

FINAL BILL REPORT

HB 1690

C 1690 L 05

Synopsis as Enacted

Brief Description: Regarding the applicability of certain taxes and assessments to state funded health care services.

Sponsors: By Representatives Cody and Moeller.

House Committee on Finance

Senate Committee on Ways & Means

Background:

A health maintenance organization (HMO) is an organization that provides comprehensive health care to enrolled participants through a group medical practice and charges per capita prepayments. Group Health Cooperative is an example of an HMO. A health care service contractor (HCSC) is an organization that provides health care in exchange for prepayments, but is organized differently than HMOs or insurance companies. Blue Cross affiliates are examples of HCSCs.

Every year HMOs and HCSCs are required to pay 2 percent of all premiums and prepayments for health care services to the Office of the Insurance Commissioner. The funds collected are deposited in the Health Services Account. The Health Services Account is an appropriated account that is used for health services for low-income residents; the public health system; maintenance and expansion of the capacity of the health care system; the containment of health care costs; and the regulation and administration of the health care system.

The Washington State Health Insurance Pool (WSHIP) is an entity established in statute to provide comprehensive health insurance to persons who, due to their health status, are unable to obtain coverage through the private market. Enrollees' premiums are capped, and losses in the pool are made up through an assessment charged all health carriers in the state. The assessment for a health care carrier is based on the ratio of the number of persons insured by the carrier to the total number of persons insured by all carriers.

General Assistance - Unemployable (GA-U) is a state-funded program that provides cash and medical benefits for individuals who are physically and/or mentally incapacitated and unemployable.

Summary:

Exemptions from the 2 percent health care premiums and prepayments tax are created for repayments received from Washington State for health services under the GA-U program and health services under a demonstration or pilot Medicaid program for elderly or disabled persons.

Health plans that provide health services under the GA-U program or health services under a demonstration or pilot Medicaid program for elderly or disabled persons are exempt from Washington State Health Insurance Pool assessments.

The exemptions for the health services under a demonstration or pilot Medicaid program for elderly or disabled persons are ended on July 1, 2009.

Votes on Final Passage:

House	93	0	
Senate	45	3	(Senate amended)
House	95	0	(House concurred)

Effective: July 24, 2005