

Congress of the United States

Washington, DC 20510

May 2, 2016

Governor Jay Inslee
Office of the Governor
Olympia, WA 98504-0002

Sharon Nelson
Democratic Leader
Washington Senate

Mark Schoesler
Majority Leader
Washington Senate

Frank Chopp
Speaker
Washington House of Representatives

Dan Kristiansen
Minority Leader
Washington House of Representatives

Dear Governor Inslee and Legislators:

We are writing to you to encourage our State to offer our citizens the Basic Health Plan. This option, available to states, would allow certain residents of our state access to more affordable health insurance. So far in 2016 two states have taken advantage of this option--New York and Minnesota. By doing so they have been able to offer more affordable insurance rates to their residents.

The Basic Health Plan is modeled on Washington's highly successful Basic Health Plan, a state-funded health insurance program that became the first of its kind in the nation when Governor Booth Gardner signed it into law in 1987. Over the subsequent quarter century, the Basic Health Plan grew from a pilot program serving residents of King and Spokane Counties into a statewide program serving tens of thousands of residents. Unfortunately, budget pressures led to the suspension of the Basic Health Plan in 2014.

The Basic Health Plan empowers states to negotiate directly with insurers to provide health coverage to individuals who are ineligible for Medicaid, the Children's Health Insurance Program, or other minimum essential coverage and who have incomes between 138 and 200 percent of the Federal Poverty Level (FPL). This population, which is particularly vulnerable to cost increases, has traditionally been ineligible for Medicaid, but has earned too little to afford private insurance on the individual market. The Basic Health Plan puts states in the driver's seat by using the 95 percent reimbursement from the federal government to leverage their purchasing power to contract with managed care organizations to provide basic healthcare coverage at a low cost to this underserved population.

Implementation of the Basic Health Plan could make health coverage accessible for as many as 162,000 eligible low-income Washingtonians, according to an Urban Institute study.

The study also found that under the Basic Health Plan, eligible adults could see their average annual premium payments drop from \$1,218 to just \$100, and annual out-of-pocket costs would decline from \$434 to \$96. In New York and Minnesota, where this program has been implemented, consumers and the states are experiencing dramatic savings. For example, individuals at 200 percent of the Federal Poverty Level pay a national average of \$126 in monthly premiums on the federal Marketplace versus \$20 in New York and \$80 in Minnesota respectively.

Additionally, the Basic Health Plan has generated significant budgetary savings for states that have implemented this innovative program. By implementing the Basic Health Plan, New York projects savings of \$1 billion in fiscal years 2015-2016, and \$800 million in fiscal years 2016-2017. Minnesota projects it will save \$97.5 million in fiscal year 2016 compared with providing coverage to the same enrollees through its Medicaid program.

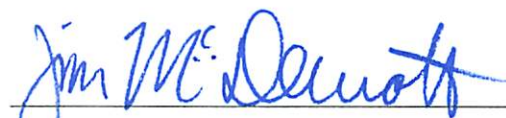
The Basic Health Plan is complementary to the Washington Health Benefit Exchange, and could leverage the eligibility, information technology, and administrative infrastructure of both the state Exchange and the state's Medicaid program. In both Minnesota and New York, individuals apply for Basic Health coverage through their respective state-based Exchange websites.

Adoption of the Basic Health Plan would significantly expand coverage by offering more affordable, efficient and stable health care coverage to low-income Washingtonians who are struggling to afford coverage and access care. In addition, it could generate significant savings for our state and reduce our budget shortfalls. The Basic Health Plan was successfully pioneered in our state and it would effectively address current needs. We strongly urge you to implement the Basic Health Plan as an innovative, affordable, and cost-saving initiative for Washington.

Sincerely,



Maria Cantwell
United States Senator



Jim McDermott
Member of Congress

cc: Andy Hill, Chair, Senate Ways and Means Committee
Jim Hargrove, Ranking Member, Senate Ways and Means Committee
Randi Becker, Chair, Senate Health Care Committee
Annette Cleveland, Ranking Minority Member, Senate Health Care
Eileen Cody, Chair, House Health Care and Wellness Committee
Joe Schmick, Ranking Minority Member, House Health Care and Wellness Committee