

# SENATE BILL REPORT

## SSB 6030

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As of January 22, 2008

**Title:** An act relating to health insurance options for young adults.

**Brief Description:** Providing health insurance options for young adults.

**Sponsors:** Senate Committee on Health & Long-Term Care (originally sponsored by Senators Parlette and Schoesler).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/27/07, 2/28/07 [DPS]; 1/21/08.

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

**Majority Report:** That Substitute Senate Bill No. 6030 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Carrell, Fairley, Kohl-Welles, Marr and Parlette.

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

**Background:** Estimates from the 2006 Washington State Population Survey indicate that young adults ages 19 to 34 represent 51 percent of the uninsured population. Of any age group, the young adults are the most likely to be uninsured, and they represent the fastest growing group of uninsured, with a 38 percent increase since 2000.

The survey also indicates that the majority of the uninsured are low-income: approximately 40 percent have incomes below 100 percent of the federal poverty level (FPL), 26 percent have incomes between 100 and 200 percent of the FPL, and 13 percent have incomes between 200 and 300 percent of the FPL.

Access to affordable insurance products can be a challenge when employer-sponsored coverage is not available. Adults with incomes below 200 percent may qualify for Basic Health if enrollment slots are available; some may qualify for Medicaid if they have children and have incomes below 80 percent of the FPL; some may qualify for coverage as dependents on their parents' policies if they are in school full-time; and some may find products in the individual market.

**Summary of Bill (Proposed Second Substitute):** Insurance carriers may design and offer a separate health plan targeted at young adults between the ages of 19 and 34. Carriers are provided the opportunity to design a benefit package that may exclude some requirements,

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including: maternity services, prescription drug benefits with at least a \$2,000 benefit, every category of provider, direct access to chiropractic services, and prostate cancer screening. The young adult policy may be rated as a single band for experience, and is excluded from the requirement that rates for any group vary no more than 375 percent of the lowest rate for all age groups.

The Office of the Insurance Commissioner must make available educational and outreach materials targeted to young adults, as funding becomes available. The Commissioner is authorized to fund the activities with grants, donations, in-kind contributions, or other funding.

**EFFECT CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Proposed Second Substitute):** Language allowing carriers to offer a special product for young adults exempt from some mandates is removed. Language allowing the carriers to rate young adults as a separate band is retained; the age reference is changed to 21-34 to correspond with current five-year age banding. Carriers that offer products for young adults that are rated separately must report to the Office of Insurance Commissioner on their experience with young adult products and their premium rates, numbers of newly insured young adults, and the impact on other segments of the market.

**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.

**Staff Summary of Public Testimony on Proposed Second Substitute Bill:**

PRO: This plan targets the 19-34 year olds that are the bulk of the uninsured population. The amendment (proposed second substitute) will ensure carriers transfer pregnant enrollees to a plan with maternity coverage. The TONIK plans like this are sold in many states across the country now, and the make up is mostly previously uninsured young people. It is a starter plan that helps these young people get into the market with affordable premiums.

**Persons Testifying:** PRO: Senator Parlette, prime sponsor; Sasha Sleiman, student; Mark Johnson, Washington Retail Association; Nancee Wildermuth, Regence Blue Shield; Donna Steward, Association of Washington Business.