

HOUSE BILL REPORT

HB 2186

As Reported By House Committee On:
Health Care

Title: An act relating to long-term care benefits for public employees.

Brief Description: Establishing long-term care benefits for public employees.

Sponsors: Representatives Dyer, Cody, Dickerson, L. Thomas, Quall, Carlson and Cooke.

Brief History:

Committee Activity:

Health Care: 1/12/96, 2/1/96 [DPS].

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Hymes, Vice Chairman; Cody, Ranking Minority Member; Murray, Assistant Ranking Minority Member; Campbell; Conway; Crouse; Sherstad; Skinner and H. Sommers.

Staff: Antonio Sanchez (786-7383).

Background: Long-term care refers to a wide range of medical and human services provided to those who are disabled or limited in their functional capacities and require assistance in performing necessary daily activities for a relatively long and indefinite period. These services can be provided in the home, community, or in a formal institutional setting such as a nursing home. The demand for long-term care services is expected to increase significantly in the state of Washington and nationally for the next 10 years as the baby boomer generation comes of age.

Long-term care is different from the other health care services in that it is not typically covered under most health care policies or by Medicare. Medicare is not designed to help with chronic long-term care. It pays primarily for hospital and physician services. A person who wants long-term care coverage under his or her health care policies must purchase it separately. Most often, people pay for services with their savings until they have exhausted their savings and Medicaid takes over.

Historically, Medicaid has been the only insurer for long-term care. However, it is available only to those elderly persons who are impoverished.

Although seniors plan for many aspects of their retirement, financial planning for long-term care has traditionally been ignored. One alternative to spending one's life savings on long-term care is to purchase private long-term care insurance. Long-term care insurance allows some protection against the catastrophic costs associated with long-term care services.

Long-term care insurance is regulated in this state by the Office of the Insurance Commissioner. Currently, a number of private long-term care insurance plans are offered to the public. The Legislature recently added a new public/private insurance plan called the Long-term Care Partnership, to the list of plans offered. This long-term care insurance option is targeted at the middle-income person. The partnership option offers comprehensive coverage with a unique asset protection feature that protects one's assets so a person will not have to impoverish himself or herself to retain long-term care.

Long-term care insurance coverage is not currently available to state employees and their dependents through the Public Employee Benefits Board (PEBB).

Summary of Substitute Bill: The PEBB is directed to design and make available one or more long-term care insurance plans to public employees and their dependents, including their parents by January 1, 1998. An employee is required to pay the entire cost of the insurance premiums through payroll deductions should the employee elect to obtain long-term care insurance coverage. Participation is voluntary. A technical advisory committee is established to provide technical assistance to the PEBB and the Health Care Authority. The advisory committee will be made up of representatives from the office of the Insurance Commissioner, long-term care service providers, licensed insurance agents, employees, and others as needed. The Health Care Authority is required to set marketing procedures and work in cooperation with the office of the Insurance Commissioner to develop a consumer education program for eligible employees. A report concerning the marketing and distribution of the long-term care insurance benefits offered under this program must be submitted to the Legislature by December 1998 by the Health Care Authority in consultation with the PEBB.

Substitute Bill Compared to Original Bill:

‡ The date is extended from January 1, 1997, to January 1, 1998, for the Public Employees Benefits Board to make one or more fully insured long-term care insurance available to public employees.

- ‡ A technical advisory committee is established to provide technical assistance to the PEBB and the Health Care Authority. The advisory committee will be made up of representative from the office of the Insurance Commissioner, long-term care service providers, licensed insurance agents, employees, and others as needed.

Rules, Marketing, Eligibility, and Benefits Issues

- ‡ Eligibility is expanded to include local government employees and employees of political subdivisions not already enrolled in public employee benefits board sponsored medical programs.
- ‡ The list of the allowable services included in the long-term care benefit is removed and replaced with a more general requirement to include an approved alternative plan of care and the consideration of the long-term care partnership insurance benefits package options.
- ‡ The Health Care Authority is given the authority to set marketing procedures.
- ‡ The option for the product to be purchased through licensed agents and brokers is included.
- ‡ The consumer education program is enhanced.
- ‡ The report due date is changed from November 1998 to December 1998.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This legislation will provide public employees an opportunity to plan for their future care needs in a cost effective fashion. This option will save the state money and provide employees with an important voluntary benefit.

Testimony Against: None.

Testified: Kathy Marshall, Washington Association of Homes for the Aging; Scott Sigman, Washington Health Care Association; Gail McGaffick, Home Care Association of Washington; Greg Devereaux, Washington State Employees Union; Joan Lewis, Office of the Insurance Commissioner; Spencer Lehmann, Washington Association of Health Underwriters; Vicki Welton and Beth Berendt, Health Care Authority; and Jeff Larsen, Washington Residential Care Conference.