HOUSE BILL REPORT
HB 1053

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to the filing of large group health benefit plans, stand-alone dental plans, and stand-alone vision plans by disability insurers, health care service contractors, and health maintenance organizations.

Brief Description: Concerning filing requirements for large group health benefit plans, stand-alone dental plans, and stand-alone vision plans.

Sponsors: Representatives Kirby and Schmick.

Brief History:
Committee Activity:
Health Care & Wellness: 1/23/15, 1/30/15 [DPS].

Brief Summary of Substitute Bill

- Allows all rates and forms of large group health benefit plans and all stand-alone dental and stand-alone vision plans to be used after they are filed with the Insurance Commissioner.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Cody, Chair; Riccelli, Vice Chair; Schmick, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Caldier, Clibborn, DeBolt, Jinkins, Johnson, Moeller, Robinson, Rodne, Short and Tharinger.

Staff: Jim Morishima (786-7191).

Background:

Contract Forms and Rate Schedules Submitted by Health Service Contractors and Health Maintenance Organizations.

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.

A health service contractor or a health maintenance organization must file every contract form and rate schedule (and modifications thereof) with the Insurance Commissioner. The filing must be made before the contract form is offered for sale to the public or the rate schedule is used, unless the contract form is negotiated. Negotiated contract forms, and their applicable rate schedules, that are placed in effect at the time of negotiation or that have a retroactive effective date must be filed within 30 days of the earlier of: (a) the date contract negotiations are completed; or (b) the date renewal premiums are implemented.

The Insurance Commissioner may disapprove a contract form for a variety of reasons, including:

- it contains inconsistent, ambiguous, or misleading content;
- the carrier is soliciting purchase of the product through deceptive advertising;
- it contains unreasonable restrictions on the treatment of patients; or
- the benefits are unreasonable in relation to the amount charged.

Contract Forms and Rate Schedules Submitted by Disability Insurers.

Contract forms and rate schedules filed by a disability insurer must be filed and approved by the Insurance Commissioner prior to issuance, delivery, or use. The disability insurer must make the filing at least 30 days prior to the contracts issuance, delivery, or use. The filing is deemed approved after 30 days, unless the Insurance Commissioner affirmatively approves or disapproves the filing. The Insurance Commissioner may extend the 30-day approval period by 15 days.

The Insurance Commissioner may disapprove a contract form for a variety of reasons, including:

- it contains inconsistent, ambiguous, or misleading content;
- the carrier is soliciting purchase of the product through deceptive advertising;
- it contains unreasonable restrictions on the treatment of patients; or
- the benefits are unreasonable in relation to the amount charged.

Summary of Substitute Bill:

For plans issued or renewed on or after January 1, 2016, all rates and forms of group plans other than small group plans (i.e., large group plans) and all stand-alone dental and stand-alone vision plans offered by a health carrier or a limited service health service contractor must be filed with the Insurance Commissioner before the contract form is offered for sale to the public and before the rate schedule is used.

Negotiated contract forms, and their applicable rate schedules, that are placed in effect at the time of negotiation or that have a retroactive effective date must be filed within 30 days of the earlier of: (a) the date contract negotiations are completed; or (b) the date renewal premiums are implemented. Negotiated forms must otherwise comply with state and federal law. Stand-alone dental and stand-alone vision plans offered to out-of-state groups may be negotiated, but must meet Washington standards applicable to group disability insurance coverage issued in other states. "Negotiated contract forms" are defined as health benefit

plans, stand-alone dental plans, or stand-alone vision plans where terms and conditions are negotiated and agreed to by the insurer and the policy or contract holder.

The Insurance Commissioner may disapprove of a filing for the same reasons he or she may reject filings made by health service contractors, health maintenance organizations, and disability insurers.

The Insurance Commissioner must adopt rules to standardize the rate and form filing requirements. When adopting the rules, the Insurance Commissioner may use the already adopted standards in place for health care service contractors and health maintenance organizations.

Substitute Bill Compared to Original Bill:

The substitute bill:

- defines negotiated forms;
- requires negotiated forms and associated rate schedules to comply with applicable state and federal laws;
- prohibits negotiated stand-alone dental and stand-alone vision plans that are offered to out-of-state groups from being offered in the state, unless the Insurance Commissioner finds they meet Washington standards applicable to group disability insurance coverage issued in other states;
- instead of requiring the rules adopted by the Insurance Commissioner to be the same as for health service contractors and health maintenance organizations (HMOs), allows the Insurance Commissioner to use the standards already in place for health service contractors and HMOs; and
- changes references to "large group plans" to "group plans other than small group plans."

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Disability insurers face barriers that are not applicable to health service contractors or health maintenance organizations. This bill levels the playing field while making sure that consumer protections stay in place. This bill creates a standardized, uniform process for large group, stand-alone dental, and stand-alone vision coverage, regardless of the certificate of authority the issuer has. Health care plans in Washington want a robust, competitive market, but it must be on a level playing field. This bill makes sure that insurers in the same market are treated the same.

(Opposed) None.

Persons Testifying: Representative Kirby, prime sponsor; Mel Sorensen, Cigna and America's Health Insurance Plans; Lonnie Johns-Brown, Office of the Insurance Commissioner; and Sydney Smith Zvara, Association of Washington Health Care Plans.

Persons Signed In To Testify But Not Testifying: None.