Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Health Care & Wellness Committee

ESSB 6016

Brief Description: Concerning the grace period for enrollees of the Washington health benefit exchange.

Sponsors: Senate Committee on Health Care (originally sponsored by Senators Rivers, Keiser, Cleveland, Tom, Kline and McAuliffe).

Brief Summary of Engrossed Substitute Bill

- Requires an issuer of a qualified health plan to notify a provider or facility that an enrollee is in a grace period when the provider or facility submits a request or claim during the second or third month of the enrollee's grace period.
- Requires the Health Benefit Exchange to notify a qualified health plan that an enrollee has not paid his or her premium.

Hearing Date: 2/24/14

Staff: Alexa Silver (786-7190).

Background:

Under the Affordable Care Act (ACA), an individual who enrolls in a qualified health plan through the Health Benefit Exchange (Exchange) may be eligible for a premium tax credit if his or her household income is 100 to 400 percent of the poverty line and he or she is not eligible for minimum essential coverage (*e.g.*, through Medicaid or an employer-sponsored plan). Individuals who are eligible for the premium tax credit may have the credit paid in advance directly to the issuer to lower their premiums.

Federal rules require an issuer of a qualified health plan to provide a grace period of three consecutive months if an enrollee receiving advance payments of the premium tax credit has previously paid at least one full month's premium during the benefit year. During the grace period, the issuer must pay all appropriate claims for services rendered during the first month, but may pend claims for services rendered during the second or third month. The issuer is

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required to notify the enrollee that he or she is delinquent on payment of the premium, notify the Department of Health and Human Services of the enrollee's non-payment, and notify providers of the possibility for denied claims when the enrollee is in the second or third month of the grace period.

If the enrollee exhausts the grace period without paying all outstanding premiums, the issuer must terminate his or her coverage effective the last day of the first month of the grace period.

The ACA provides that it does not preempt state law that "does not prevent the application of" its provisions.

Summary of Bill:

An issuer of a qualified health plan must notify a provider or facility that an enrollee is in a grace period if:

1. The provider or facility submits a request to the issuer regarding the enrollee's eligibility, coverage, or benefits, submits a request to the issuer regarding the status of a claim for services provided to an enrollee, or reports a claim in a remittance advice; and
2. The request or claim is for a date during the second or third month of the enrollee's grace period.

The notice to the provider or facility must include the purpose of the notice, the enrollee's full name and any unique identifying numbers, and the name of the qualified health plan and the issuer. "Grace period" is defined as a period of three consecutive months if an enrollee receiving advance payments of the premium tax credit has previously paid at least one month's premium during the benefit year.

The Exchange must provide electronic notification to a qualified health plan before the sixth of the month indicating that an enrollee has not paid his or her premium.

Appropriation: None.

Fiscal Note: Not requested.

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