

SENATE BILL REPORT

SB 6121

As Reported By Senate Committee On:
Health & Long-Term Care, January 25, 1996
Ways & Means, February 6, 1996

Title: An act relating to medicare supplemental insurance.

Brief Description: Providing premium offsets for medicare supplemental insurance policies.

Sponsors: Senators Quigley, Smith, Fairley, Kohl, Bauer, Drew, Thibaudeau, Sheldon, Snyder, Rinehart, Franklin, Wojahn and Pelz.

Brief History:

Committee Activity: Health & Long-Term Care: 1/19/96, 1/25/96 [DPS].
Ways & Means: 2/5/96, 2/6/96 [DP2S].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6121 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Staff: Wendy Saunders (786-7439)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6121 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Fraser, Hargrove, Kohl, Pelz, Quigley, Sheldon, Snyder, Spanel, Sutherland, West, Winsley and Wojahn.

Staff: Tim Yowell (786-7435)

Background: Current law allows individuals to purchase needed health services through supplemental health insurance policies that wrap-around the current health benefits provided through Medicare. The 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 conform to regulations and provide at least the minimum benefits required by the Insurance Commissioner.

There are ten standard Medicare supplemental insurance policies that are available to individuals. The Health Care Authority currently offers two Medicare supplement policies,

including one with pharmaceutical benefits. Retired or disabled state or school district employees may receive subsidies to help purchase these policies, but all other individuals must pay the full cost of the policies.

Concern exists that this cost is increasingly prohibitive for many of Washington's elderly, particularly those living on fixed incomes or near the poverty level. It is suggested that Washington could help subsidize the cost of these programs to ensure that the elderly are obtaining needed health care that they may be foregoing due to financial constraints.

Summary of Second Substitute Bill: 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 are also 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 program.

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.

Second Substitute Bill Compared to Substitute Bill: Specific appropriations to implement the programs are dropped from the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Sections 2 through 5 take effect immediately; the remaining sections take effect ninety days after the adjournment of the session in which the bill is passed.

Testimony For (Health & Long-Term Care): None.

Testimony Against (Health & Long-Term Care): None

Testified (Health & Long-Term Care): No one.

Testimony For (Ways & Means): This would allow the state to assist people who have low incomes, but do not qualify for Medicaid. It would help people stay healthy, and avoid future costs.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Florence Stier, Senior Citizens Lobby (pro).