
Health Care & Wellness Committee

HB 2338

Brief Description: Prohibiting discrimination in health care coverage.

Sponsors: Representatives Macri, Thai, Wylie, Doglio, Cody and Pollet.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Expands health coverage mental health parity requirements.• Expands health insurance nondiscrimination provisions.

Hearing Date: 1/22/20

Staff: Jim Morishima (786-7191).

Background:

I. Mental Health Parity.

State and federal law require health insurers to provide coverage for mental health services on the same terms that medical and surgical benefits are covered. Federal mental health parity requirements apply to the Medicaid program and almost all health insurers. State mental health parity requirements apply to state regulated health carriers, health coverage provided to public employees, health coverage offered by the Washington State Health Insurance Pool, and the Basic Health Plan (which is no longer operating).

State law excludes several categories of services from the definition of "mental health services," including, "life transition problems," substance use disorders, skilled nursing facility services, home health care, residential treatment, custodial care, and court-ordered treatment that is not medically necessary.

Health plans deemed by the Insurance Commissioner to have a limited purpose or duration and student-only plans offered to students of institutions of higher education are exempt from most state insurance mandates, including mental health parity requirements.

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.

II. Health Insurance Nondiscrimination.

A. Federal Law.

Section 1557 of the federal Patient Protection and Affordable Care Act (ACA) prohibits discrimination on the basis of race, color, national origin, sex, age, or disabilities in health programs receiving federal funding, health programs administered directly by the federal government, and qualified health plans offered on health benefit exchanges. Federal rules implementing this requirement prohibit discrimination in: (1) the issuance of health plans, (2) the denial or limitation of coverage, and (3) marketing practices. The rules also prohibit discrimination against transgender individuals and prohibit insurers from categorically excluding gender transition services.

In 2016 a federal district court issued a nationwide injunction enjoining the enforcement of the federal rules prohibiting discrimination on the basis of gender identity or termination of pregnancy. *Franciscan Alliance, Inc. v. Burwell*, 227 F.Supp. 3d 660, (2016). The court subsequently stayed its ruling and in 2019 the United States Department of Health and Human Services (HHS) proposed rules clarifying the scope of the ACA's nondiscrimination provisions. These rules have not yet been adopted. In the meantime, the HHS is enforcing its rules consistent with the court's decision in *Burwell*.

B. State Law.

A number of state prohibitions against discrimination apply to health insurers. For example, state law prohibits discrimination in insurance transactions based on sex, marital status, sexual orientation, race, creed, color, national origin, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal. Health care service contractors are prohibited from discriminating on the basis of race, religion, national origin, or the presence of any sensory, mental, or physical handicap. Health maintenance organizations are prohibited from discriminating on the bases of any sensory, mental, or physical handicap. This does not prohibit a health care service contractor or health maintenance organization from limiting or denying coverage when a person does not meet essential eligibility requirements because of a medical condition.

In addition, state law prohibits a health carrier offering a non-grandfathered health plan in the individual or small group market from discriminating against individuals because of age, expected length of life, present or predicted disability, degree of medical dependency, quality of life, or other health conditions. Such a health carrier may not, with respect to the health plan, discriminate on the basis of race, color, national origin, disability, age, sex, gender identity, or sexual orientation. This prohibition does not prevent a health carrier from appropriately using reasonable medical management techniques.

Summary of Bill:

I. Mental Health Parity.

For coverage issued or renewed on or after January 1, 2021, the following exemptions from the definition of "mental health treatment" are eliminated: "life transition problems," substance use disorders, skilled nursing facility services, home health care, residential treatment, custodial care, and court-ordered treatment. For such coverage, mental health treatment includes medically necessary outpatient and inpatient services provided to treat mental disorders covered by the diagnostic categories listed in the most current version of the Diagnostic and Statistical Manual of Mental Health and Substance Use Disorders.

Short-term limited purpose or duration health plans and student-only health plans offered to students in institutions of higher education are made subject to the mental health parity requirements applicable to health care service contractors.

II. Health Insurance Nondiscrimination.

The discrimination prohibitions applicable to non-grandfathered health plans in the individual and small group markets are made applicable to:

- all non-grandfathered health plans (i.e., health plans in the large group, small group, and individual markets);
- short-term limited purpose or duration health plans; and
- student-only health plans offered to students in institutions of higher education.

Appropriation: None.

Fiscal Note: Requested on January 15, 2020.

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