

SENATE BILL REPORT

EHB 2837

As Reported By Senate Committee On:
Health & Long-Term Care, February 22, 1996

Title: An act relating to the definition of medicare supplemental insurance or medicare supplement insurance policy.

Brief Description: Modifying the definition of medicare supplemental insurance or medicare supplement insurance policy.

Sponsors: Representatives Dyer, Cody and Murray; by request of Insurance Commissioner.

Brief History:

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

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.

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

Staff: Wendy Saunders (786-7439)

Background: The Medicare program was established by the federal government to provide health insurance coverage for individuals who are over the age of 65, suffering from end-stage renal disease, or who have disabilities.

Current law allows these individuals to purchase additional health insurance coverage to wrap-around the health benefits provided through Medicare. Washington's Medicare Supplemental Health Insurance Act was established in 1981 to help govern the content and sale of these policies, which generally supplement Medicare reimbursements for hospital, medical, surgical or pharmaceutical expenses. These policies must comply with minimum federal standards.

Federal law defining Medicare supplemental insurance was recently revised.

Summary of Amended Bill: Changes are made to Washington's definition of Medicare supplemental insurance to conform to changes in federal law.

Subsidies are provided to offset premiums for Medicare supplemental insurance policies for individuals with incomes below 200 percent of the federal poverty level.

Additionally, the Health Care Authority is required to design a prescription drug insurance plan for Medicare recipients. Subsidies would also be provided to offset the cost of the prescription drug insurance plan for individuals with incomes below 200 percent of the federal poverty level.

The subsidies are not available for individuals who qualify for the Qualified Medicare Beneficiary or Specified Low-income Medicare Beneficiary programs.

The premium subsidy structures are based on family income and family size and are similar to the structure used for Basic Health Plan. The availability of the subsidies is subject to the availability of appropriated funds.

Amended Bill Compared to Original Bill: The provision that excludes labor organizations from the definition of Medicare supplemental insurance is returned to the statute. A subsidy program for Medicare supplemental insurance policies and a prescription drug program for low income individuals are added to the bill.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: This legislation was requested by the Office of Insurance Commissioner. Washington State law must conform to changes in the federal statute by April 28, or the state will no longer be able to offer Medicare supplemental Insurance policies. The provision that deletes the labor organization was deleted because of a misinterpretation of the federal regulations and needs to be added back into the statute.

Testimony Against: None.

Testified: Melodie Bankers, Office of Insurance Commissioner.