

SENATE BILL REPORT

SHB 1638

As of March 28, 2013

Title: An act relating to insurance.

Brief Description: Addressing insurance, generally.

Sponsors: House Committee on Business & Financial Services (originally sponsored by Representatives Ryu, Kirby, Cody and Morrell; by request of Insurance Commissioner).

Brief History: Passed House: 3/08/13, 72-26.

Committee Activity: Financial Institutions, Housing & Insurance: 3/21/13.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Edward Redmond (786-7471)

Background: The Office of the Insurance Commissioner (OIC) is authorized to regulate all insurance business in Washington, including certification of various types of insurers, approval of rate and form contracts, licensing of agents and brokers, collection of premium taxes, and responding to consumer complaints.

The Revised Code of Washington is periodically updated and clarified by the various state agencies responsible for its implementation. This clean-up process eliminates obsolete language, makes minor substantive or technical changes, and repeals outdated sections. This is OIC's clean-up bill.

Summary of Bill: Numerous provisions of the insurance code are modernized and clarified, internal cross-references are corrected, and minor substantive or technical changes are made, including the following:

- authorizes reimbursement of training and travel expenses for volunteers in the Statewide Health Insurance Benefit Advisor program and reasonable expenditures for recognition of those volunteers;
- allows OIC to modify health rate filing summaries and explanations to reflect changes in the Federal Department of Health and Human Services requirements;
- clarifies that disability insurance coverage requirements for persons under age 26 do not apply to grandfathered health benefit plans;
- clarifies that for group or blanket disability insurance the coverage requirement for persons under age 26 is limited to group disability health benefit plans;

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- provides that the actuarial value tiers of bronze, silver, gold, and platinum under the federal health reform laws apply to health plans offered outside the insurance exchange only in the individual and small group markets;
- repeals the requirement that OIC prepare statistical summaries regarding medical malpractice reporting data;
- repeals the requirement that OIC prepare a comparison report regarding any model statistical reporting standards adopted by the National Association of Insurance Commissioners;
- clarifies that OIC must use data rather than reports for the annual medical malpractice report to the Legislature and changes the due date of the report from June 30 to September 1; and
- makes numerous technical cross-reference and citation updates.

Appropriation: None.

Fiscal Note: Available.

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: The insurance code is complex and there are changes that OIC needs to make in order to keep pace with federal and state policy. This bill makes changes to property and casualty laws and to the health care provisions the state adopted last year in response to the federal requirements. Regence Blue Shield is in support of this bill. The bill corrects a few issues with the law that was implemented last year. Specifically, the bill makes sure the market rules associated with the non-exchange market only apply to the correct lines of business and the actuarial value provisions in the Affordable Care Act only apply to the correct lines of business. The health care amendments in the bill were requested by the health care industry.

Persons Testifying: PRO: Senator Ryu, prime sponsor; Drew Bouton, OIC; Chris Bandoli, Regence Blue Shield.