

# SENATE BILL REPORT

## SSB 5023

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As Passed Senate, March 4, 2015

**Title:** An act relating to the filing of group health benefit plans other than small group plans, stand-alone dental plans, and stand-alone vision plans by disability insurers, health care service contractors, and health maintenance organizations.

**Brief Description:** Concerning the filing of group health benefit plans other than small group plans, stand-alone dental plans, and stand-alone vision plans by disability insurers, health care service contractors, and health maintenance organizations.

**Sponsors:** Senate Committee on Health Care (originally sponsored by Senators Parlette and Keiser).

**Brief History:**

**Committee Activity:** Health Care: 1/22/15, 1/29/15 [DPS].

Passed Senate: 3/04/15, 48-0.

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### SENATE COMMITTEE ON HEALTH CARE

**Majority Report:** That Substitute Senate Bill No. 5023 be substituted therefor, and the substitute bill do pass.

Signed by Senators Becker, Chair; Frockt, Ranking Minority Member; Angel, Bailey, Baumgartner, Brown, Cleveland, Conway, Jayapal, Keiser, Parlette and Rivers.

**Staff:** Mich'l Needham (786-7442)

**Background:** The Office of the Insurance Commissioner (OIC) regulates insurance carriers and insurance products, including health insurance plans. There are three types of health insurance carriers or issuers, disability insurers, health care service contractors, and health maintenance organizations. In addition, there are limited health care service contractors that may offer dental services, vision care services, or other services. Each type of carrier has unique insurance laws, and the laws may vary for large groups, small groups, and the individual market.

Recent changes in federal law have resulted in more standardized review processes for insurance rate filings and contract filings, often known as rates and forms, in particular for the individual market and the small group market. There are some remaining differences for forms filings based on carrier license type and the product and market offering. The OIC

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rules for forms filings detail the requirements for health care service contractors and health maintenance organizations, while disability insurers follow different requirements.

**Summary of Substitute Bill:** All rates and forms of group health benefit plans, other than small group plans, and all stand-alone dental and stand-alone vision plans offered must be filed before the contract form is offered for sale to the public and before the rate schedule is used.

Filings of negotiated group contract forms, other than small group plans, must be filed within 30 working days after the negotiations are complete, or the date the renewal premiums are implemented. A negotiated contract includes a health benefit plan, stand-alone dental or stand-alone vision plan where the benefits and other terms and conditions are negotiated and agreed to by the carrier and the policy holder. The rates and forms must comply with state and federal laws.

Stand-alone dental and stand-alone vision plans offered by a disability insurer to out-of-state groups may be negotiated, but may not be offered in this state before the Commissioner finds that stand-alone dental and stand-alone vision plans meet the standards set for disability insurers.

Rules developed by OIC to implement this section must use the already-adopted standards in place for health care service contractors and health maintenance organizations.

**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: This language has been agreed to and it would result in a standardized process. We are pleased to have worked on this and support changes that will ensure the bill can be implemented. Cigna is a disability insurance carrier and is regulated under a different chapter than health care service contractors and health maintenance organizations, with different filing requirements and different standards. This language does not result in any change for the other carrier types but allows the same treatment and standardization of the regulatory content, and creates a level competitive regulatory market. We support a robust competitive market with consistent regulatory requirements.

**Persons Testifying:** PRO: Senator Parlette, prime sponsor; Lonnie Johns-Brown, OIC; Mel Sorensen, Cigna, America's Health Insurance Plans; Sydney Smith Zvara, Assn. of WA Healthcare Plans.