

Part I

SECTION 101-103

The first three sections of this initiative focuses on its key objectives, and defines the terminology found throughout Part I.

101 UNIVERSAL COVERAGE PROTECTING HEALTH CARE CHOICES

“During this time of uncertainty affecting the future options for thousands of Washingtonians to retain their health care coverage and thousands who face high out-of-pocket costs, the people of the state of Washington declare their intention to create a single non-profit health financing entity called the Healthy Washington trust. The trust will simplify health care financing, eliminate administrative waste for providers, focus savings on promoting a healthcare delivery system which is responsive to the essential health needs in each County, and guarantee all residents can enroll in coverage for a single comprehensive set of essential health benefits as a basic human need, essential for a productive society.”

This section also contains key protections.

All residents are eligible for coverage and enrollees have:

- The right to seek care from any participating provider.
- The right to seek additional coverage.
- The right to non-discrimination from any participating providers, the trust, or third-party administrators.

All providers qualified to provide a covered health care service are eligible to participate and continue to have:

- The right to receive payments from other sources. Providers who do negotiate and accept payment from the trust for a service must accept that payment as payment in full.
- The right to deny services not in the scope of practice or the provider’s reasonable clinical judgment.

102 DEFINITIONS

103 THE HEALTHY WASHINGTON TRUST

Creates the Healthy Washington trust.

SECTION 104-107

These sections are the legal framework and qualifications for the board of trustees that will govern the Healthy Washington Trust.

104 THE BOARD OF TRUSTEES

The board of trustees will consist of 9 members appointed by the Governor. The governor must choose one from each of the following 5 lists, but has authority to choose 4 members independently:

- The 2 largest caucuses in the house
- The 2 largest caucuses in the senate
- The Insurance Commissioner

105 ADVISORY COMMITTEES

The board will consult with the following 3 advisory committees and any additional committees the board approves:

- A citizen committee to “hold public hearings on priorities for inclusion in the set of health services, survey public satisfaction, investigate complaints, and identify and report on health care access and other priority issues for residents”
- A provider committee to “make recommendations to the board on issues related to scope of covered benefits, quality improvement, continuity of care, resource utilization, and other issues”
- A finance committee to “recommend specific details for major budget decisions and for appropriations, taxes, and other funding legislation necessary to conduct the operations of the Whole Washington health trust”

106 AUTHORITIES OF THE CHAIR

Legal language giving the chair authority to govern the board effectively.

107 RESPONSIBILITIES OF THE BOARD

Legal language giving the board the authority to perform all needed functions to operate the trust.

SECTION 108-110

These sections define the universal benefits package and the terms for the board to negotiate for prescription drugs, for durable medical equipment, and with participating providers.

108 COMPREHENSIVE ESSENTIAL HEALTH BENEFITS

- A single comprehensive essential benefits package will cover all essential health benefits.
- Essential Health Benefits are defined in section 102, which requires the following services be provided whenever medically necessary in an inpatient or outpatient setting:
 - Hospital services, hospital-based outpatient care, and 24-hour-a-day emergency services.
 - Primary and preventive care services, including chronic disease management.
 - Prescription drugs, medical devices, and biological products.
 - Mental health and substance abuse treatment services.
 - Laboratory, diagnostic imaging, and other diagnostic services.
 - Reproductive, maternity, and newborn care.
 - Pediatric primary and specialty care.
 - Palliative care and end-of-life care services.
 - Oral health, audiology, and vision services.
 - Short-term rehabilitative and habilitative services and devices.
- A long-term care benefits package will ensure eligibility and benefits at least as generous as the Medicaid standards for Washington.

- Subject to ongoing and consistent funding a long-term benefits package beyond that will be included as an essential benefit after January 1st, 2022.

109 PARTICIPATING PROVIDERS

Providers are not required to participate, but any qualified provider may elect to participate in negotiations for reimbursements in one of the following ways:

1. Fee-for-service: Any provider can participate in annual collective negotiations for fee-for-services reimbursement rates.
2. Community Health Providers: Any provider that has five or more coordinating practitioners and operates as a non-profit may choose to negotiate in a variety of unique ways including: global budgets, capitation, fee-for-service, or a combination of those.

These negotiations will focus on considering:

- regional health needs of residents
- scope of services offered
- quality and effectiveness of care standards and safety policies utilized
- quality of employment
- coordination with the department of social and health services to delivery needs-based assistance

110 PHARMACEUTICALS, MEDICAL EQUIPMENT, AND BIOLOGICALS

In all ways possible, the board of the trust will negotiate prescription drugs, durable medical equipment, and biological products for all residents in the state.

The board can utilize a cost-sharing schedule for prescription drugs that encourages use of generics, does not apply to preventative drugs, and may not exceed \$250 annually.

SECTION 111-113

These sections define in more detail the terms of enrollment eligibility, as well as for coverage availability and use.

111 ENROLLMENT ELIGIBILITY

This section defines enrollment eligibility requirements generally and for those eligible for Medicare, Medicaid, Federal Employees Health Benefits, and Native American benefits.

Exempts certain individuals from premium and the health security assessment:

- Children under the age of nineteen
- Elderly and disabled residents who are also low income, aka “dual eligible” for Medicare & Medicaid

Exempts certain individuals from premium:

- Adults with incomes below 200% of the federal poverty level

Premiums cannot exceed \$200 monthly

Rules for enrolling individuals eligible for a federally funded program prior to waivers granting integration of the program:

- Residents eligible for a federally funded program will continue to use that program for coverage. The trust will only provide for coverage for these individuals if:
 1. They enroll in the Whole Washington health trust,
 2. Their wages or partnership income is considered for the health risk assessment,
 3. Any applicable premium is paid.
- Medicare eligible- Prior to a federal waiver being granted, Medicare eligible residents are subject to a premium (subject to above exemptions) for enrollment in the trust. However, they are not subject to the health risk assessment and will be reimbursed for Medicare Part A premiums if income is under 200% of the federal poverty level.
- Native American residents- Unless a federal waiver is sought and granted integrating IHS, Native American residents are subject to health risk assessment and a premium (subject to above exemptions) for enrollment in the trust.

112 COVERAGE USE & AVAILABILITY

This section explains how the trust coordinates with other health insurance coverage and exempts certain enrollees from out-of-pocket costs.

Exempts certain individuals from out-of-pocket costs (prescription drug schedule):

- Children under the age of nineteen
- Elderly and disabled residents who are also low income, aka “dual eligible” for Medicare & Medicaid
- Adults with incomes below 200% of the federal poverty level

Coverage Availability:

- The board will contract with the following agencies to enroll eligible residents for coverage through the trust: the health care authority, the public employees health benefits board, Indian Health Services, Center for Medicare and Medicaid Services, the Department of Social and Health Services.
- The board will make the plan available for enrollment through the health benefits exchange (aka WAhealthplanfinder.com or marketplace).
- The board will also make it available to all other residents outside of the health benefits exchange.

The board is also restricted from contracting out benefits to for-profit insurance administrators unless the individual is also enrolled for supplemental coverage and elects to have essential benefits administered by the supplemental insurer.

113 FEDERAL WAIVERS AND PROGRAMS

This section provides the legal instruction to all state authorities and entities needed to seek all the waivers available to fully integrate federally funded programs into the trust.

SECTION 114-116

These sections define transitional elements of the initiative which are contingent on enrollment of residents into the trust or another state-managed health coverage (pending federal waivers).

114 TRANSITIONAL HEALTH RISK ASSESSMENT EXEMPTION

This section allows employers to seek a waiver to exempt employees from the health risk assessment if they are providing ACA compliant coverage for their employees during the transition period. Employees may still choose to enroll in the trust as a primary insurance (by paying the health risk assessment and premium) or as a secondary insurance to the employer's coverage (by paying the premium) when their employer is granted a waiver.

115 TRANSITION CONTINGENT EFFECTIVE AND EXPIRATION DATE

The health care authority is given responsibility to notify entities of the effective date of section 116 and the expiration date of 114.

116 ENROLLMENT CONDITIONAL PROVISIONS

The transition period ends when 51% of residence are enrolled in a health insurance program administered by a state authority regardless of the status of federal waivers integrating programs.

- Employers can no longer seek waivers from the health security assessment for offering ACA compliant coverage.
- State authorities are instructed to seek a waiver to integrate the health benefits exchange.
- The board is instructed to reduce premiums & OOP costs to the fullest extent possible for all residents subject to premiums (adults earning 2x the federal poverty level).

SECTION 117-126

These sections define administrative cost controls, budgeting, and reporting, and allocate new and existing funding to 3 new accounts created in the state Treasury: a reserve account, a temporary displaced workers account, and a benefits account. These accounts are not subject to the legislature for use by the trust.

117 ADMIN COST CONTROLS

118 ACTUARIAL ANALYSIS AND REPORTING

119 ALLOCATES EXISTING FUNDING

120 ALLOCATES NEW FUNDING

121 START-UP APPROPRIATIONS

122 RESERVE ACCOUNT

123 TEMPORARY DISPLACED WORKERS

124 BENEFITS

125 ANNUAL BUDGET

126 COST REPORTING

SECTION 126-129

This language is needed to confirm some employers' benefits, federally qualified trusts, and L&I with the benefits provided through the Healthy Washington trust.

127 CONFORMS EMPLOYER BENEFITS

128 CONFORMS FEDERALLY QUALIFIED TRUSTS

129 CONFORMS L&I

Part II Assessments and Revenues

SECTION 201 DEFINITIONS

This is section defines terms used throughout Part II.

SECTION 202-

This section establishes the health security assessment paid by employers employing in Washington.

202 HEALTH SECURITY ASSESSMENT

The Health Security Assessment is:

- 8.5% of an employee's gross pay or a partner's gross distributive shares for a quarter, and
- Employers would be able to exempt 25 cents for each \$1 an employee earns over \$3,000 a quarter (\$12,000 annually). This exemption phases out completely for employees with pay over \$15,000 a quarter (\$60,000 annually).
- Native American employee pay is entirely exempt unless the employee elects to participate in the trust.
- Employers that face financial hardship can apply for a waiver from this assessment for the first 5 years.

Example: Exemption equals \$3,750 minus .25 x to employee's total gross quarterly pay.

- Employers would owe **zero** for employees earning under \$3,000 a quarter (\$12,000 annually)
- Employers would owe \$212.50 quarterly for an employee earning \$5,000 in quarterly gross pay:
 - $\$3,750 - (.25 \times \$5,000) =$
 - $\$3,750 - \$1,250 = \$2,500$ Exemption for the employee
 - $\$5,000 - \$2,500 = \$2,500$ is not exempt
 - $\$2,500 \times .085 = \212.50 per quarter

- Employers would owe 8.5% on the entire gross pay for employees earning over \$15,000 a quarter (\$60,000 annually)

SECTION 203

This section creates an absolute threshold for the long-term capital gains assessment and personal health assessment.

203 ABSOLUTE TAX THRESHOLD

“It is the intent of this act that in no event may excise tax be imposed upon joint or individual taxpayer with adjusted gross income or net long-term capital gains below \$15,000 in accordance with Article VII, section 1 of the state Constitution state constitution.”

SECTION 204-206

These sections create a long-term capital gains assessment for Washington and defines exempt gains and losses.

204 LONG-TERM CAPITAL GAINS ASSESSMENT

This section establishes a long-term capital gains assessment of 8.5% on adjusted federal long-term capital gains earned by Washington residents or in Washington State. The exemption is defined in section 201 and exempts up to \$12,000 of annual long-term capital gains (filing threshold is \$15,000). This exemption phases out at a rate of 25 cents for every \$1 over \$12,000 in annual earnings and phases out completely for those earning over \$60,000 in annual earnings.

205 EXEMPTS CERTAIN GAINS AND LOSSES

This section exempts gains and losses from certain property, including residential property, timber, agriculture, retirement savings, and livestock.

206 ADJUSTED CAPITAL GAINS

This section adjusts capital gains to include only long-term capital gains earned by Washington residents or by non-residents for capital gains related to the sale of non-exempt property in Washington state.

SECTION 207

This section establishes a personal health assessment, establishes an income tax of 1% on adjusted gross income, and fully exempts the first \$15,000 in adjusted gross income for all residents.

207 PERSONAL HEALTH ASSESSMENT

The Health Security Assessment is:

- 1% is assessed on adjusted gross income and this assessment fully exempts the first \$15,000 in adjusted gross income for all resident taxpayers.

SECTION 208-211 Defines Deductions and Credits & Defines Treatment of Partnerships/S Corps

These sections are the legal language applying to both the personal health assessment and the long-term capital gains assessment.

208 CREDIT FOR INCOME TAXES DUE ANOTHER JURISDICTION

Allows residents to deduct income taxes due other jurisdictions (state, county, or political subdivision).

209 DUAL RESIDENCE

Allows taxpayers with dual residence to deduct the amount of income subject to tax in both jurisdictions as a result of having dual residence.

210 TREATMENT OF PARTNERSHIPS AND S CORPORATION INCOME

- Partnerships and S Corporations are subject to the Health Security Assessment, but are not subject to the long-term capital gains assessment or the personal health assessment.
- Partners and shareholders are subject to the long-term capital gains assessment and to the personal health assessment based on their individual income.

211 DEDUCT INCOME FROM FEDERAL OBLIGATIONS

Ensures residents are not taxed on income from a federal obligation.

SECTION 212-217 Employer Obligations & Withholdings for Personal Health Assessment

These sections are the legal language necessary for employers to collect the estimated personal health assessment for employees in the same manner their employers currently withhold estimated taxes for federal income tax purposes.

212 EMPLOYER WITHHOLDING ESTIMATED PERSONAL HEALTH ASSESSMENT

213 EMPLOYER IS LIABLE FOR INCOME TAX WITHHELD

214 CREDITS FOR INCOME TAX WITHHELD

215 PENALTIES FOR FAILURE TO PAY OR COLLECT WITHHOLDINGS

216 ESTIMATED PERSONAL HEALTH ASSESSMENT AND DUE DATES

217 ESTIMATING PERSONAL HEALTH ASSESSMENT

SECTION 218-227 Filing and Washington Department of Revenue Authorities

These sections are the legal language necessary to create a annual income tax filing process for the personal health assessment and long-term capital gains assessment. It gives needed authority to the Washington Department of Revenue to perform the necessary tasks and defers to federal tax due dates and processes whenever possible.

218 PERSONS REQUIRED TO FILE A STATE RETURN

219 PENALTIES

220 INSTRUCTIONS FOR JOINT FILING

221 DUE DATES FOR RETURNS, PENALTIES

222 RECORDS AND RETURNS

223 INTERNAL REVENUE CODE CONTROL

[224](#) ALLOCATION OF REVENUES TO BENEFITS ACCOUNT

[225](#) ASSESSMENTS UNDER THIS CHAPTER IN ADDITION TO OTHER TAXES

[226](#) REFUNDS FOR OVERPAYMENT

[227](#) ALLOWS STATES TO COORDINATE

SECTION 228-231

These sections are the conforming amendments, rule making authorities, appeals authorities, and codification language.

[228](#) CONFORMING RCW

[229](#) RULES

[230](#) APPEALS

Part III MISCELLANEOUS

SECTION 301-303

This is standard legal language for conforming RCWs, establishing effective dates, and protecting the bill's integrity if a legal conflict arises.

[301](#) CODIFICATION

[302](#) EFFECTIVE DATES

[303](#) SEVERABILITY