

SENATE BILL REPORT

SB 5052

As of February 19, 2009

Title: An act relating to health insurance options for young adults.

Brief Description: Concerning health insurance for young adults.

Sponsors: Senators Parlette and Holmquist.

Brief History:

Committee Activity: Health & Long-Term Care: 2/18/09.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: Of any age group, young adults are the most likely to be uninsured. Estimates from the 2008 Washington State Population Survey indicate 29 percent of young adults ages 19-30 are uninsured. The survey also indicates that the majority of the uninsured are low-income: approximately 31 percent have family incomes below 100 percent of the federal poverty level (FPL), and 20 percent have incomes between 100 and 199 percent of the FPL.

Access to affordable insurance products can be a challenge when employer-sponsored coverage is not available. Adults with incomes below 200 percent of the FPL may qualify for Basic Health if enrollment slots are available; some may qualify for Medicaid or medical assistance if they have children and have incomes below 77 percent of the FPL; some may qualify for coverage as dependents on their parents' policies; and some may find products in the individual market.

Summary of Bill: Insurance carriers may design and offer a separate individual health plan targeted at young adults between the ages of 19 and 34. Carriers are provided the opportunity to design a benefit package that may exclude some requirements, including: maternity services, prescription drug benefits with at least a \$2,000 benefit, every category of provider, direct access to chiropractic services, prostate cancer screening, colorectal cancer exams, and mental health parity in benefits. A carrier that chooses to exclude maternity services must allow an enrollee that becomes pregnant to transfer to another health benefit plan with similar cost-sharing provisions that includes coverage for maternity services. The transfer must be allowed without applying a pre-existing condition waiting period or other penalties, including a new deductible or stop-loss requirement.

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.

The young adult policy may be rated as a single band for experience, and is excluded from the requirement that rates for any group vary no more than 375 percent of the lowest rate for all age groups.

The Office of the Insurance Commissioner must make available educational and outreach materials targeted to young adults, as funding becomes available. The Commissioner is authorized to fund the activities with grants, donations, in-kind contributions, or other funding.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill has been around for several years and was recently included in the analysis completed by Mathematica, which showed that the proposal creates no fiscal impact on the state and successfully reaches young adults. Other states have products like this aimed at young adults and it is very successful. It simply provides flexibility to offer an additional benefit package that may be more attractive to young adults. This is consistent with the interests explored by the Blue Ribbon Commission to capture more of the uninsured in insurance. The experience in other states suggests that young adults who are uninsured do buy these products; some estimates suggest as many as 70 percent of the purchasers were previously uninsured. In these tough times, some employers are having to drop coverage for some employees and this may provide a voluntary option to broaden access to coverage. This bill corrects a number of inequities; one of the worst inequities is the rating system where young people subsidize the older enrollees with higher prices. This rectifies the inequities with the rating system, and the inequities with mandates that add expense across the insurance product, and it will decrease the uninsured in Washington.

CON: The repeal of every category of provider raises significant concerns. It is not a mandated benefit but a provision that allows competition between providers, many of whom may provide services at lesser cost than other types of providers. There is also concern about cost-shift when you pull young adults out of the community rated pool and the potential impact on older enrollees. The repeal of the mental health parity law is very troublesome. The onset of mental health illness is typically seen in the mid-twenties, this target audience of young adults. The mental health parity law was passed with full bi-partisan support and it is not time to repeal it for young adults, and it will not produce significant savings in the premiums. Young adults should have choice of providers. The repeal of the every category of provider law will allow discrimination against different types of providers.

Persons Testifying: PRO: Senator Parlette, prime sponsor; Mel Sorensen, America's Health Insurance Plans and Washington Health Underwriters; Steve Gano, Premera; Carrie Tellefson, Regence; Mark Johnson, Washington Retail Association; Donna Steward,

Association of Washington Business; Patrick Connor, Farm Bureau; Roger Stark, Washington Policy Center.

CON: Randy Revelle, Washington State Hospital Association and Coalition for Mental Health Parity; Lori Belinski, Washington State Chiropractic Association; Lucy Homans, Washington State Psychological Association; Melanie Stewart, Washington Mental Health Counselors Association and Massage Therapists; Daniel Dinkle, Washington Acupuncture and Oriental Medicine Association.