

# SENATE BILL REPORT

## SB 6389

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As of January 29, 1996

**Title:** An act relating to a study utilizing vouchers for basic health plan enrollees.

**Brief Description:** Establishing a study utilizing vouchers for basic health plan enrollees.

**Sponsors:** Senators Wood, Roach, Cantu, Deccio, Johnson, Moyer and Finkbeiner.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/30/96.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Don Sloma (786-7319)

**Background:** Many observers believe continuing health care cost escalation is due, in large part, to the insulating effect of insurance. They feel that, to the extent consumers have first dollar coverage for medical treatment, they have no financial incentive to limit their own use of health care. They believe that providing direct financial incentives to individuals for not using care will be a significant deterrent to unneeded use of care and so, to health care cost increases. Medical savings accounts (MSAs) have gained popularity among some of these observers as a means of providing such incentives.

A medical savings account is a savings account into which several thousand dollars are deposited each year by an individual or by their employer or other sponsor. The amount is available during any given year to satisfy co-payment or deductibles of health insurance. The account is usually accompanied by a health insurance policy with relatively high co-payment and deductibles. If at the end of a given year, the individual does not expend the funds in the MSA for health purposes, the funds are available for other uses. Some states have provided favorable tax treatment of MSA deposits.

**Summary of Bill:** The administrator of the Basic Health Plan (BHP) must study the effects on BHP costs of providing at least 750 enrollees with vouchers redeemable for fee for service health care in an amount equal to the cost of caring for similar enrollees in managed care plans. Any unused vouchers remaining at the end of a 24-month period must be redeemable with the BHP by the enrollee for their full cash value.

Annual reports to the Legislature are required beginning in September 1996. The act expires in December 1999.

**Appropriation:** None.

**Fiscal Note:** Requested on December 28, 1995.

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

