

SENATE BILL REPORT

SB 6030

As Reported By Senate Committee On:
Health & Long-Term Care, February 28, 2007

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

Brief Description: Providing health insurance options for young adults.

Sponsors: Senators Parlette and Schoesler.

Brief History:

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

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

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 (Recommended 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, 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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended 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 Original Bill: PRO: Fifty-one percent of the uninsured population is between 19 and 34. The issue was discussed during the Blue Ribbon Commission and we recognized we really must do something to address this problem. This bill provides a concept for the discussion and follows a similar approach being followed in California and a handful of other states. The California product (known as TONIK) targets the unique medical and financial needs of these young adults. Approximately 70 percent of those purchasing the product in California were previously uninsured. This offers an opportunity to get some coverage to the young adults, as a low-cost starter plan.

CON: Removing the "every category of provider" provision is not going to create savings. It will limit access, patient choice, and provider competition. Alternative providers offer a safe and affordable option that avoids more expensive treatments and focuses on prevention of chronic diseases that often start up in the twenties and thirties.

Persons Testifying: PRO: Senator Parlette, prime sponsor; Kristi Huff, Regence Blue Shield; Nancee Wildermuth, Regence Blue Shield; Sasha Sleiman, young adult; Mark Johnson, Washington Retail Association.

CON: Lori Bielinski, Washington State Chiropractic Association; Lisa Van Haagen, Washington Acupuncture and Oriental Medicine Association.