

Initiative Measure No. 1516, filed March 24, 2016

BILL REQUEST - CODE REVISER'S OFFICE

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BILL REQ. #: I-3250.1/16

ATTY/TYPIST: KS:lcl

BRIEF DESCRIPTION:

Initiative Measure No. 1516, filed March 24, 2016

AN ACT Relating to requiring the state government to establish a nonprofit single payer health care delivery system for all citizens and legal residents of Washington state; and adding a new chapter to Title 48 RCW.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** DEFINITION. "Single-payer health care system" means a system of health care that finances the cost for delivering universal and comprehensive health care coverage for an entire population from a single insurance pool.

NEW SECTION. **Sec. 2.** PURPOSE. (1) Citizens of Washington state need the security of knowing that they can afford health care for themselves and their families.

(2) Businesses need relief from the unsustainable financial and administrative burdens of providing health insurance for their employees.

(3) Annual insurance changes disrupt long-term care.

(4) Health care costs have been increasing at unsustainable rates and must be stabilized.

(5) Washington's health care providers need relief from the administrative burdens that interfere with quality health care.

(6) Section 1332 of the affordable care act allows the state of Washington to obtain waivers from the insurance exchange program in order to create a unique Washington health care system.

NEW SECTION. **Sec. 3.** WASHINGTON SINGLE PAYER BOARD OF TRUSTEES, INTERIM BOARD, AND THEIR RESPONSIBILITIES. (1) The state of Washington will finance health care through a governing board of trustees, a political subdivision of the state, referred to as the Washington single payer board of trustees, or as the board of trustees.

(2) The board of trustees is not an agency of the state and is not subject to administrative direction or control by any state executive, department, commission, board, bureau, or agency.

(3) The purpose of the board of trustees is to finance health care services for all citizens and legal residents of the state of Washington, to administer state and federal health care funds, and to institute fiscally sound payment policies that improve and maintain high standards for value, quality, and healthy outcomes for all beneficiaries.

(4) The board of trustees consists of fifteen trustees that must administer a coordinated payment system for health care services and control the per capita costs of health care, thereby improving access to health care for all Washingtonians, enhancing their health care experiences and improving the working lives of providers.

(5) The board of trustees shall raise revenue to fund this health care delivery system.

(6) Within ninety days of the passage of this measure, the president of the senate, the minority leader of the senate, the speaker of the house of representatives, the minority leader of the house of representatives, and the governor shall each appoint three

trustees to serve on the interim board. The appointing authorities shall make good faith efforts to ensure that:

(a) Each trustee will strive to represent the best interests of all Washingtonians;

(b) His or her appointments reflect the social, demographic, and geographic diversity of the state; and

(c) His or her appointees are committed to successfully implementing this initiative.

(7) An interim trustee may be removed from the board of trustees for cause by a majority vote of the board.

(8) If a vacancy occurs on the interim board, the appointing authority shall appoint a new trustee to fill the vacancy within thirty days after the vacancy occurs.

(9) The interim board shall carry out all duties and responsibilities of the board until the elected board takes office.

(10) The interim board shall:

(a) Promulgate bylaws, procedures, rules, and policies. The bylaws, procedures, rules, and policies of the interim board expire one hundred twenty days after the elected board takes office, unless ratified by the elected board;

(b) Approve an operating budget;

(c) Hire employees and consultants; and

(d) Promulgate rules to ensure transparency in the board of trustee's operations and decision making, which rules must be at least as strict as the requirements in chapter 42.56 RCW.

(11) As soon as allowed under federal law, the interim board shall seek a waiver to allow the state to suspend operation of the Washington health benefits exchange and transfer the exchange's resources to the Washington single payer board of trustees. Such transfer must occur no later than the date that the board assumes responsibility for health care payments.

(12) No later than ninety days prior to the date that the Washington state single payer board of trustees is to assume responsibility for health care payments, the board shall provide

written certification to the governor and the department of revenue of the date that the Washington single payer board of trustees intends to assume responsibility.

(13) Ninety percent of all funds collected by the Washington single payer board of trustees must be used to pay for the health care of the citizens of Washington state. The remaining ten percent of all funds collected, shall be used as administrative and operational funds. Surplus funds shall remain in trust for future health care needs.

(14) For the purposes of electing the board of trustees, the interim board shall use the most recent United States census figures to divide the state into fifteen health care districts with substantially the same number of residents in each district. These district lines must be redrawn following every new United States census.

(15) Elections for the board of trustees are nonpartisan.

(16) The government of the state of Washington is forbidden from borrowing from the Washington state single payer trust to fund other government services. The government of the state of Washington is forbidden from loaning funds from the Washington state single payer trust to any person, government, business entity, or nonprofit organization.

(17) During the first two years of the program, the board of trustees is authorized to set aside surplus funds for the retraining of residents of Washington who became unemployed due to the switch to a single payer system. These individuals include former health insurance company employees, billing agents, and financial counselors for health care providers.

(18) The board of trustees has the power to increase or decrease revenue to keep the program solvent and affordable for residents of Washington. However, these increases may not amount to more than a one and one-half percent increase in any one tax without the approval of the state legislature.

NEW SECTION. **Sec. 4.** FINANCING. (1) This chapter assumes the federal government agrees to provide the state of Washington with an annual block grant equal to the amount the federal government would have spent on all health benefits for Washington residents under current law, including funding for medicare, medicaid, federal worker benefits, tricare, the veterans health administration, the Indian health service, community health clinics, and all other federal spending for direct services provided to residents of Washington.

(2) All current state and local government health spending is transferred to the program created by this chapter, including medicaid, worker's compensation, and other safety net funding related to the health care of residents of Washington.

(3) All employers are assessed a six and one-half percent employer payroll tax.

(4) Individuals and self-employed people are assessed an income tax of seven and one-half percent. However, individuals and self-employed people who qualify for medicaid are assessed only a two percent income tax, because medicaid funding provided by the federal and state governments has already covered the majority of health care costs for this group of individuals.

(5) Tobacco taxes are increased by one dollar per pack.

(6) Alcohol taxes are increased as follows:

(a) For spirits, an additional two dollars per liter.

(b) For wine, an additional sixty-five cents per liter.

(c) For beer, an additional twenty-five cents per six pack.

NEW SECTION. **Sec. 5.** PROVIDER PAYMENT LEVELS. This chapter assumes that provider payment levels will be set at the average level of reimbursement across all payers for health care services under current law, including services for public and private health plans. This is intended to produce no net change in aggregate provider revenues for each unit of service in the first year of the

program. However, this chapter does assume that provider rates for each service category would be adjusted to reflect:

(1) The near elimination of cost shifting for uncompensated care, except that some uncompensated care would remain for undocumented immigrants; and

(2) Estimated administrative savings for providers resulting from this chapter.

NEW SECTION. **Sec. 6.** POINT OF SERVICE COPAYMENTS. (1) The following cost sharing provisions apply to the general population under the single-payer system authorized by this chapter:

(a) No deductibles are permitted.

(b) No copays for preventative services are permitted.

(c) For each office visit that is not for preventative services or for urgent or emergency care, five dollars.

(d) For each instance of urgent and emergency care, fifteen dollars.

(e) For each generic drug, five dollars.

(f) For each brand name drug, fifteen dollars.

(2) The rate established in subsection (1) of this section may be adjusted from time to time by the board of trustees to account for changes in the cost of living.

NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute a new chapter in Title 48 RCW.

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