SENATE BILL REPORT
SB 6016

As of January 30, 2014

Title: An act relating to ensuring continuity of care for enrollees of the Washington health benefit exchange during grace periods.

Brief Description: Concerning continuity of care for enrollees in the Washington health benefit exchange during grace periods.

Sponsors: Senators Rivers, Keiser, Cleveland, Tom, Kline and McAuliffe.

Brief History:
Committee Activity: Health Care: 1/30/14.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

Background: The federal Affordable Care Act regulations provide a 90-day grace period to enrollees in Exchange qualified health plans who receive an advance premium tax credit but fail to pay their premiums, if they have paid at least one full month's premium during the benefit year.

The first month of the grace period, the health insurance carrier must pay all appropriate claims for services rendered, and may pend claims for services rendered to the enrollee in the second and third months of the grace period. The carriers must notify providers of the possibility for denied claims when the enrollee is in the second and third months of the grace period.

At the end of the grace period, the health insurance carrier must terminate the enrollee's coverage if the enrollee has not paid all out-standing premiums.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): All health insurance carriers offering qualified health plans in the Exchange must pay claims for any services provided to an enrollee during the full duration of the contract, including the grace period. A grace period is defined as a period of three consecutive months if an enrollee receiving advance premium tax credits has previously paid at least one full month's premium during the benefit year.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The carrier must provide a notice to a health care provider or health care facility that an enrollee is in a grace period if the provider or facility:

- submits a request to the carrier regarding the enrollee's eligibility, coverage, or health plan benefits; submits a request to the carrier on the status of a claim for services rendered; or reports a claim in a remittance advice; and
- the request or claim is for a date during the second or third month of the grace period.

Within 72 hours of receiving the request or claim, the carrier must provide notice to the provider or facility through the same method in which the claim or request was submitted. The notice to the provider or facility must include the purpose of the notice; the enrollee's full legal name and unique identifying numbers; the name of the qualified health plan and the carrier; the qualified health plan's unique plan identifier; and the dates on which the grace period began and when the grace period expires.

A person injured by a violation of this act may seek injunctive relief in court. The provisions cannot be waived by contract, and any contractual arrangements in conflict with this section or that purport to waive any requirements of this section are null and void. If any provision of this act is held invalid, the remainder of the act is not affected.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The grace period creates a gaping hole and we need to protect the interests of providers. All parties need to come together and work on a solution. Some will say the 90-day grace period is a consumer protection and others may say it is bad policy. It impacts providers and does not allow them to be reimbursed for claims. The notification requirements are an enhancement over the requirements in the regulation, with additional details. Insurance carriers are in a better position to manage the risk for the full 90 days. We are confident that states can go beyond the regulation and provide greater protections than the federal law. Doctors are legally bound to see their patients. Turning them away requires notification and special letters. Even if this is not the solution, we urge you to keep this bill moving so we can keep a discussion moving. It about the viability of the Exchange and making sure providers and facilities participate in the networks.

CON: This bill is in direct conflict with the federal regulations. In the rulemaking, the U.S. Department of Health and Human Services (HHS) contemplated alternatives for the grace period and the regulations are the compromise. We believe that HHS is the sole regulator of the grace period and that this regulation does not provide flexibility for states to create different standards, unlike many regulations that provide specific flexibility. The notification standards conflict with the federal standards and we are unsure how we could implement with the conflict. We understand the bind this puts providers in and we are open to searching for an equitable solution, but it is not viable to hold carriers responsible for the entire issue.

The approach in this bill will impact the premium rates for everyone. We believe it is a broader discussion impacting all states and we need to look for other ideas and national approaches.

Persons Testifying: PRO: Senator Rivers, prime sponsor; Dr. Dale Reisner, Sean Graham, WA State Medical Assn.; Lisa Thatcher, WA State Hospital Assn.

CON: Chris Bandoli, Regence BlueShield; Sydney Zvara, Assn. of WA Healthcare Plans; Sheela Tallman, Premera Blue Cross; Scott Plack, Group Health; Mel Sorensen, America's Health Insurance Plans.