

# SENATE BILL REPORT

## SB 5406

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 10, 2005

**Title:** An act relating to making medicare supplemental insurance policies administered under chapter 41.05 RCW conform to federal law.

**Brief Description:** Modifying medicare supplemental insurance policy provisions to conform to federal law.

**Sponsors:** Senators Franklin, Parlette and Keiser.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/2/05, 2/10/05 [DPS].

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

**Majority Report:** That Substitute Senate Bill No. 5406 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Deccio, Ranking Minority Member; Benson, Brandland, Franklin, Kastama, Kline, Parlette and Poulsen.

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

**Background:** Medicare is the federally funded and administered program providing health insurance primarily to those 65 and older. Enrollees who wish to do so may purchase a policy in the commercial market to supplement the benefits provided under Medicare. Such policies are regulated by the state, consistent with requirements of federal law.

Under current law, the state Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), must offer retired or disabled employees at least two Medicare supplemental insurance policies, one of which is required to include a pharmacy benefit. This requirement is inconsistent with provisions of the federal Medicare Modernization Act of 2003.

Current law also allows any state resident who is not a PEBB enrollee to purchase, at full cost, the Medicare supplemental policies otherwise available to PEBB enrollees.

In 1993, the Legislature directed the HCA to design a self-insured Medicare supplemental insurance plan, and submit the plan for consideration by the Legislature. HCA completed a design and feasibility study that resulted in a recommendation that the state not offer the self-insured plan. Based on this report, HCA did not implement the plan.

**Summary of Substitute Bill:** The requirement that the HCA offer a Medicare supplemental policy which includes a pharmacy benefit is removed.

The statute directing the HCA to design a self-insured Medicare supplemental insurance plan is repealed.

Additional changes are made to clarify the current law and make it consistent with other statutory provisions.

**Substitute Bill Compared to Original Bill:** The substitute bill corrects an internal reference, strikes potentially conflicting language, and makes a clarification.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

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

**Testimony For:** This bill is primarily intended to conform state law with the provisions of the Medicare Modernization Act. It also clarifies and updates existing language to make it easier to understand what the Health Care Authority offers with regard to Medicare supplemental policies.

**Testimony Against:** None.

**Who Testified:** PRO: Richard Onizuka, Sukey Barnum, Health Care Authority.