneficiaries.

## EXPERIENCE AND ONGOING ISSUES

Following the funding changes and increased cost-sharing implemented in 2003, enrollment in Basic Health dropped from 134,644 to 100,763 in January 2004. In 2006, Basic Health enrollment was capped at 100,000 enrollees; however, in December 2006 the state Health Care Authority announced that spaces were available in the program after the legislature granted them 6,500 additional slots for 2007.

## SOURCES

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http://www.seattletimes.nwsource.com.
http://www.econop.org/Health/HealthCare-PolicyBrief2001-Initiative773.htm.