

HOUSE BILL REPORT

HB 2904

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to requiring issuers to accept payments made by businesses solely owned by an enrollee.

Brief Description: Requiring issuers to accept payments made by businesses solely owned by an enrollee.

Sponsors: Representatives Blake and Rossetti.

Brief History:

Committee Activity:

Health Care & Wellness: 2/3/16, 2/5/16 [DPS].

Brief Summary of Substitute Bill

- Requires a health insurer to accept premium payments from a sole proprietor business.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 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, Tharinger and Van De Wege.

Staff: Jim Morishima (786-7191).

Background:

Under the federal Patient Protection and Affordable Care Act (PPACA), every state must establish a health benefit exchange through which consumers may compare and purchase individual and small group health coverage, access premium and cost-sharing subsidies, and apply for Medicaid coverage. If a state does not establish a health benefit exchange, the federal government will operate one for the state. Washington established its health benefit

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exchange, known as the Washington Healthplanfinder, in 2011 as a public-private partnership.

Individual market enrollees who purchase health insurance through the Washington Healthplanfinder must generally pay their premiums themselves. Under rules issued by the federal Centers for Medicare and Medicaid Services (CMS), however, an issuer of individual market coverage is required to accept premium and cost-sharing payments from certain third parties, including:

- the Ryan White HIV/AIDS Program;
- other state and federal government programs that provide premium and cost-sharing support for individuals; and
- Indian tribes, tribal organizations, or urban Indian national organizations.

Guidance issued by the CMS discourages issuers from accepting third-party payments from hospitals, health care providers, and other commercial entities due to concerns that the practice could skew the insurance risk pool and create an uneven field in the Exchange. Employers are also prohibited from giving cash to employees to reimburse them for the purchase of individual market coverage.

Under state law, issuers must accept payments made by a second-party payment process, and these payments may be made with any legal tender denominated in United States dollars.

"Second-party payment process" means a process in which:

- an individual has an account in his or her name at a financial institution that is managed by either the institution or an entity that has established the account on the individual's behalf and with his or her express agreement;
- the account is funded with funds from the individual or his or her family members or in a manner otherwise consistent with federal law; and
- the account is under the control of the covered person so that he or she may authorize payments from the account.

An issuer is not required to accept payment by a second-party payment process if the second-party payer is controlled by, or receives funding from, an entity that may be reimbursed by an issuer for providing health care services, or if the account is funded by such an entity, except for the third-party entities from which federal law requires the issuer to accept payment.

Summary of Substitute Bill:

A health plan must accept a payment made by a sole proprietor business for an individual policy that only covers the owner of the sole proprietor business. The sole proprietor business must provide proof to the issuer of its sole proprietor company status. Such proof includes, but is not limited to, a written, owner-signed attestation of the business' sole proprietor company status.

Substitute Bill Compared to Original Bill:

The substitute bill:

- changes the type of businesses from whom issuers must accept payments to sole proprietor businesses, instead of businesses solely owned by the enrollee;
 - clarifies that the insurance policy being purchased may not cover anyone except the owner of the sole proprietor business;
 - requires an issuer to accept the payment only if the business submits proof to the issuer of the business' sole proprietor company status; and
 - clarifies that proof to the issuer of the business' sole proprietor company status includes, but is not limited to, a written, owner-signed attestation of the business' sole proprietor company status.
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Appropriation: None.

Fiscal Note: Available.

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) Issuers are rejecting checks from enrollees after the issuers had been accepting them for years. The issuers are asking for money of a different color. This is a ridiculous situation since these people are providing health care only for themselves. There is no legal reason that these checks should not be accepted.

(Opposed) Federal law prohibits businesses from purchasing individual market coverage for their employees. Sole proprietors may be able to purchase coverage for themselves, but payment systems are unable to distinguish between sole proprietors and other types of businesses. For this reason, some issuers will not accept business checks from enrollees. The solution is for the enrollees to pay with personal checks.

(Other) This bill is written too broadly. Sole proprietors may have employees. This bill should be limited to the owner buying coverage for himself or herself. Allowing businesses to purchase insurance for their employees may subject the businesses to a fine.

Persons Testifying: (In support) Representative Blake, prime sponsor.

(Opposed) Len Sorrin, Premera Blue Cross; and Chris Bandoli, Regence BlueShield.

(Other) Randy Ray, LyfeBank.

Persons Signed In To Testify But Not Testifying: None.