

SENATE BILL REPORT

SSB 5777

As Amended by House, April 23, 2009

Title: An act relating to the Washington state health insurance pool.

Brief Description: Concerning the Washington state insurance pool.

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

Brief History:

Committee Activity: Health & Long-Term Care: 2/18/09, 2/23/09 [DPS].

Passed Senate: 3/09/09, 43-0.

Passed House: 4/14/09, 96-0; 4/23/09, 95-0.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5777 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Becker, Fairley, Marr, Murray and Parlette.

Staff: Mich'l Needham (786-7442)

Background: In the individual health insurance market, persons applying for coverage must first take the standard health questionnaire. If their score places them in the 8 percent of highest cost cases the health carrier may reject them for coverage. At that point the person is eligible for coverage through the Washington State Health Insurance Pool (WSHIP), the state's high risk pool. WSHIP is established in statute as a nonprofit entity, funded by assessments on all commercial insurers licensed in Washington and the state's self-insured medical plan operated by the Health Care Authority. The Board of the WSHIP is required to recertify the health screening questionnaire every 18 months.

The 2008 Legislature modified WSHIP eligibility for those persons who are eligible for the medical assistance program. The language was included in another bill modifying medical assistance eligibility that has a delayed effective date and a null and void clause if not funded in the next biennial budget. WSHIP eligibility for Medicare eligible enrollees has not been modified to reflect the additional coverage choices available in Medicare. The WSHIP

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.

Board has expressed concerns with the pool's funding mechanism, as more employers move from the fully-insured business to self-insured plans that do not contribute to the assessments.

Summary of Substitute Bill: The Board of WSHIP will recertify the standard health questionnaire every 36 months rather than every 18 months. Eligibility for the program is modified for a Medicare-eligible person applying for pool coverage after August 1, 2009. New Medicare-eligible enrollees are eligible if they do not have access to a reasonable choice of Medicare Part C plans with at least three carriers in their county of residence. The plan options must include coverage at least as comprehensive as Medicare Supplement Plan F, and options must provide access to adequate and stable provider networks that have been in place for at least two years, that make up-to-date provider directories easily accessible on the website, and will provide a hard copy if requested. If no health maintenance organization or preferred provider organization plan includes the health care provider with whom the person has an established care relationship or from whom they have received treatment within the past 12 months, the person does not have “reasonable access” and can come into the pool.

The 2008 eligibility change for medical assistance enrollees is inserted, repeating the language subject to the null and void clause. The Board of WSHIP must conduct a study to identify a stable, sustainable funding source for the operation of the pool. The Board is authorized to solicit funding to conduct the study, and must report to the Legislature by December 15, 2009.

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: PRO: The high risk pool is a critical part of the state's safety net. It is not funded by state dollars but by assessments on all insured lives. We want to be responsible stewards of these resources and, in that effort, the Board has proposed streamlining the certification of the health screening tool to every 36 months instead of every 18 months. This will save money; it is an expensive process to review and update the tool and no one believes it needs to be done that frequently. The Board is also interested in modifying the eligibility for those who are Medicare eligible to reflect the additional Medicare choices with broader coverage which has become available since the pool was created. The Medicare Advantage products do offer more affordable coverage options with comprehensive coverage and they are a better deal for most people. There is an amendment to clarify the intent that the change for Medicare eligible enrollees be made prospectively for new enrollees, and ensure current Medicare enrollees can remain in the pool. The formal study of stable financing options is important and Legislative direction for the study will assist the pool with seeking grant funding to support the study.

The amendment is critical to ensure that current Medicare disabled enrollees with AIDS can remain in the program.

The Office of the Insurance Commissioner (OIC) fully supports changing the certification timeframe, but has some concerns with the eligibility change for Medicare eligible enrollees because there is concern with the level of consumer protection in the Medicare Advantage plans.

Persons Testifying: PRO: Karen Larsen, Matthew Damon, Washington State Health Insurance Pool; Pete Cutler, OIC; Tabitha Jensen, Erick Steelbach, Lifelong AIDS Alliance.

House Amendment(s): The eligibility change for Medicare eligible enrollees is modified to ensure individuals have a choice of a health maintenance organization or preferred provider organization Medicare Part C plan offered by at least three different carriers that have had provider networks in the county for at least five years instead of two years. A new section is added to the Medicare Supplemental insurance laws requiring an insurance carrier that restricts or rejects a Medicare eligible enrollee's options to notify the individual that Medicare Part C plans are available as well as the high risk pool, and about resources that are available to assist the person in choosing appropriate coverage.