

HOUSE BILL REPORT

HB 2328

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to the Washington state health insurance pool.

Brief Description: Modifying provisions governing the Washington state health insurance pool.

Sponsors: Representatives Cody, Riccelli and Jinkins.

Brief History:

Committee Activity:

Health Care & Wellness: 1/22/14, 2/3/14 [DP].

Brief Summary of Bill

- Permits the board of the Washington State Health Insurance Pool to modify covered services and cost-sharing for pool policies to comply with the Affordable Care Act.
- Permits the board to select a pool administrator without using a competitive bidding process and provides that the administrator serves pursuant to a contract.
- Caps the total of 2014 member assessments at the total of 2013 assessments, except to the extent necessary to pay a deficit incurred by the pool.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 15 members: Representatives Cody, Chair; Riccelli, Vice Chair; Schmick, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Clibborn, DeBolt, Green, G. Hunt, Jinkins, Manweller, Moeller, Morrell, Ross, Tharinger and Van De Wege.

Staff: Alexa Silver (786-7190).

Background:

Coverage Through the Washington State Health Insurance Pool.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The federal Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act (ACA) prohibits health carriers from denying coverage because of preexisting conditions. Federal rules define state high risk pool coverage for plan or policy years that begin on or before December 31, 2014, as "minimum essential coverage," meaning individuals covered by a high risk pool plan will not be required to pay the individual shared responsibility payment. In 2015 state high risk pools may apply to the United States Department of Health and Human Services to be designated as minimum essential coverage. The ACA does not require guaranteed issue of Medicare supplemental policies.

The Washington State Health Insurance Pool (WSHIP) is the high risk health insurance pool for the state of Washington. Prior to 2014 the WSHIP provided coverage (Medicare and non-Medicare plans) to state residents who were unable to obtain coverage because of their medical status.

The WSHIP stopped offering non-Medicare coverage to individuals on January 1, 2014. Currently, WSHIP non-Medicare coverage is only available to individuals who were enrolled prior to January 1, 2014, and individuals who live in a county where an individual plan is not offered. These plans will be discontinued on December 31, 2017. The WSHIP continues to offer Medicare supplemental coverage to residents who: (1) do not have access to a reasonable choice of Medicare Advantage Plans; and (2) provide evidence of a rejection for medical reasons, a requirement of restrictive riders, an up-rated premium, a preexisting conditions limitation, or lack of access to a comprehensive Medicare supplemental policy.

The WSHIP board must review populations that may need on-going access to coverage through the pool and submit its report to the Governor and the Legislature by November 1, 2015.

Covered Services and Cost-sharing.

The pool is required to offer at least two policies. One of those policies must be a comprehensive policy that includes specified services, including hospital services, professional ambulance service, and mental health services. The comprehensive pool policy must impose deductibles of \$500 and \$1,000 per person per year, although the board may offer other deductible amounts. The policy must also include a mandatory coinsurance requirement of not more than 20 percent. The maximum aggregate out-of-pocket payments per year are capped based on the deductible amount.

The board may modify cost-sharing to create an incentive for enrollees to participate in care management services and other cost-effective programs and policies.

Pool Administrator.

The board of the WSHIP selects a pool administrator who:

- administers eligibility and administrative claim payment functions;
- establishes a premium billing procedure;
- performs functions to assure timely payment of benefits;
- submits regular reports to the board regarding the operation of the pool; and
- determines net paid and earned premiums, the expense of administration, and the paid and incurred losses for the year.

The board is required to use a competitive bidding process to select the pool administrator, who serves for a period of three years. At least six months before the end of the administrator's term, the board invites interested parties to submit bids to serve as the administrator for the next three-year period. The administrator is paid pursuant to a contract with the board.

Assessments.

The WSHIP is subsidized through an assessment on insurance plans. Each year the administrator determines the total cost of pool operation, as well as each insurer's proportion of participation in the pool. The 2013 operating budget directed the administrator to assess an additional amount for transfer to the Health Benefit Exchange (Exchange) Account to assist with the transition of enrollees to the Exchange. The monthly per member assessment is capped at the 2013 assessment level. If the maximum assessment is insufficient to cover a pool deficit, the assessment must first be used to pay incurred losses and administrative expenses, with the remainder available for deposit in the Exchange Account.

Summary of Bill:

Covered Services and Cost-sharing.

The Washington State Health Insurance Pool (WSHIP) board may modify covered services and cost-sharing for pool policies to comply with the Affordable Care Act to maintain minimum essential coverage and otherwise as necessary for covered persons not to be subject to the shared responsibility payment.

Pool Administrator.

The board is no longer required to use a competitive bidding process to select the pool administrator. The administrator serves pursuant to a contract. When the contract expires, the board may either renew the contract or select an administrator by soliciting bids. The requirement that the board solicit bids for administrator every three years is eliminated.

Assessments.

The total of 2014 member assessments may not exceed the total of 2013 member assessments except to the extent necessary to pay a deficit incurred by the pool from pool losses and administrative expenses. If the maximum 2014 assessments are insufficient to cover a pool deficit, including contribution for deposits into the Health Benefit Exchange (Exchange) Account, the assessments must first be used to pay incurred losses and pool administrative expenses, with the remainder available for deposit in the Exchange Account.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Current Washington State Health Insurance Pool (WSHIP) enrollees can stay in the pool until the end of 2017, but it is unknown whether or not WSHIP coverage after 2014 will continue to exempt enrollees from the tax burden waiver. The board should have discretion to make changes in benefit structures to allow people who want to stay in the pool until it closes avoid the penalty. The requirement to go out to bid for an administrator every three years was reasonable when the WSHIP was growing and changing, but now could be expensive and disruptive to enrollees. Since the WSHIP is now in a wind down phase, the board would like discretion to decide whether to continue with the current administrator.

The cap on assessments was intended to ensure that the payment to the Health Benefit Exchange (Exchange) would not increase assessments by more than last year's assessment amount. However, it does not take into consideration the fact that enrollees are owed these benefits. It is a terrible situation to have a cap on assessments for paying the WSHIP's own expenses. The cap should be removed with respect to WSHIP expenses and left in place only for payments to the Exchange.

(Opposed) None.

Persons Testifying: Karen Larson, Washington State Health Insurance Pool.

Persons Signed In To Testify But Not Testifying: None.