

FINAL BILL REPORT

2SHB 2537

C 143 L 08

Synopsis as Enacted

Brief Description: Modifications to the health insurance partnership act.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Cody, Hasegawa, Kenney, Morrell, Green and Loomis).

House Committee on Health Care & Wellness

House Committee on Appropriations

Senate Committee on Health & Long-Term Care

Senate Committee on Ways & Means

Background:

In 2007 the Legislature established a Health Insurance Partnership (Partnership) within the Health Care Authority (Authority) to serve small employers beginning in September 2008. If funding is provided by the Legislature, the Partnership will provide a premium subsidy for low-income employees with incomes below 200 percent of the federal poverty level.

A seven-member Health Insurance Partnership Board (Board) was established. Members include the Authority administrator and individuals with expertise in the health insurance market and benefit design. The Board will designate the health plans eligible for premium subsidy from plans available in the private small group market, approved by the Office of the Insurance Commissioner. They must include at least four plans, with multiple cost-sharing and deductible options, and plans will range from high deductible/catastrophic to comprehensive. Designated plans must include innovative components, such as preventive care, chronic care management, wellness incentives, and payments related to quality of care. The Board will determine a mid-range plan that will be used as the benchmark for the premium subsidy, and the premium subsidy will be developed similar to the sliding scale used for the Basic Health Plan. The Board will determine minimum employee participation requirements and whether there should be a minimum employer contribution; employers continue to determine employee eligibility and their contributions. The Board will evaluate rating methodologies and impacts on applying small group market ratings within a partnership, and it will consider options to manage carrier uncertainty through risk adjustment, reinsurance, or other mechanisms.

By December 1, 2008, the Partnership must report to the Legislature and the Governor on the risks and benefits of incorporating the individual and small group markets into the Partnership. By September 1, 2009, the Partnership must report to the Legislature and the Governor on the risks and benefits of incorporating the high risk pool, the Basic Health Plan, the Public Employees Benefits Board, and public school employees, as well as the impact of requiring all residents over 18 years of age to be covered.

The Board has identified a number of issues that must be addressed prior to making subsidized health coverage available to employees of small business through the Partnership. These issues include: placing limits on an employee's ability to choose a health plan, providing a funding source for subsidies, funding administrative expenses, resolving potential conflicts between the Partnership statute and the health insurance provisions of Title 48 RCW, providing a longer implementation time line, and allowing employers to participate in the Partnership regardless of the employees' subsidy status.

Summary:

The Partnership Board (Board) is authorized to limit the number of small group plans that will be offered and limit the plans that will be eligible for a subsidy. The requirement that participating employers must have at least one employee eligible for a subsidy is deleted. The Board is authorized to limit an individual's health plan choice and limit coverage of former employees to those eligible for COBRA continuation coverage for up to two years from when the Partnership begins to offer coverage. Employers must attest they are not offering health insurance and at least 50 percent of their employees are low-wage workers.

Language authorizing the Board to offer and administer the small employer's group health benefit is deleted. Both the small employer and his or her employees are eligible to purchase health coverage through the Board. The Board will not act in the role of the small employer's health plan sponsor. The Authority must coordinate premium subsidies for dependent children with available federal programs administered by the Department of Social and Health Services.

Votes on Final Passage:

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| House | 54 | 40 | |
| Senate | 27 | 22 | (Senate amended) |
| House | 63 | 32 | (House concurred) |

Effective: June 12, 2008