

# HOUSE BILL REPORT

## EHB 1383

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### As Passed Legislature

**Title:** An act relating to the public employees' benefits board.

**Brief Description:** Requiring the public employees' benefits board to develop a health savings account option for employees.

**Sponsors:** By Representatives Condotta, Bailey, Newhouse, Curtis, Hinkle, Pearson, Kretz, Strow, Armstrong, Kristiansen, Talcott, Skinner and Holmquist.

### Brief History:

#### Committee Activity:

Health Care: 2/28/05, 3/1/05 [DP];

Appropriations: 3/5/05 [DP].

#### Floor Activity:

Passed House: 3/14/05, 87-10.

#### Floor Activity:

Passed House: 2/8/06, 88-10.

Passed Senate: 3/1/06, 43-4.

Passed Legislature.

### Brief Summary of Engrossed Bill

- The Public Employees Benefit Board will develop a health savings account with a high-deductible health plan as an option for employees.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass. Signed by 12 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Clibborn, Condotta, Hinkle, Lantz, Moeller and Skinner.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Appleton, Green and Schual-Berke.

**Staff:** Dave Knutson (786-7146).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 24 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Cody, Dunshee, Grant, Haigh, Hinkle, Hunter, Kagi, Kessler, Linville, McDermott, Miloscia, Pearson, Priest, Talcott and Walsh.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Conway, Darneille, Kenney and Schual-Berke.

**Staff:** David Pringle (786-7310).

**Background:**

In 2003, as part of the Medicare Modernization Act, Congress authorized people to establish health savings accounts to work with qualifying high-deductible health coverage to help people finance medical expenses. Health savings accounts are tax-free accounts that can be set up by individuals or employers. They are personal accounts that are owned by individuals, even when employers establish and contribute to them. Interest earned is not taxed, and funds that are not used may carry over to the following year. A qualifying high-deductible health plan is one that has an annual deductible of at least \$1,000 for individual coverage and at least \$2,000 for family coverage, with out-of-pocket costs not to exceed \$5,000 for an individual and \$10,000 for families. Preventive care is not subject to the annual deductible. The Internal Revenue Service rules on high deductible health plans provide that services such as physicals, immunizations, screenings, prenatal care, and tobacco-cessation programs are covered without imposing any deductible. Preventive care also includes medication taken to prevent a disease or reoccurrence of a disease, such as taking cholesterol-lowering medications to prevent heart disease.

**Summary of Engrossed Bill:**

The Public Employees Benefit Board will develop a health savings account with a high-deductible health plan as an option for employees who receive their health care coverage through the Health Care Authority.

**Appropriation:** None.

**Fiscal Note:** Requested on February 27, 2005.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** (Health Care) The federal government authorized Health Savings Accounts in 2003. They offer an affordable method of providing health care coverage. State employees should be able to take advantage of this new health care coverage option. It is a choice they should be allowed to make.

**Testimony For:** (Appropriations) None.

**Testimony Against:** (Health Care) None.

**Testimony Against:** (Appropriations) None.

**Persons Testifying:** (Health Care) (In support) Representative Condotta, prime sponsor.

(Neutral) Daniel Mead Smith, Washington Policy Center; and Richard Onizuka, Health Care Authority.

**Persons Testifying:** (Appropriations) None.

**Persons Signed In To Testify But Not Testifying:** (Health Care) None.

**Persons Signed In To Testify But Not Testifying:** (Appropriations) None.