

SENATE BILL REPORT

SB 5482

As of February 18, 2013

Title: An act relating to health care options under the affordable care act.

Brief Description: Concerning the federal basic health option of the affordable care act.

Sponsors: Senators Keiser, Becker, Cleveland, Nelson, Ranker, Darneille, Conway, Chase, Hasegawa, Kohl-Welles and Kline.

Brief History:

Committee Activity: Health Care: 2/18/13.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

Background: The federal Affordable Care Act (ACA) requires a Health Benefit Exchange (Exchange) to provide individuals access to private market insurance plans, and an advance premium tax credit and cost-sharing subsidy for those with family incomes between 138 percent and 400 percent of the federal poverty level (FPL). Coverage purchased through the Exchange will be available beginning January 1, 2014.

The ACA also provides an opportunity for states to develop a Federal Basic Health Option for individuals with incomes below 200 percent FPL, who are not otherwise eligible for Medicaid. Effectively, the federal option replaces subsidized coverage that would otherwise be available in the Exchange for those with incomes below 200 percent FPL, and relies on federal funding that would otherwise be used for those subsidies.

Legislation passed in 2012 required the Health Care Authority (HCA) to explore the opportunity to develop the Federal Basic Health Option and submit a report to the Legislature in December 2012. To date, the U.S. Department of Health and Human Services (HHS) has not produced the detailed guidance necessary for states to develop a Federal Basic Health Option, however they recently announced the intent to produce guidance that would allow states to offer the program by 2015.

Summary of Bill: The Exchange must monitor enrollment, by income and uninsured status, and share enrollment reports with HCA and the health committees of the Legislature. The first report must be complete by January 30, 2015 and published annually thereafter.

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.

At a minimum, the annual reports must reflect the end of year enrollment, monthly lives covered, enrollment by specific income brackets, plan choices in the individual and small group products, application inquiries and percent of enrollment captured, and the success in reaching uninsured populations. To the degree possible, the Exchange must also monitor enrollee success accessing care once enrolled.

The Office of the Insurance Commissioner (OIC) must annually report the rate of uninsured persons among the state population under 65 years of age.

HCA must monitor the enrollment reports and the reports on the uninsured provided by OIC. If the population with income between 139 percent and 200 percent FPL is uninsured at a rate more than 10%, HCA must begin the development of the Federal Basic Health Option with implementation no later than 12 months from the finding. HCA must seek clarification from HHS to demonstrate that the federal funding will be sufficient to cover the provision of the essential health benefits and costs for administering the Federal Basic Health Option. The agency must submit a detailed development plan to the Legislature with any necessary statutory changes to reflect the federal requirements, and submit detailed development plans to the Exchange for coordination of enrollment and programming changes.

Appropriation: None.

Fiscal Note: Requested on February 14, 2013.

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: Washington has had 20 years of success with the Basic Health program. Although there is uncertainty with the federal guidance to move forward, it is important to maintain the effort to sustain a Basic Health program and provide coverage to the vulnerable populations served by the program. Basic Health has been a valuable source of coverage for those just above the Medicaid eligibility level. It is a way to provide more cost effective premiums and copays than enrollees will receive through the Exchange, and is cost effective way to use public funds. It is very important to monitor the enrollment experience and to preserve the option of offering the Basic Health Option. We are focused on providing care to the population covered by Medicaid and will provide coverage through the Exchange. It is important to focus on the affordability of care and the continuity of care as people will transition back and forth between Medicaid and the Exchange, and allowing a Basic Health Option would assist with the continuity of care tremendously since it would help enrollees maintain the same plans, with the same providers as they transition between income eligibility levels. Pregnant women in particular need special focus on continuity of care since women in the Exchange that become pregnant may become eligible for Medicaid. The Exchange is a center piece for success and it is important to monitor the enrollment experience by income so we can monitor the success and position ourselves to provide the most coverage possible. This trigger option keeps the option for Basic Health alive. It is important to provide care to the uninsured and underinsured. We see patients today that have not insurance and they do not get the care they need. A patient without

access to insulin to care for his diabetes ended up with his leg amputated, and now will be unable to work. It is important to provide Medicaid and Basic Health to allow people to access coverage and a better life.

Persons Testifying: PRO: Senator Keiser, prime sponsor; Janet Varon, Northwest Health Law Advocates; Molly Firth, Community Health Plan of WA; John Burbank, Economic Opportunity Institute; Alton McDonald, New Century Justice Network; Glenna Martin, Nasim Babazadeh, Advocates for the Underserved, Health Equity Circle, students; Sheida Ailani, Tiana Nizamic, Ben Lang, students.