

# SENATE BILL REPORT

## SHB 2607

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 23, 1996

**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:** House Committee on Health Care (originally sponsored by Representatives Dyer, L. Thomas, D. Sommers, Cairnes, Pelesky, Huff, Beeksma, Smith, B. Thomas, Fuhrman, Backlund, Campbell and Hymes).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/22/96, 2/23/96 [DPA].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass as amended.

Signed by Senators Quigley, Chair; Wojahn, Vice Chair; Deccio, Fairley, Franklin, Winsley and Wood.

**Staff:** Don Sloma (786-7319)

**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.

Currently, 15 states have enacted health savings accounts, and six state legislatures are considering them in 1996.

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

**Amended Bill Compared to Substitute Bill:** The striking amendment inserts cost considerations as an explicit element for planning and consideration of the program. The requirement in the substitute bill that the program be implemented subject to legislative approval is deleted.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The medical savings account concept as a potentially important cost control tool which should be tried in the BHP.

**Testimony Against:** None.

**Testified:** PRO: Leslie Main, WA State Retired Teachers Assn.; Tim Shellberg, Assn. of American Physicians and Surgeons.