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## Health Care & Wellness Committee

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### HB 2904

**Brief Description:** Requiring issuers to accept payments made by businesses solely owned by an enrollee.

**Sponsors:** Representatives Blake and Rossetti.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Requires a health insurer to accept premium payments from a business solely owned by an enrollee of an individual market health plan.</li></ul>
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**Hearing Date:** 2/3/16

**Staff:** Jim Morishima (786-7191).

**Background:**

Under the federal Patient Protection and Affordable Care Act (PPACA), every state must establish a health benefit exchange through which consumers may compare and purchase individual and small group health coverage, access premium and cost-sharing subsidies, and apply for Medicaid coverage. If a state does not establish a health benefit exchange, the federal government will operate one for the state. Washington established its health benefit exchange, known as the Washington Healthplanfinder, in 2011 as a public-private partnership.

Individual market enrollees who purchase health insurance through the Washington Healthplanfinder must generally pay their premiums themselves. Under rules issued by the federal Centers for Medicare and Medicaid Services (CMS), however, an issuer of individual market coverage is required to accept premium and cost-sharing payments from certain third parties, including:

- 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.

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Guidance issued by 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 uneven field in the Exchange. Employers are also prohibited from giving cash to employees to reimburse them for the purchase of individual market coverage.

Under state law, issuers 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 covered person so that he or she may authorize payments from the account.

An issuer 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 issuer for providing health care services, or if the account is funded by such an entity, except for the third-party entities from which federal law requires the issuer to accept payment.

**Summary of Bill:**

A health plan must accept a payment made by a business solely owned by an enrollee of an individual market health plan.

**Appropriation:** None.

**Fiscal Note:** Available.

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