
Health Care & Wellness Committee

HB 1890

Brief Description: Concerning a second-party payment process for paying insurers.

Sponsors: Representatives Schmick and Cody.

Brief Summary of Bill

- Requires issuers to accept payments made by a second-party payment process.

Hearing Date: 2/11/15

Staff: Alexa Silver (786-7190).

Background:

An individual enrolled in a qualified health plan (QHP) is responsible for making premium and cost-sharing payments to the issuer. In Washington, the Health Benefit Exchange (Exchange) currently collects premium payments from enrollees and transmits them to issuers, but when the Exchange ceases to aggregate premiums, enrollees will pay issuers directly.

The Centers for Medicare and Medicaid Services (CMS) have issued guidance related to premium and cost-sharing payments made by third parties on behalf of QHP enrollees. The CMS discourages issuers from accepting third-party payments from hospitals, health care providers, and other commercial entities due to concerns that the practice could skew the insurance risk pool and create an unlevel field in the Exchange.

By CMS rule, however, an issuer that offers a QHP in the individual market is required to accept premium and cost-sharing payments on behalf of an enrollee if the payment is made by: the Ryan White HIV/AIDS Program; other state and federal government programs that provide premium and cost-sharing support for individuals; or Indian tribes, tribal organizations, or urban Indian national organizations.

Summary of Bill:

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.

Insurers must accept payments made by a second-party payment process, and these payments may be made with any legal tender denominated in U.S. dollars. "Second-party payment process" means a process in which:

- an individual has an account in his or her name at a financial institution that is managed by either the institution or an entity that has established the account on the individual's behalf and with his or her express agreement;
- the account is funded with funds from the individual or his or her family members, or in a manner otherwise consistent with federal law; and
- the account is under the control of the insured so that he or she may authorize payments from the account.

An insurer is not required to accept payment by a second-party payment process if the second-party payer is controlled by, or receives funding from, an entity that may be reimbursed by an insurer for providing health care services, or if the account is funded by such an entity.

Appropriation: None.

Fiscal Note: Not requested.

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