

# SENATE BILL REPORT

## SB 6765

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As Reported By Senate Committee On:  
Health & Long-Term Care, January 31, 2008  
Ways & Means, February 12, 2008

**Title:** An act relating to the Washington state health insurance pool.

**Brief Description:** Concerning the Washington state health insurance pool.

**Sponsors:** Senators Parlette and Keiser.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/30/08, 1/31/08 [DP].  
Ways & Means: 2/11/08, 2/12/08 [DPS].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Carrell, Fairley, Kastama, Kohl-Welles, Marr and Parlette.

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

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6765 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Elaine Deschamps (786-7441)

**Background:** The Washington State Health Insurance Pool (WSHIP), the state's high risk pool, provides insurance coverage to those who have been denied enrollment in individual insurance coverage. Although WSHIP enrollees finance part of their expenses with a premium payment, the program is largely financed through assessments charged to all commercial health insurance products. In 2006 the carrier assessments totaled \$31.7 million, or approximately \$1.00 per member per month on each commercial premium.

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*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.*

The 2007 Legislature directed WSHIP to have a consultant complete an analysis of the eligibility standards, including the eligibility for Medicaid and other publicly sponsored enrollees. The WSHIP Board submitted a report to the Legislature that states approximately 23 percent of their enrollees (786 members) have their premiums paid by a "publicly funded organization", including the Evergreen Health Insurance Program, the Northwest Kidney Center, and the Department of Social and Health Services (DSHS). Approximately 30 members had their premiums paid by DSHS medical assistance, with total premiums of approximately \$291,000 for 2006, and total claims paid of \$2.2 million. The WSHIP Board has recommended a change to their eligibility statutes that would prevent enrollment of those with medical assistance coverage.

**Summary of Bill (Recommended Substitute):** Individuals who become eligible for DSHS medical assistance after June 30, 2008 are not eligible for coverage under the WSHIP.

The Office of Insurance Commissioner is directed to convene a task force to recommend the best options for equitable, stable, and broad-based funding sources for WSHIP. Participants should include, at a minimum, representatives from insurance carriers, WSHIP, and the Office of Financial Management.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** Current WSHIP clients who are also eligible for DSHS medical assistance are not terminated from coverage. Individuals who become eligible for medical assistance after June 30, 2008 are not eligible for WSHIP.

**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 (Health & Long-Term Care):** PRO: Many improvements for WSHIP were passed in E2SSB 5930, last session. These two items in the bill are recommendations from the workgroup and the board that were not included last year, but have had further study and are recommended again for action this year. The board is particularly interested in a study to broaden the funding mechanism. Many states have broader funding mechanisms than Washington and we believe some of their approaches may provide opportunities to spread the cost more equitably. The change for Medicaid eligible enrollees will direct the costs for those individuals back to the state and federal government, rather than spreading them onto insured products.

**Persons Testifying (Health & Long-Term Care):** PRO: Senator Parlette, prime sponsor; Karen Larson, Washington State Health Insurance Pool.

**Staff Summary of Public Testimony on Original Bill (Ways & Means):** PRO: Washington State is the only state with Medical Assistance eligibles in its high risk pool, and we should follow the recommendations of the WSHIP workgroup and Office of the Insurance Commissioner reflected in this bill.

**Persons Testifying (Ways & Means):** PRO: Senator Parlette, prime sponsor.