

Eligibility design draft

Design draft notes

Committee: Finance Technical Advisory Committee (FTAC)

Commission/committee lead(s): Commission/FTAC work group

FTAC review: July 17, 2025

Commission review: September 11, 2025; October 9, 2025

Commission adopted: October 9, 2025

Proposal ID: 2025-01

Core design element/milestone: Eligibility

Summary

This proposal outlines recommendations for addressing eligibility in a universal health care system in Washington state. The goal of a unified system is to include all Washington residents in the future universal health care system. However, current federal law poses significant barriers to including all people in the state. Until federal law changes, the Universal Health Care Commission (Commission) will focus on an initially identified eligible population as it seeks ways to expand the eligible population and studies transitional eligibility solutions.¹

The Commission is aware that other states designing a universal system may pursue a different timeline and path toward universal coverage.

Background

The Commission examined eligibility as its first design component,² beginning in 2023. Later, following actuarial analyses of selected benefit plans, the Finance Technical Advisory Committee (FTAC) and an ad hoc work group (made up of three Commission members and three FTAC members) further explored eligibility. When defining “Washington resident,” for purposes of eligibility for universal coverage, the Commission recommends considering existing definitions (e.g., [Washington Department of Revenue](#) or [Apple Health](#), among others).

Initial recommendations

The Commission, FTAC, and the work group identified populations that could potentially be eligible in a state-based universal health coverage system now. Eligible populations are based on the individual’s current health care coverage, regardless of immigration status. The Commission is aware that the federal budget passed in July 2025 could affect health care availability and affordability for many people in Washington. The Commission will continue to monitor these changes and may adjust future modeling or design recommendations, as necessary.

The initial group of Washington residents likely to be eligible to be covered by a universal system include those covered by:

- Medicaid

¹ These strategies could include, but are not limited to, consolidating all state agency purchasing (Medicaid/CHIP, PEBB/SEBB and WHBE) into a single system.

² For initial assessments of eligibility, see [UHCC 2023 Legislative Report](#) (pp. 15–29), [UHCC Washington Health Trust Analysis Report](#) (pp. 6–15), and [UHCC 2024 Legislative Report](#) (pp. 8–23).

- Children's Health Insurance Program (CHIP)
- Individual health plans
- Small group health plans not subject to the Employee Retirement Income Security Act of 1974 (ERISA) preemption rule
- Private sector employer-sponsored health plans subject to the ERISA preemption rule
 - Note: This is a modest assumption based on creation of payment mechanism. See more below.
- Public Employees Benefits Board / School Employees Benefits Board (PEBB/SEBB) plans
- Local government plans
- Tribal health coverage
- Uninsured

As noted earlier, the long-term goal of a universal system is to include all Washington residents. However, many Washington residents have health coverage that cannot be incorporated into a state administered health care system without additional federal authority, effectively excluding them, for now, from a statewide universal system. Furthermore, it is unknown whether or when states will gain control of the financing for these federally regulated benefits and services. However, a unified system could provide coverage **in addition to** existing coverage. Those federally excluded populations include (but are not limited to) those covered by:

- Medicare
- Federal Employee Health Benefits (FEHB) plans
- Tricare

Private sector employer-sponsored health plans

Of the groups listed above, those enrolled in private sector employer-sponsored health plans present a special case. The federal ERISA statute governs private group health plans, which can be fully insured or self-funded, at the employer's option. States cannot regulate "central matters of plan administration" for these ERISA-governed health plans. However, states **can** regulate the fully insured health plans that employers offer.³ The state cannot direct whether an employer offers coverage (although the Affordable Care Act requires employers of more than 50 people to offer minimum essential coverage or pay a tax penalty). In addition, the state cannot direct what type of coverage an employer must offer, other than indirectly through regulation of fully insured health plans.

The most likely path to covering individuals who now get their coverage through a private employer's health plan would be through some form of payment mechanism. A memo prepared for the Oregon Joint Task Force on Universal Health Care suggests mechanisms that could survive a legal challenge in the 9th Circuit, which includes Washington and Oregon.⁴

While these mechanisms may survive legal challenges, not all employers would necessarily forgo offering employer-based plans. The Commission recommends exploring this option with expectations for a modest rate of uptake (e.g., 25 percent).

In addition, a section 1332 state innovation waiver may provide a pathway for including the individual and small group markets not subject to the ERISA preemption in a universal system, but further analysis is warranted.

American Indian and Alaska Native Washington residents

In a government-to-government relationship, the state should work with tribes to explore mechanisms to allow American Indian and Alaska Native (AI/AN) residents to enroll in a universal system in lieu of tribal health plans.

³ Approximately one-third of employers offer fully insured, as opposed to self-funded, health plans.

⁴ [Memorandum to Oregon Joint Task Force on Universal Health Care, July 25, 2022](#)



Such mechanisms should adhere to *Model Language: AI/AN protections in the State-Based Universal Health Care* (Appendix A) and follow [25 USC 1621e](#) regarding reimbursement for health care services.

Population (by current coverage)	Likely eligible in initial universal health system (Y/N)	Potential pathway(s) to eligibility	Notes
Medicaid	Yes	1115A demonstration waiver	
CHIP	Yes	1115A demonstration waiver	
Individual health plans	Yes	Section 1332 waiver	
Small group market plans not subject to the ERISA preemption rule, such as association health plans	Yes	Section 1332 waiver	
Private sector employer- sponsored health plans subject to the ERISA preemption rule	Yes (at their option)	Creation of a payment mechanism	Modest assumption based on creation of payment mechanism
PEBB/SEBB plans	Yes	Amend RCW 41.05.21	
Local government plans	Yes	NA	
Tribal health coverage	Yes (at their option)	Mechanisms created through a government-to-government relationship between the state and tribes	See Appendix A
Uninsured	Yes	NA	
Medicare	No	Medicare waiver or change in federal law	Joint Task Force on Universal Health Care Final Report Recommendations Oct 2022 , p. 22
FEHB plans	No	Waiver or change in federal law	
Tricare	No	Waiver or change in federal law	

FTAC feedback | July 17, 2025

Returned for revision

Please make the following revisions:

- Add note about potential federal implications given recent changes at the federal level
- Update the table populations to match the populations outlined in the recommendation section as likely eligible and federally excluded
- Define Washington residents

- Include large and small group health plans explicitly
- Add the government-to-government relationship for working with American Indian and Alaska Native Washington Residents

Commission feedback | September 11, 2025

Returned for revision

Please make the following revisions:

- Remove paragraph about residents without full rights of citizenship and address immigration status elsewhere in the document.
- State more strongly that the goal of a universal system is to cover all residents of Washington.
- Revisit/expand definition of resident.
- Clarify statement about 1332 waivers.

Commission feedback | October 9, 2025

Approved

The Commission adopts this design draft with the following revisions:

- Add “initial” before recommendations to highlight that these straw proposals are iterative and the Commission will continue to refine as they move through other key design elements in the work plan