

SENATE BILL REPORT

ESHB 2361

As of February 20, 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: Passed House: 2/9/24, 58-39.

Committee Activity: Health & Long Term Care: 2/20/24.

Brief Summary of 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.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: Greg Attanasio (786-7410)

Background: Through Washington's Health Benefit Exchange (HBE), individuals may

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compare and purchase qualified health plans (QHPs) and access premium subsidies and cost-sharing reductions. QHPs 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 nonstandardized 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 Bill: Beginning January 1, 2026, nonstandardized silver plans may no longer be offered on the HBE and 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 bronze 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 nonstandardized 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: Requested on February 16, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a measured and meaningful bill that will help customers choose the right bill for them without leading to increase premiums. With Federal tax credits possibly expiring after 2025, it is important to consider the full cost of a plan, not just the premium. Choice is important but choice overload can lead to confusion. Many customers are not accustomed to facing a complex choice of health plans. This bill will simplify the selection process for customers.

CON: Lower costs can be achieved through competition and innovation in the market. More people should take advantage of available broker services to help pick the best plan. Customers need affordable options that nonstandard plans can provide. Now is not the time to exclude nonstandard plans from the market with the potential loss of federal tax credits. Nonstandard plans often have lower premiums.

Persons Testifying: PRO: Ingrid Ulrey, Washington Health Benefit Exchange; Jane Beyer, Washington State Office of the Insurance Commissioner; Evan Klein, Washington State Health Care Authority; Neil Angst, Health Insurance Solutions NW LLC; Sara Abbott, Better Health Together; Emily Brice, Northwest Health Law Advocates; Jim Freeburg, Patient Coalition of Washington.

CON: Jennifer Ziegler, Association of Washington Health Care Plans; Meg Jones, Pacific Source; Andrea Davis, Coordinated Care; Chris Bandoli, National Association of Benefits and Insurance Professionals Washington.

Persons Signed In To Testify But Not Testifying: No one.