

# SENATE BILL REPORT

## SB 5202

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 28, 2005  
Ways & Means, March 7, 2005

**Title:** An act relating to the public employees' benefits board.

**Brief Description:** Requiring the public employees' benefits board to develop a health savings account option for employees.

**Sponsors:** Senators Parlette, Hewitt, Zarelli, Brandland, Schoesler, Delvin, Mulliken, Johnson, Rasmussen, Benton, Roach, Oke, Benson and Stevens.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/14/05, 2/28/05 [DPS-WM].  
Ways & Means: 3/4/05, 2/2/05 [w/oRec-HEA], 3/7/05 [DP2S, w/oRec].

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

**Majority Report:** That Substitute Senate Bill No. 5202 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Benson, Brandland, Johnson, Kastama, Kline and Parlette.

**Staff:** Sharon Swanson (786-7447)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Second Substitute Senate Bill No. 5202 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Hewitt, Parlette, Pflug, Rasmussen, Roach, Rockefeller and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Fairley.

**Staff:** Erik Sund (786-7454)

**Background:** In 2003, Congress enacted Section 223 of the Medicare Modernization Act which allows people to establish health savings accounts (HSAs) to work in combination with qualifying high-deductible health plans (HDHP) to help finance medical expenses. A health plan qualifies as an HDHP if it has an annual deductible of at least \$1,000 for individuals and annual out-of-pocket expenses (not premiums) that do not exceed \$5,000.

HSA's are tax-free accounts that can be set up by individuals or employers. They are personal accounts that are owned by individuals, even when employers establish and contribute to them. Interest earned is not taxed, and funds that are not used may carry over to the following year.

**Summary of Second Substitute Bill:** The Public Employees Benefits Board (PEBB) is directed to study options for offering an HSA/HDHP benefit to employees, including recommendations for a pilot project. The PEBB is to submit a report on its findings to the Legislature by December 1, 2005.

**Second Substitute Bill Compared to Substitute Bill:** The PEBB is directed to study options for developing an HSA/HDHP offering for employees rather than actually implementing such a program.

**Substitute Bill Compared to Original Bill:** Grants authority to PEBB to develop a health savings account in conjunction with a high deductible health plan.

**Appropriation:** None.

**Fiscal Note:** Requested on February 14, 2005.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For (Health & Long-Term Care) (Health & Long-Term Care):** There is a need for policy guidance on issues such as this. This is a good direction to go in but there is a need to ensure that the information infrastructure can support the need for information that accompanies a change like this. Consumers will be in charge of their health care dollars so they will need access to good information to make the decisions they need to make.

**Testimony Against (Health & Long-Term Care) (Health & Long-Term Care):** None.

**Who Testified (Health & Long-Term Care) (Health & Long-Term Care):** PRO: Stephen Barchet, HP 4 Life. OTHER: Richard Onizuka, Health Care Authority; Paul Guppy, Washington Policy Center.

**Testimony For (Ways & Means):** None.

**Testimony Against (Ways & Means):** None.

**Who Testified (Ways & Means):** No one.