

# SENATE BILL REPORT

## SB 5926

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 28, 1997

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

**Brief Description:** Providing that coverage under the basic health plan is not substantially equivalent coverage under the Washington state health insurance pool.

**Sponsors:** Senators West, Deccio and Winsley.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/25/97, 2/28/97 [DP-WM].

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

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Deccio, Chair; Wood, Vice Chair; Benton, Fairley, Strannigan and Wojahn.

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

**Background:** The Basic Health Plan (BHP) is a state purchased program which provides subsidized and unsubsidized enrollment in a choice of several privately operated, managed health care plans, all offering the same package of basic medical insurance. Those with family incomes in excess of 200 percent of the federal poverty level can purchase the BHP at its full cost. In addition, all insurance carriers offering individual insurance coverage must offer, as one option, a benefit plan which contains the same benefits and cost sharing arrangements as the BHP.

The Washington State Health Insurance Pool (WSHIP) provides comprehensive, fee-for-service coverage to individuals who, because of a pre-existing health condition, had been denied substantially equivalent coverage in the private insurance market. WSHIP benefits are described in statute (RCW 48.41.110), and its premiums are limited to 150 percent of the average small-group rate of the five largest carriers offering similar coverage. WSHIP claims in excess of premiums are spread through an assessment upon all licensed health insurance carriers in the state.

WSHIP enrollment peaked in 1993 at 4,387. During that year, assessments upon carriers to cover WSHIP costs in excess of premiums was \$10.3 million, or \$3.36 per insured individual per year in the state's commercially regulated market.

Since 1993, health insurance reforms virtually eliminated pre-existing condition exclusions from the individual insurance market. The result has been a decline in WSHIP enrollment to 711 by the end of 1996, as those who wished to, found less expensive coverage elsewhere.

During 1996, the WSHIP board determined that the benefits offered by the BHP were the substantial equivalent– of those offered by the WSHIP. Some fear that since substantially equivalent– BHP plans are virtually always available, prospective WSHIP enrollees may be deemed ineligible for WSHIP. This would deny access for those who need some WSHIP benefits not covered under BHP. Concern has also been expressed that if WSHIP denies enrollment to those who seek it, those denied will come into the BHP, into BHP look-alikes–, or into other privately available insurance. This, they fear, may bring greater medical expenses and higher costs to those insurance plans.

**Summary of Bill:** Coverage provided by the Basic Health Plan must not be deemed substantially equivalent to that offered by the Washington State Health Insurance Pool (WSHIP).

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** the bill is needed to help reopen the WSHIP to those who have been denied coverage, and who need benefits more comprehensive than those available from the Basic Health Plan.

**Testimony Against:** None.

**Testified:** Mariella Cummings, member, Board of Directors, WSHIP (pro).