

# SENATE BILL REPORT

## SB 6130

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As Reported By Senate Committee On:  
Ways & Means, February 7, 2006

**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, Keiser, Deccio, Hargrove, Benson, Mulliken and Prentice.

**Brief History:**

**Committee Activity:** Ways & Means: 2/6/06, 2/7/06 [DPS, w/oRec].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6130 be substituted therefor, and the substitute bill do pass.

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

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

Signed by Senator Regala.

**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.

HSAs 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 Substitute Bill:** The Health Care Authority is directed to offer a high-deductible health plan with a health savings account as an option alongside its traditional comprehensive medical insurance offerings.

**Substitute Bill Compared to Original Bill:** The original bill amended an outdated section of statute (41.45.065). The substitute amends the current version of the section of statute.

**Appropriation:** None.

**Fiscal Note:** Not requested. Please see fiscal note for SSB 5202.

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

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

**Testimony For:** The Health Care Authority would welcome the authorization to offer Health Savings Accounts as long as they are given as one of a number of health insurance options for employees. HSAs would help control employee health care costs; however, they are not a panacea. They do not address the half of current health care costs that are driven by the small portion of the population who use the most medical services, nor are they necessarily the right product for low-income households. They would be beneficial when offered in a comprehensive product mix.

**Testimony Against:** None.

**Who Testified:** PRO: Steve Hill, Administrator, Washington State Health Care Authority.