

SENATE BILL REPORT

SB 6670

As Reported by Senate Committee On:
Health & Long-Term Care, February 4, 2010

Title: An act relating to group medical insurance for nontraditional groups.

Brief Description: Regarding group medical insurance for nontraditional groups.

Sponsors: Senator Parlette.

Brief History:

Committee Activity: Health & Long-Term Care: 1/28/10, 2/04/10 [DPS].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6670 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Becker, Fairley, Marr, Murray and Parlette.

Staff: Mich'l Needham (786-7442)

Background: Insurance carriers offering group health plans in Washington State are licensed under three different chapters of law: group disability insurance, a health care service contractor, or a health maintenance organization. Group medical coverage is typically available to an employer group, union group or association of employees formed for purposes other than obtaining insurance. Under the federal Health Insurance Portability and Accountability Act (HIPAA), group coverage may not exclude an individual employee or dependent based on a health factor.

The National Association of Insurance Commissioners (NAIC) has produced a group health insurance standards model act, and 11 states have adopted the model act for group health insurance. Thirty-nine states, including Washington, have statutory language that is similar or related, according to the NAIC. The NAIC model act provides language to permit coverage for groups not otherwise defined as permitted groups which include employers, unions, associations, or trusts. Washington law for group disability insurance recognizes some special or non-traditional groups, including volunteer fire departments or police organizations; not-for-profit community groups and their volunteers; students or employees

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of colleges, schools or other institutions of learning; or other similar groups approved by the Insurance Commissioner.

Summary of Bill (Recommended Substitute): The Insurance Commissioner may recognize additional non-traditional groups for the purchase of group medical coverage, such as church congregants. A group medical policy may be issued to a non-traditional group, or a group that is not already defined as an eligible group for group life insurance under RCW 48.24.

Group medical policies may be issued to a non-traditional group if the Commissioner finds that issuance of the policy is not contrary to the best interest of the public, issuance of the policy would result in economies of acquisition or administration, and the benefits are reasonable in relation to the premiums charged. The Commissioner may allow policies sold in this state or policies issued in another state. The Commissioner may adopt rules to implement this act.

EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Substitute): The application date of January 1, 2011, is removed. The non-traditional groups are recognized as eligible to purchase group medical insurance and added to insurance statutes governing group disability insurers. Non-traditional groups are defined as those groups not already eligible for group life insurance. Current groups eligible for life insurance include: employer groups, credit unions, debtor groups, associations, labor unions, public employee associations, trustee groups, agent and producer groups, state patrol, and financial institutions and groups of depositors.

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 on Original Bill: PRO: This is aimed at providing access to affordable coverage for groups like church congregants. There are many churches interested in providing access to group coverage and many other states provide that opportunity. This is similar to a bill to expand access to life insurance policies for non-traditional groups that has been heard by another committee.

CON: This will be very difficult for the Office of the Insurance Commissioner (OIC) to implement. It allows the purchase of coverage from other states, and it is unclear what a non-traditional group is. Within existing law, groups can form now and purchase insurance and the policies fit within the existing framework in the code and are subject to the mandates and other consumer protections in law. The current language would not ensure those same protections, when groups can purchase policies from other states.

Persons Testifying: PRO: Senator Parlette, prime sponsor.

CON: Meg Jones, OIC.