

# SENATE BILL REPORT

## SB 5523

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As of February 20, 2007

**Title:** An act relating to specified disease, hospital confinement, or other fixed payment insurance.

**Brief Description:** Addressing specified disease, hospital confinement, or other fixed payment insurance.

**Sponsors:** Senators Franklin, Carrell, Keiser, Prentice, Berkey and Parlette.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/19/07.

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

**Staff:** Mich'l Needham (786-7442)

**Background:** Some insurance companies offer a limited benefit medical policy that allows employers to offer some coverage for routine health expenses and life insurance. Such a policy allows an employer to purchase a policy that provides a calendar year maximum amount that will be covered for services such as doctor's office visits, preventive care, prescription drug coverage, emergency room services, and hospital services.

A policy was approved by the Office of Insurance Commissioner and nearly a thousand employees have enrolled in the coverage. Subsequently, a question has been raised about the statutory authority to approve such a policy.

**Summary of Bill:** The definition of "health plan" is modified to exclude illness-triggered fixed payment insurance, fixed payment insurance, or other fixed payment insurance offered as an independent, non-coordinated benefit.

**Appropriation:** None.

**Fiscal Note:** Available.

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

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

**Staff Summary of Public Testimony:** PRO: This bill allows us to maintain coverage for 1,000 employees we cover today. This product is not intended to be an alternative to major medical. It is marketed to uninsured employees - part-timers, hourly, temporary, and seasonal

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workers that don't have insurance. This coverage has allowed employees that used the emergency room for their health care access to transition to primary care doctors.

CON: This is a substandard insurance product. It does not move us forward toward more comprehensive coverage for everyone, but slides us backward. This will allow cherry picking by insurance companies and may pull people out of the comprehensive market.

**Persons Testifying:** PRO: Senator Franklin, prime sponsor; Carrie Tellefson, Greg Clarke, Symetra; Kristi Larson-Low, Home Instead Senior Care.

CON: David West, Center for a Changing Workforce; Bill Daley, Washington Community Action Network.