

HOUSE BILL REPORT

ESHB 2408

As Amended by the Senate

Title: An act relating to preserving access to individual market health care coverage throughout Washington state.

Brief Description: Preserving access to individual market health care coverage throughout Washington state.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Cody, Jinkins, Goodman, Johnson, Slatter, Tharinger, Stanford, Macri, Ormsby, Doglio and Appleton).

Brief History:

Committee Activity:

Health Care & Wellness: 1/17/18, 2/2/18 [DPS];

Appropriations: 2/5/18, 2/6/18 [DPS(HCW)].

Floor Activity:

Passed House: 2/14/18, 98-0.

Senate Amended.

Passed Senate: 3/7/18, 30-18.

Brief Summary of Engrossed Substitute Bill

- Requires, for plan years beginning January 1, 2020, a health carrier to offer qualified health plans in counties where it offers a health plan approved by the School Employees' Benefits Board or the Public Employees' Benefits Board.
- Allows, until December 31, 2019, an individual to purchase a health plan in a county outside of his or her county of residence, but within the same geographic rating area, under certain circumstances.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Cody, Chair; Macri, Vice Chair; Clibborn, Jinkins, MacEwen, Maycumber, Riccelli, Robinson, Slatter, Stonier and Tharinger.

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.

Minority Report: Do not pass. Signed by 3 members: Representatives Schmick, Ranking Minority Member; Graves, Assistant Ranking Minority Member; Caldier.

Minority Report: Without recommendation. Signed by 2 members: Representatives DeBolt and Harris.

Staff: Jim Morishima (786-7191).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Health Care & Wellness be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Bergquist, Cody, Fitzgibbon, Hansen, Hudgins, Jinkins, Kagi, Lytton, Pettigrew, Pollet, Sawyer, Senn, Springer, Stanford, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 13 members: Representatives Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys, Caldier, Condotta, Graves, Haler, Manweller, Schmick, Taylor, Vick, Volz and Wilcox.

Minority Report: Without recommendation. Signed by 1 member: Representative Harris.

Staff: Catrina Lucero (786-7192).

Background:

Individual Market Coverage.

Individuals may purchase health insurance through the Washington Health Benefit Exchange (Exchange) or in the individual market outside of the Exchange. Most individual market plans are subject to a variety of federal and state requirements, including minimum actuarial values, rate review, and benefit mandates. Most individual plans must be offered in actuarial value tiers: Bronze (60 percent), Silver (70 percent), Gold (80 percent), and Platinum (90 percent).

Through the Exchange, individuals may compare and purchase individual coverage, access premium subsidies, and apply for Medicaid coverage. Premium subsidies are available to individuals between 100 percent and 400 percent of the federal poverty level. Cost sharing reductions are available to individuals between 100 percent and 250 percent of the federal poverty level. Carriers offering plans in the Exchange must offer at least one Silver and one Gold plan. Only health plans certified by the Exchange as qualified health plans (QHPs) may be sold on the Exchange.

The federal Patient Protection and Affordable Care Act allows health plans to adjust premium rates based on geography. States must establish geographic rating areas to comply with this requirement. Washington has five geographic rating areas. The Insurance Commissioner (Commissioner) has filed proposed rules to increase the number of geographic rating areas to eight for the 2019 plan year.

The Public Employees' Benefits Board and the School Employees' Benefits Board.

The Public Employees' Benefits Board (PEBB) is a nine-member board that approves contracts and benefits for public employees, including most state employees. The School Employees' Benefits Board (SEBB) is a nine-member board that is part of the consolidated school district employees' health benefits purchasing program in the Health Care Authority (HCA). The SEBB's responsibilities include developing benefit plans for school employees and participating with the HCA in coordination with the PEBB in the selection of carriers to provide health and dental plans.

The Washington State Health Insurance Pool.

The Washington State Health Insurance Pool (WSHIP) is Washington's high risk pool. The WSHIP provides coverage for:

- individuals ineligible for Medicare who were enrolled in WSHIP plans prior to January 1, 2014;
- individuals ineligible for Medicare who live in a county where individual health coverage is unavailable; and
- individuals eligible for Medicare who do not have access to a reasonable choice of Medicare Advantage plans and provide evidence of rejection for medical reasons, restrictive riders, an uprated premium, preexisting condition limitations, or lack of access to a comprehensive Medicare supplemental plan.

Summary of Engrossed Substitute Bill:

For plan years beginning January 1, 2020, a health carrier must offer in the Washington Health Benefit Exchange (Exchange) at least one Silver and one Gold qualified health plan (QHP) in any county in which it offers a fully insured health plan that was approved, on or after the act's effective date, by the Public Employees' Benefits Board (PEBB) or the School Employees' Benefits Board (SEBB). The rates for a PEBB or SEBB-approved health plan may not include the administrative costs or actuarial risks associated with the QHP offered by the carrier. The Health Care Authority must perform an annual actuarial review to ensure compliance with this prohibition.

Until December 31, 2019, a health carrier and the Exchange must allow an individual to purchase an individual market health plan outside of his or her county of residence if:

- there are no individual market health plans, other than catastrophic plans, offered in the individual's county of residence; and
- the individual's county of residence is part of the same geographic rating area as the health plan he or she is purchasing.

When evaluating the network adequacy of a plan offered in a county where individuals from outside of the county are purchasing coverage, the Insurance Commissioner must take into account the availability of telemedicine services and consider all reasonable requests to allow the health carrier to deliver services using all access points in neighboring counties, if the carrier did not participate in the individual market in 2018 in that county.

Until December 31, 2019, an individual is ineligible for Washington State Health Insurance Pool coverage if he or she is eligible to purchase coverage in another county.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment: requires at least one health carrier in an insurance holding company system to offer qualified health plans in counties where any carrier in that holding company system offers a health plan approved by the School Employees' Benefits Board or the Public Employees' Benefits Board (instead of applying the requirement to the same carrier); removes the authorization for an individual to purchase a health plan in a county outside of his or her county of residence, but within the same geographic rating area; and reduces the premiums for enrollees in the Washington Health Insurance Pool in counties where there is no other individual market coverage available (expiring December 31, 2019).

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (Health Care & Wellness):

(In support) All Washington residents should have access to affordable health care coverage. Last year, health plan offerings decreased dramatically, almost leading to two counties without any individual market coverage at all. This type of situation causes anxiety in communities and creates planning difficulties for hospitals. There needs to be a long-term solution to this problem. This bill uses a carrot and stick approach to make sure health insurance is available in every county. This bill will tie into School Employees' Benefits Board plans, which should be available in 2020. In the meantime, the Washington State Health Insurance Pool would provide coverage in counties with no coverage, but would only be utilized if carriers withdraw from those counties.

(Opposed) This bill adds new requirements on plans providing coverage to school employees, which is premature. This could lead to fewer carriers opting in and could increase costs, which would be passed down to educators. A working Washington Health Benefit Exchange is important, but the means of achieving that goal in this bill could affect the price of coverage to educators.

Staff Summary of Public Testimony (Appropriations):

(In support) It is important to ensure that there are no bare counties in the state. Consistent access to health care services reduces the risk of hospitalization and keeps costs down. A viable commercial market supports providers in that commercial rates help to subsidize the Medicare and Medicaid rates. The market is currently unstable. A number of carriers left the market in 2017 and 2018. This initially created two bare counties. Over 300,000 people purchase insurance through the individual market.

(Opposed) Transitioning school employees to the School Employee Benefit Board (SEBB) program is a complicated undertaking. Adding the requirement that carriers offering SEBB plans also offer a qualified health plan through the exchange further complicates this process. These new requirements could lead to a less competitive bidding process, ultimately resulting in higher costs for members.

The individual market and group market are very different. The SEBB is a new pool. The individual market is unstable. The factors a carrier would consider when deciding whether or not to participate in the individual market versus SEBB are not the same. Linking the two markets together could mean that SEBB subsidizes a carrier's individual offerings. This would increase costs for SEBB enrollees.

The provisions related to premium assistance for Washington State Health Insurance Pool enrollees will increase the carrier assessments beyond what is absorbable. The carrier assessment affects 49 percent of carriers. A different funding mechanism is needed.

Persons Testifying (Health Care & Wellness): (In support) Representative Cody, prime sponsor; Erin Dziedzic, Bleeding Disorder Foundation of Washington; Chris Bandoli, Washington State Hospital Association; and Sean Graham, Washington State Medical Association.

(Opposed) Julie Salvi, Washington Education Association.

Persons Testifying (Appropriations): (In support) Erin Dziedzic, Bleeding Disorder Foundation of Washington and Susan G. Komen-Puget Sound; Chris Bandoli, Washington State Hospital Association; and Sean Graham, Washington State Medical Association.

(Opposed) Brian Sims, Washington State School Directors' Association; Julie Salvi, Washington Education Association; Meg Jones, Association of Washington Healthcare Plans; Chris Marr, Kaiser Permanente Washington; and Zach Snyder, Regence Blue Shield.

Persons Signed In To Testify But Not Testifying (Health Care & Wellness): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.