

# HOUSE BILL REPORT

## 2SSB 5202

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**As Reported by House Committee On:**  
Health Care

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

**Brief Description:** Requiring a study of public employee health plans and health savings account options.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Parlette, Hewitt, Zarelli, Brandland, Schoesler, Delvin, Mulliken, Johnson, Rasmussen, Benton, Roach, Oke, Benson and Stevens).

**Brief History:**

**Committee Activity:**

Health Care: 3/22/05, 3/29/05 [DP].

**Brief Summary of Second Substitute Bill**

- Requires the Public Employees Benefit Board to study the option of providing a health savings account combined with a high deductible health plan.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass. Signed by 11 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Clibborn, Green, Lantz, Moeller and Schual-Berke.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Appleton and Hinkle.

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

**Background:**

In 2003, Congress enacted Section 223 of the Medicare Modernization Act which allows people to establish health savings accounts (HSAs) to work in combination with qualifying high-deductible health plans (HDHP) to help finance medical expenses. A health plan qualifies as a HDHP if it has an annual deductible of at least \$1,000 for individuals and annual out-of-pocket expenses (not premiums) that do not exceed \$5,000.

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.

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**Summary of Bill:**

The Public Employees Benefits Board (PEBB) is directed to study options for offering an HSA/HDHP benefit to employees, including recommendations for a pilot project. The PEBB is to submit a report on its findings to the Legislature by December 1, 2005.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Health savings accounts offer an exciting new product in health care coverage. They are currently available in the private sector and for federal employees. State employees should also have access to this health coverage option.

**Testimony Against:** None.

**Persons Testifying:** (In support) Senator Parlette, prime sponsor.

(Questions only) Richard Onizuka, Health Care Authority.

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