

# SENATE BILL REPORT

## SB 6192

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 4, 2004

**Title:** An act relating to notice of privacy policies for insurance.

**Brief Description:** Regarding notice of privacy policies for insurance.

**Sponsors:** Senators Deccio and Winsley.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/21/04, 2/4/04 [DPS].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 6192 be substituted therefor, and the substitute bill do pass.

Signed by Senators Deccio, Chair; Winsley, Vice Chair; Brandland, Franklin, Keiser, Parlette and Thibaudeau.

**Staff:** Jonathan Seib (786-7427)

**Background:** State law requires a health carrier to adopt policies and procedures to protect enrollees' privacy. Under the authority of this statute, and the federal Gramm-Leach Bliley Act, the Office of the Insurance Commissioner adopted rules which, among other things, require a carrier to annually deliver to its customers a notice of its privacy policies.

The federal Health Insurance Portability and Accountability Act (HIPAA) also requires a carrier to provide notice of its privacy policy, but only upon enrollment, when a major change is made, or upon request. It is suggested that state rules should be consistent with the HIPAA requirements.

**Summary of Substitute Bill:** Rules adopted by the Insurance Commissioner may require that a carrier provide notice of its privacy policies and practices to each subscriber only upon enrollment or within 60 days of any material change to the policy, and to any enrollee only upon request of the enrollee.

**Substitute Bill Compared to Original Bill:** The substitute bill removes the word "insurer" so that the OIC is limited only as to privacy notices issues by carriers. It also distinguishes between privacy notices sent to subscribers and those sent to enrollees.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The bill would give OIC the latitude to change its administrative rule regarding privacy notices. The reduction in the frequency of privacy notices would save health care dollars and be responsive to enrollees who complain about the number of notices sent to them. The bill is a small but straightforward step in efforts towards administrative simplification.

**Testimony Against:** Use of "insurers" could cover entities that the proponents do not intend to cover. We also have concerns about federal preemption. The requirement of annual notices is consistent with federal law as interpreted by federal agencies to change the requirement risks possible litigation and penalties.

**Testified:** PRO: Sydney Zvara, Association of Washington Health Plans; Rick Wickman, Premera; CON: Jon Hedegard, Office of the Insurance Commissioner.