

HOUSE BILL REPORT

HB 2502

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to explanation of benefits for stand-alone dental plans.

Brief Description: Regulating explanation of benefits forms for stand-alone dental plans.

Sponsors: Representatives Caldier, Cody, Manweller, DeBolt, Jinkins and Muri.

Brief History:

Committee Activity:

Health Care & Wellness: 1/17/18, 1/23/18 [DPS].

Brief Summary of Substitute Bill

- Requires the Insurance Commissioner to set minimum standards for dental explanation of benefits forms.
- Prohibits dental-only plans from using explanation of benefits forms disapproved by the Insurance Commissioner.

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; Caldier, Clibborn, Jinkins, Maycumber, Riccelli, Robinson, Slatter, Stonier and Tharinger.

Minority Report: Do not pass. Signed by 4 members: Representatives Schmick, Ranking Minority Member; Graves, Assistant Ranking Minority Member; MacEwen and Rodne.

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

Staff: Jim Morishima (786-7191).

Background:

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.

An explanation of benefits (EOB) is a statement used by a health carrier to inform an enrollee of how the carrier reimbursed a provider for services rendered on the enrollee's behalf. An EOB may include information on the service provided, the amount charged by the provider, the amount reimbursed by the health plan, and the enrollee's responsibility.

Health carriers must submit their rates and forms to the Insurance Commissioner (Commissioner) for approval. The Commissioner may disapprove of an insurance contract if:

- it contains inconsistent, ambiguous, or misleading content;
- the carrier is soliciting purchase of the product through deceptive advertising;
- it contains unreasonable restrictions on the treatment of patients; or
- the benefits are unreasonable in relation to the amount charged.

Health carriers do not submit EOBs to the Commissioner for approval.

Summary of Substitute Bill:

Beginning July 1, 2018, a health carrier offering a dental-only plan must annually submit to the Commissioner the EOB form the carrier plans to use for the upcoming plan year. The submission must include a list of standard definitions and terms the carriers will use and an example of a completed form.

No later than April 1, 2019, the Commissioner must utilize the EOB forms received in 2018 to adopt rules setting minimum standards for the format, terms, and definitions for EOB forms used by dental-only plans. The rules must include a model EOB form, model terms, and model definitions.

Beginning in plan year 2020, a health carrier offering a dental-only plan may not use an EOB form, or the standard definitions or terms used on the form, if the Commissioner has disapproved of the form, definitions, or terms. The Commissioner may disapprove of an EOB form, or the definitions or terms used on the form, if he or she finds the form, definitions, or terms are confusing, inconsistent, or misleading. The Commissioner may not disapprove a form, definitions, or terms that are substantially identical to the model form, definitions, and terms.

The EOB requirements do not apply to fully capitated dental plans.

Substitute Bill Compared to Original Bill:

The substitute bill exempts fully capitated dental plans from the bill.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is a result of a work group convened by the Insurance Commissioner (Commissioner) over the summer. Explanation of benefits (EOB) forms can be hard to understand, even for experts, because of contradictory or inconsistent terms. The Commissioner does not have the authority to approve EOBs, which are the documents about which the Commissioner receives the most complaints. The EOBs should be clear and understandable and should be something that is subject to oversight by the Commissioner.

(Opposed) This bill gives the Commissioner too much authority to write regulations on EOBs. Standards for EOBs should be placed in statute.

(Other) This bill is unnecessary. An EOB is one of an insurer's main communication tools. Dental plans process millions of claims per year and do see concerns raised that are specific to EOBs. Insurers work hard to make EOBs easy to understand. This bill does not treat all dental insurers the same. Fully capitated dental plans do not use an EOB, since the consumer's portion is always the copay amount, which is determined in the contract. This bill does not fit fully capitated dental plans, which should be exempt.

Persons Testifying: (In support) Representative Caldier, prime sponsor; and Lonnie Johns-Brown; Office of the Insurance Commissioner.

(Opposed) Meg Jones, Association of Washington Healthcare Plans.

(Other) Melissa Johnson, Willamette Dental; and Sean Pickard, Delta Dental of Washington.

Persons Signed In To Testify But Not Testifying: None.