

# HOUSE BILL REPORT

## HB 1646

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*As Reported By House Committee on:  
Appropriations*

**Title:** An act relating to Class IV human immunodeficiency virus insurance programs.

**Brief Description:** Pertaining to Class IV human immunodeficiency virus insurance program.

**Sponsor(s):** Representative Locke; by request of Office of Financial Management and Department of Social and Health Services.

**Brief History:**

Reported by House Committee on:  
Appropriations, February 26, 1991, DP.

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**HOUSE COMMITTEE ON  
APPROPRIATIONS**

**Majority Report:** *Do pass.* Signed by 25 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Appelwick; Belcher; Bowman; Brekke; Dorn; Ebersole; Ferguson; Fuhrman; Hine; Holland; Lisk; McLean; Nealey; Peery; Pruitt; Rust; H. Sommers; Vance; Wang; and Wineberry.

**Staff:** Maureen Morris (786-7152).

**Background:** Federal legislation guarantees employees and dependents with health insurance coverage through employers, the right to continue that coverage at their own expense. This "continuation" coverage typically occurs after a resignation, layoff, or divorce would otherwise end the health benefit. Continuation coverage may last up to 18 months.

In 1989 the Legislature established a program to pay health insurance "continuation" premiums for individuals with Class IV HIV infection. The program is targeted at low-income individuals. Prior to the program, many individuals were compelled to exhaust their remaining assets in order to use the DSHS Medical Assistance Program.

The statute prohibits payments for anyone entering the program after June 30, 1991. Individuals in the program on that date may continue in the program.

By December 31, 1990, 331 individuals had used the AIDS insurance continuation program. The average monthly premium payment during Fiscal Year 1990 was \$142.

Savings of \$946,000 General Fund-State and \$2,467,000 General Fund-Federal are assumed in the governor's proposed 1991-93 budget, dependent on the passage of this legislation. These savings result from decreased demand for Medicaid coverage.

**Summary of Bill:** The statutory restriction on new admissions to the Class IV HIV insurance program is removed.

**Fiscal Note:** Available.

**Testimony For:** This program has been recognized nationally as an innovative, humanitarian model. The State saves scarce health care funds. The program allows patients to take advantage of their rights under federal law. It eliminates the need for individuals to impoverish themselves to qualify for Medicaid.

**Testimony Against:** This legislation unfairly shifts costs from the State to employers and insurers. When Congress created the right to continuation insurance, it did not envision this kind of cost shift. The 2 percent rate surcharge on continuation premiums is not adequate to cover the cost.

**Witnesses:** Mel Sorensen, Washington Physicians Service and Blue Cross of Washington and Alaska (against); Carol Washburn, Department of Health (for); and Les James, Department of Social and Health Services (for).