
**Health Care & Wellness
Committee**

HB 2537

Brief Description: Modifications to the health insurance partnership act.

Sponsors: Representatives Cody, Hasegawa, Kenney, Morrell, Green and Loomis.

Brief Summary of Bill

- Modifies the Health Insurance Partnership to allow for a phased implementation in providing subsidized health coverage for employees of small employers.

Hearing Date: 1/17/08

Staff: Dave Knutson (786-7146).

Background:

In 2007 the Legislature established a Health Insurance Partnership (Partnership) within the Health Care Authority (Authority) to serve small employers, beginning in September 2008. If funding is provided by the Legislature, the Partnership will provide a premium subsidy for low-income employees with income below 200 percent federal poverty level.

A seven member Health Insurance Partnership Board (Board) was established. Members include the Authority administrator and individuals with expertise in the health insurance market and benefit design. The Board will designate the health plans eligible for premium subsidy from plans available in the private small group market, approved by the Office of the Insurance Commissioner. They must include at least four plans, with multiple cost-sharing and deductible options, and plans will range from high deductible/catastrophic to comprehensive. Designated plans must include innovative components, such as preventive care, chronic care management, wellness incentives, and payment related to quality of care. The Board will determine a mid-range plan that will be used as the benchmark for the premium subsidy, and the premium subsidy will be developed similar to the sliding scale used for Basic Health. The Board will determine minimum employee participation requirements and whether there should be a minimum employer contribution; employers continue to determine employee eligibility and their contribution. The

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Board will evaluate rating methodologies and impacts on applying small group market rating within a partnership, and it will consider options to manage carrier uncertainty through risk adjustment, reinsurance, or other mechanisms.

By December 1, 2008 the Partnership must report to the Legislature and Governor on the risks and benefits of incorporating the individual and small group markets into the Partnership. By September 1, 2009, the Partnership must report to the Legislature and Governor on the risk and benefits of incorporating the high risk pool, Basic Health, Public Employees Benefits Board, and public school employees, as well as the impact of requiring all residents over 18 to be covered.

The Board has identified a number of issues that must be addressed prior to making subsidized health coverage available to employees of small business through the Partnership. These issues include: placing limits on an employees ability to choose a health plan, providing a funding source for subsidies, funding administrative expenses, potential conflicts between the Partnership statute and health insurance provisions of Title 48 RCW, the need to provide a longer implementation time line, and allowing employers to participate in the Partnership regardless of the employees' subsidy status.

Summary of Bill:

The Partnership Board is authorized to limit the number of small group plans that will be offered, and limit the plans that will be eligible for a subsidy. The requirement that participating employers must have a least one employee eligible for a subsidy is deleted. The Partnership Board is authorized to limit an individual's health plan choice and limit coverage of former employees to those eligible for COBRA continuation coverage for up to two years from when the Partnership begins to offer coverage.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.