

HOUSE BILL REPORT

HB 2607

As Reported By House Committee On:
Health Care

Title: An act relating to a study utilizing vouchers for basic health plan enrollees.

Brief Description: Establishing a study utilizing vouchers for basic health plan enrollees.

Sponsors: Representatives Dyer, L. Thomas, D. Sommers, Cairnes, Pelesky, Huff, Beeksma, Smith, B. Thomas, Fuhrman, Backlund, Campbell and Hymes.

Brief History:

Committee Activity:

Health Care: 1/25/96, 2/1/96 [DPS].

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Hymes, Vice Chairman; Campbell; Crouse; Sherstad and Skinner.

Minority Report: Do not pass. Signed by 4 members: Representatives Cody, Ranking Minority Member; Murray, Assistant Ranking Minority Member; Conway and H. Sommers.

Staff: Antonio Sanchez (786-7383).

Background: The 1995 Legislature required that the Health Care Authority conduct a study of the use of a voucher-type process whereby state employees could enroll with any health carrier to receive employee benefits, including the employee option of participation in a health care savings account.

Health savings accounts are a relatively new way to pay for health care and are different from traditional insurance in a number of ways. Under traditional insurance, individuals and their employers pay monthly premiums to an insurer such as Blue Cross, and the insurer pays their medical bills. Under the new system, people can choose catastrophic health insurance coverage, deduct their monthly premiums, and make tax-free deposits to a health savings account (contingent upon federal legislation

granting tax exemption). Insurance then pays for infrequent but expensive treatments, and individuals pay small bills from their health savings accounts.

Overall, health savings accounts were the most popular state health care policy initiative last year. Currently, 15 states have enacted health savings accounts, and six state legislatures are considering them in 1996.

Summary of Substitute Bill: The administrator of the Basic Health Plan is required to develop a comprehensive plan for the analysis, design, implementation, and evaluation of a health savings account program. Guidelines for the plan are established. The administrator is required to report annually to the Legislature beginning December 1, 1996, and have an implementation plan before January 1, 1998.

Substitute Bill Compared to Original Bill: The components of the study are modified and refined to reflect a focus on what the plan should include, rather than how the study should be conducted. The starting date is moved from September 1, 1996, to December 1, 1996. An implementation date is established as on or before January 1, 1998, and made subject to the approval of the program design and implementation plan by the Legislature. Funds must be appropriated by the Legislature for the final implementation.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Health savings accounts provide a new financing alternative for health care. There are a number of states using this type of health financing mechanism, and early results indicate some administrative savings and employee satisfaction. This is a new idea with great potential; however, it awaits full and objective evaluation.

Testimony Against: None.

Testified: Dennis Martin, Health Care Authority; and Tim Shelberg, American Association of Physicians.