

HOUSE BILL REPORT

ESHB 2361

As Passed House:
February 9, 2024

Title: An act relating to phasing in the requirement that only standardized health plans may be offered on the health benefit exchange.

Brief Description: Phasing in the requirement that only standardized health plans may be offered on the health benefit exchange.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Riccelli, Macri, Nance, Reed, Simmons and Ormsby).

Brief History:

Committee Activity:

Health Care & Wellness: 1/19/24, 1/30/24 [DPS].

Floor Activity:

Passed House: 2/9/24, 58-39.

Brief Summary of Engrossed Substitute Bill

- Prohibits nonstandardized Silver plans from being offered on the Health Benefit Exchange beginning January 1, 2026.
- Reduces the number of nonstandardized Gold and Bronze plans that may be offered on the Health Benefit Exchange beginning January 1, 2026.
- Requires the Health Benefit Exchange to annually review standardized plans.
- Requires the Health Benefit Exchange to evaluate the effects of prohibiting nonstandardized silver plans and reexamine whether all qualified health plans should be standardized.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

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

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Riccelli, Chair; Bateman, Vice Chair; Bronoske, Davis, Macri, Orwall, Simmons, Stonier, Thai and Tharinger.

Minority Report: Do not pass. Signed by 6 members: Representatives Schmick, Ranking Minority Member; Hutchins, Assistant Ranking Minority Member; Caldier, Graham, Maycumber and Mosbrucker.

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

Staff: Jim Morishima (786-7191).

Background:

Through Washington's Health Benefit Exchange (HBE), individuals may compare and purchase qualified health plans (QHPs) and access premium subsidies and cost-sharing reductions. Qualified health plans are offered in the following actuarial value tiers: Bronze (60 percent actuarial value), Silver (70 percent actuarial value), Gold (80 percent actuarial value), and Platinum (90 percent actuarial value). High-deductible "catastrophic plans" may also be offered on the HBE.

Health carriers offering QHPs on the HBE must offer standardized health plans, which are Bronze, Silver, and Gold plans designed by the HBE in consultation with the Health Care Authority and the Insurance Commissioner. The standardized plans are required to be designed to reduce deductibles, make more services available before the deductible, provide predictable cost sharing, maximize federal subsidies, limit adverse premium impacts, reduce barriers to maintaining and improving health, and encourage choice based on value while limiting increases in health plan premium rates.

A health carrier subject to this requirement must offer the standardized Gold and Silver plans developed by the HBE. If the health carrier chooses to offer a Bronze plan, it must offer the standardized Bronze plan developed by the HBE.

A health carrier may offer non-standardized plans alongside standardized plans. However, the health carrier is limited to no more than:

- one nonstandardized catastrophic plan;
- two nonstandardized Bronze plans;
- one nonstandardized Silver plan;
- two nonstandardized Gold plans; and
- one nonstandardized Platinum plan.

Summary of Engrossed Substitute Bill:

Beginning January 1, 2026, nonstandardized Silver plans may no longer be offered on the Health Benefit Exchange (HBE). The number of nonstandardized Gold and Bronze plans

that may be offered on the HBE is reduced to one nonstandardized Gold plan and one nonstandardized Silver plan.

The HBE must annually review whether standardized health plans continue to maximize federal funding, ensure plan choice for individuals with health conditions, and respond to market conditions.

By December 1, 2028, the HBE must evaluate the effects on consumers and health carriers of prohibiting non-standardized Silver plans on the HBE and reexamine whether moving toward a standardized market could provide a better customer experience with minimal market disruption. If the HBE finds that moving toward a standardized market is advisable, it must recommend a plan to the Legislature on how to standardize the market using a phased approach. The plan must include any additional authority the HBE requires to develop standardized plans at other actuarial value levels.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 6, 2024.

Effective Date: 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 embodies a report the Health Benefit Exchange (HBE) was required to complete. This bill phases in the shift to a standardized market. It will allow the development of plans to meet specific market niches and provide the flexibility to evolve in response to consumer preferences and market conditions. Standardized plans lower deductibles, make more services available before the deductible, and maximize subsidies. Shopping on the HBE can be complicated. People shop based on price, but frequently do not understand the tradeoffs. The HBE is not a typical market because of the subsidies. Consumers need options, but they need to be able to make apples to apples comparisons. Standardization reduces confusion as people churn out of Medicaid to the individual market. Many people with chronic conditions choose Gold plans for the coverage they need. It is therefore important to standardize Gold plans, especially because there are currently no Platinum plans on the HBE. Consumers should not be forced to shop in the outside market for certain types of plans. This bill will reduce costs, expand access, and improve the customer experience on the HBE by reducing noise. Standardizing the HBE will help maximize subsidies and avoid leaving money on the table. Washington's exchange is the best in the nation, and this is the next step.

(Opposed) Small businesses and sole proprietorships purchase non-standardized plans. This bill will drive people off the HBE. Premiums are higher for standardized plans and federal subsidies are about to expire. This will create a collision of events that will adversely affect

consumers. The problem on the HBE is that there are not too many choices. A better way to address this issue is to encourage people to use navigators or brokers. Some people choose nonstandardized plans for good reasons, including formularies, cost, provider networks, and benefit structures.

Persons Testifying: (In support) Representative Marcus Riccelli, prime sponsor; Ingrid Ulrey, Washington Health Benefit Exchange; Jane Beyer, Washington State Office of the Insurance Commissioner; Evan Klein, Health Care Authority; Emily Brice, Northwest Health Law Advocates; and Jim Freeburg, Patient Coalition of Washington.

(Opposed) Jennifer Ziegler, Association of Washington Health Care Plans; and Chris Bandoli, National Association of Benefits and Insurance Professionals Washington.

Persons Signed In To Testify But Not Testifying: None.