

# SENATE BILL REPORT

## SB 5142

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As of January 26, 2015

**Title:** An act relating to modifying health benefit exchange provisions related to the aggregation or delegating the aggregation of funds that comprise the premium for a health plan.

**Brief Description:** Modifying health benefit exchange provisions related to the aggregation or delegating the aggregation of funds that comprise the premium for a health plan.

**Sponsors:** Senators Becker, Bailey, Rivers, Brown and Keiser.

**Brief History:**

**Committee Activity:** Health Care: 1/26/15.

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### SENATE COMMITTEE ON HEALTH CARE

**Staff:** Mich'l Needham (786-7442)

**Background:** The Health Benefit Exchange (Exchange) is established in statute as a public-private partnership to serve as an insurance marketplace for individuals, families, and small employers. The Exchange, through the Washington Healthplanfinder, provides access to multiple insurance plans and federal premium tax credits for individuals with incomes between 138 percent to 400 percent of the federal poverty level.

The original powers and duties established for the Exchange provided authority to aggregate or delegate the aggregation of funds for the premium of a health benefit plan, and the program design and resulting infrastructure were built upon that assumption, so individuals enrolling in the Exchange health plans paid premiums directly through the Exchange. Coverage for individuals purchasing a health plan through the Exchange began January 1, 2014. Throughout the first year of operations, the Exchange encountered a number of computer system difficulties including transmission of payment information to health plans that resulted in a number of coverage and claims problems for individuals and carriers.

The Exchange Board retained Cambria Solutions Inc. to review premium aggregation and alternatives. Cambria examined options to retain premium aggregation, transition to the Exchange as initial payment facilitator, referring all payments directly to carriers, and having a third-party administrator process payments. In December the Board voted to cease premium aggregation and remove premium collection and invoicing from the individual

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Exchange. The project planning and system redesign have been initiated for the 2016 plan year and the fall open enrollment period.

**Summary of Bill:** The authority to aggregate premiums is removed. The Exchange must not aggregate funds that comprise the premium for an individual qualified health plan, beginning with the 2016 open enrollment period.

**Appropriation:** None.

**Fiscal Note:** Available.

**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: We held meetings over the interim with the Joint Select Committee and we heard about premium problems at every meeting. Thousands of people have had their care impacted by these payment problems. The Board voted to move the premium collection to the carriers and this bill will ensure there is stability with that decision and that the Board does not reverse the decision. Carriers already collect premiums for plans offered outside the Exchange – we have years of experience and this change will help eliminate payment problems. Preparing for the change is a big investment and we want assurance the change will continue. We are thrilled the Board showed the leadership to remove the aggregation and we strongly support this bill.

OTHER: The Board acted in December to remove the aggregation and move all payment-related transactions to the carriers for next open enrollment. It is a complex shift and a significant investment. We applied for and received a federal grant to support the change which was estimated initially at \$4 million. We are in the detailed design phase now to meet the aggressive schedule to dismantle the program. Many carriers can readily do the premium collection but some will have more work to prepare for the functions since they have not done that function. We do want to clarify that the aggregation change is only for the individual plans since we are required by federal law to retain the aggregation for the small employer plans and we would like to retain it for the dental plans.

**Persons Testifying:** PRO: Senator Becker, prime sponsor; Sheela Tallman, Premera Blue Cross; Chris Bandoli, Regence BlueShield; Sheri Nelson, Assn. of WA Business.

OTHER: Pam MacEwan, WA Health Benefit Exchange.