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## Health Care & Wellness Committee

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### HB 2875

**Brief Description:** Concerning health savings accounts.

**Sponsors:** Representatives Ericksen, Cody, Condotta, Hinkle, Herrera, Driscoll, Parker, Bailey, Green, Morrell, Kelley, Wallace, Kessler and Moeller.

#### Brief Summary of Bill

- Requires the Public Employees Benefit Board to develop and approve a health savings account with a high-deductible health plan as an option for employees.

**Hearing Date:** 1/28/10

**Staff:** Dave Knutson (786-7146).

#### Background:

In 2003 as part of the Medicare Modernization Act, Congress authorized individuals to establish health savings accounts to work with qualifying high-deductible health coverage to help finance medical expenses. Health savings accounts are tax-free accounts set up by individuals or employers. The accounts are held by individuals, even when established and contributed to by employers. Interest earned is not taxed, and unused funds may carry over to the following year. A qualifying high-deductible health plan is one that has an annual deductible of at least \$1,000 for individual coverage and at least \$2,000 for family coverage, with out-of-pocket costs not to exceed \$5,000 for an individual and \$10,000 for families. Preventive care is not subject to the annual deductible. The Internal Revenue Service rules on high deductible health plans provide that services such as physicals, immunizations, screenings, prenatal care, and tobacco-cessation programs are covered without imposing any deductible. Preventive care also includes medication taken to prevent a disease or reoccurrence of a disease, such as taking cholesterol-lowering medications to prevent heart disease.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2005 the Legislature enacted legislation directing the Public Employees Benefits Board (PEBB) to develop a health savings account with a high-deductible health plan as an option for public employees. As of January, 2010, the PEBB has not developed such a plan.

**Summary of Bill:**

The PEBB is directed to develop and approve a health savings account option for public employees by July 1, 2010. The PEBB is authorized to approve the transfer of funds to health savings accounts established under its statutory authority. The PEBB is authorized to contract with a third party administrator to operate the health savings account option for public employees if it determines the health care authority does not have the administrative capability to do so.

**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.