

SENATE BILL REPORT

SSB 6536

As Amended by House, March 2, 2016

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

Brief Description: Addressing the filing and rating of group health benefit plans other than small group plans, all stand-alone dental plans, and stand-alone vision plans by disability insurers, health care service contractors, and health maintenance organizations.

Sponsors: Senate Committee on Health Care (originally sponsored by Senator Becker).

Brief History:

Committee Activity: Health Care: 2/01/16, 2/04/16 [DPS, w/oRec].

Passed Senate: 2/17/16, 48-1.

Passed House: 3/02/16, 97-0.

SENATE COMMITTEE ON HEALTH CARE

Majority Report: That Substitute Senate Bill No. 6536 be substituted therefor, and the substitute bill do pass.

Signed by Senators Becker, Chair; Dammeier, Vice Chair; Cleveland, Ranking Minority Member; Angel, Bailey, Baumgartner, Brown, Conway, Jayapal, Keiser, Parlette and Rivers.

Minority Report: That it be referred without recommendation.

Signed by Senator Frockt.

Staff: Mich'l Needham (786-7442)

Background: The 2015 Legislature passed SSB 5023 requiring all rates and forms for group health benefit plans, other than small group plans, and all stand-alone dental and stand-alone vision plans be filed with the Office of Insurance Commissioner (OIC) before use. The intent articulated in the bill was to create regulatory uniformity in the filing requirements of the rates and forms required for group health benefit plans and stand-alone dental plans and stand-alone vision plans.

The OIC was directed to adopt rules to standardize the rate and form filings requirements, and to use the already adopted standards in place for health care service contractors and

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health maintenance organizations. The OIC completed rule making in the fall that became effective January 8, 2016.

Summary of Substitute Bill: It is the intent of the Legislature to establish uniformity in all aspects of the filing and regulatory review of group health benefit plans, and that uniformity shall apply to the content and requirements for the forms as well as rating, loss ratio, and actuarial requirements.

The 2015 law is amended to clarify that the filing of negotiated contract forms for health plans, stand-alone dental plans, and stand-alone vision plan that are in effect at the time of negotiation are not required to be filed in advance but must be filed within 30 working days of completion of contract negotiation or the date the renewal premiums are implemented.

The OIC must immediately commence rule making to standardize the rating, loss ratio, and form content requirements. The rules must establish absolute uniformity under a single regulatory scheme by amending the adopted standards in place for health care service contractors and health maintenance organizations as of July 1, 2015. The rules as well as the system and instructions for electronic rate and form filing may not impose additional requirements including rate and form filing, content, actuarial justifications, loss ratio, or claims experience pooling beyond those in place for health care service contractors and health maintenance organizations as of July 1, 2015, unless otherwise required by state or federal statute.

The additional rule making must be completed within the funding authorized in the 2015 budget bill.

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 on Original Bill: PRO: Last year's legislation intended to create uniformity in rate and form filings. The bill directed the OIC to use the already adopted standards for the other carrier types but the OIC adopted a new subchapter that is not the same as the other standards and it disadvantages the disability carriers. Carriers support an equal regulatory playing field. The regulatory standards adopted by the OIC leave inequalities between the different carrier types.

OTHER: Last year's bill dealt with the uniformity of the forms filing requirements and this bill focuses on the rating requirements. We have offered an amendment to the proponents to see if we can address the rating issue.

Persons Testifying on Original Bill: PRO: Mel Sorensen, Cigna; America's Health Insurance Plans; Sydney Smith Zvara, Association of WA Healthcare Plans.

OTHER: Lonnie Johns-Brown, Office of the Insurance Commissioner.

Persons Signed In To Testify But Not Testifying on Original Bill: No one.

House Amendment(s):

- Requires the Commissioner to amend existing rules to standardize the rate and form filing process as well as regulatory review standards for the rates and forms.
- Allows the Commissioner to amend the rules previously adopted and requires the Commissioner to amend any additional rating requirements established by existing rule that are not applied to health care service contractors or health maintenance organizations.
- Applies the new requirements to plans issued or renewed on or after the effective date of the act
- Inserts an emergency clause creating an immediate effective date.