

HOUSE BILL REPORT

ESSB 5449

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to modification of the Washington state health insurance pool.

Brief Description: Addressing the Washington state health insurance pool.

Sponsors: Senate Committee on Health Care (originally sponsored by Senators Parlette, Keiser, Becker, Bailey, Dammeier, Frockt, Ericksen and Schlicher).

Brief History:

Committee Activity:

Health Care & Wellness: 3/14/13, 3/26/13 [DPA].

**Brief Summary of Engrossed Substitute Bill
(As Amended by Committee)**

- Changes eligibility requirements for the Washington State Health Insurance Pool.
- Requires the Washington State Health Insurance Pool to review populations that may need ongoing access to pool coverage.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 16 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Angel, Clibborn, Green, Harris, Manweller, Moeller, Morrell, Riccelli, Rodne, Ross, Short, Tharinger and Van De Wege.

Staff: Jim Morishima (786-7191).

Background:

Before purchasing an individual health insurance plan, a person must complete the standard health questionnaire, which is a health screening tool designated by the Washington State Health Insurance Pool (WSHIP). A health carrier may deny coverage to a person based on

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the results of the questionnaire, until January 1, 2014, after which federal law will prohibit denials of coverage based on health status.

The WSHIP, Washington's high risk pool, provides coverage for:

- persons who were denied coverage on the individual market based on the standard health questionnaire;
- persons residing in counties where no carrier offers a health benefit plan, other than a catastrophic plan;
- persons eligible for Medicare who provide evidence of any of the following, the effect of which is to substantially reduce coverage from that received by a person considered to be standard risk (persons eligible for Medicare on or after August 1, 2009, must also have no access to a reasonable choice of Medicare Part C plans):
 - rejection for medical reasons;
 - a requirement of restrictive riders;
 - an up-rated premium;
 - a pre-existing conditions limitation; or
 - lack of access to a Medicare supplemental insurance policy; and
- persons under the age of 19 who do not have access to individual plan open enrollment (or special enrollment) or the federal Pre-Existing Condition Insurance Pool.

By December 1, 2012, the WSHIP was required to review the populations that may need ongoing access to pool coverage, including persons with end-stage renal disease or HIV/AIDS or persons not eligible for Exchange coverage. If the review indicated the need for continued coverage, the WSHIP Board was required to submit recommendations regarding modifications to pool eligibility that would allow new enrollees in the WSHIP on or after January 1, 2014, including any needed modifications to the standard health questionnaire or other eligibility screening tool that could be used to determine pool enrollment.

The WSHIP report found that there may be persons who need ongoing access to the pool, including persons needing Medicare supplemental insurance and persons who do not have access to individual insurance due to factors such as geography or immigration status. The report also recommended that current eligibility requirements for the WSHIP's Medicare plans be maintained and that eligibility for non-Medicare plans be changed to residents of Washington who are not eligible for Medicare or Medicaid and who do not have access to an individual health benefit plan. The report went on to recommend the elimination of the standard health questionnaire and the WSHIP eligibility requirements for persons under age 19.

Summary of Amended Bill:

The standard health questionnaire is eliminated.

Eligibility for the WSHIP is eliminated for persons denied coverage based on the standard health questionnaire, persons residing in counties where no carrier offers a health benefit plan other than a catastrophic plan, and persons under the age of 19 who do not have access to

individual plan open enrollment (or special enrollment) or the federal Pre-Existing Condition Insurance Pool.

Non-Medicare WSHIP eligibility is limited to state residents who are not eligible for Medicaid or Medicare and who reside in a county where no individual health plan (other than a catastrophic plan) is available during defined open enrollment or special enrollment periods through the private market inside or outside of the exchange. State residents ineligible for Medicare who are enrolled in the WSHIP prior to December 31, 2013, remain eligible for pool coverage until December 31, 2017. The WSHIP must discontinue all non-Medicare plans effective December 31, 2017.

The WSHIP must revisit the study of eligibility completed in 2012 and conduct another review of the populations that may need ongoing access to coverage through the WSHIP. The study must include both the non-Medicare populations scheduled to lose coverage and Medicare populations, including whether the enrollees have access to comprehensive coverage alternatives that include appropriate pharmacy coverage. The study must include recommendations to address any barriers to eligibility that remain in accessing other coverage such as Medicare supplemental coverage or comprehensive pharmacy coverage. The study must also include suggestions for financing changes and recommendations on a future expiration of the pool.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill clarifies that persons ineligible for Medicaid or Medicare who do not have access to an individual health plan only because they have missed an open enrollment or special enrollment period are ineligible for WSHIP coverage.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which bill is passed, except for sections 2 and 3 relating to eliminating the standard health questionnaire and changing WSHIP eligibility, which take effect on January 1, 2014.

Staff Summary of Public Testimony:

(In support) This bill ensures that people who are denied insurance coverage have a place to go. This bill is consistent with the recommendations the WSHIP made in its study. The bill will provide a safety net for people who do not have a plan available or who find exchange coverage inadequate. People are excited about 2014, but are unsure what health insurance coverage will look like. It is hard to ask people to jump if they do not know to what they are jumping. The Legislature should move slowly and carefully. Drug co-pays can be high in the private market, which has not always done a good job providing for people with chronic conditions. The study in the bill was originally to be performed by the Joint Legislative

Audit and Review Committee, but is now to be performed by the WSHIP; the study should be funded by the federal exchange grant.

(In support with amendment(s)) This bill will create a transition period and will mitigate rates and increase access. The WSHIP should be closed at the end of 2015, not 2017. The bill also contains a loophole for people who miss the open enrollment periods. Approximately 25 percent of the WSHIP is Medicare supplemental coverage, so it is good that this bill does not expire WSHIP Medicare coverage. The termination date should be removed for non-Medicare coverage, since there will always be coverage gaps.

(Opposed) None.

Persons Testifying: (In support) Senator Parlette, prime sponsor; Mark Rose and Karen Larson, Washington State Health Insurance Pool; Carrie Tellefsen, Regence; Carey Morris, Lifelong AIDS Alliance; and Jeff Freeburg, National Multiple Sclerosis Society.

(In support with amendment(s)) Sheela Tallman, Premera BlueCross; and Gail McGaffick, Fresenius Medical Care.

Persons Signed In To Testify But Not Testifying: None.