

HOUSE BILL REPORT

HB 2782

*As Reported By House Committee on:
Financial Institutions & Insurance*

Title: An act relating to health maintenance organizations.

Brief Description: Including coinsurance in health maintenance organizations provisions.

Sponsor(s): Representatives Zellinsky, R. Johnson, Mielke, Winsley, Anderson, Paris, Wineberry, D. Sommers and Wood.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, January 31, 1992, DP.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *Do pass.* Signed by 11 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; Paris; Schmidt; and Winsley.

Staff: John Conniff (786-7119).

Background: In 1990, the Legislature substantially amended the Health Maintenance Organization (HMO) Act. The changes were primarily designed to improve regulation of the solvency of HMOs and to provide a mechanism for addressing the claims and needs of subscribers holding agreements with a defunct HMO. Part of the legislation defined "copayment" and "deductible" for purposes of describing the type of coverage a subscriber of a defunct HMO was entitled to obtain from another solvent HMO. No definition of coinsurance was included in the legislation. A coinsurance provision requires a subscriber to share a percentage portion of the cost of a particular health care service as distinguished from a deductible or copayment provision which requires the subscriber's payment of a specific dollar amount of the cost of a health care service. Without a definition of coinsurance, HMO agreements cannot contain coinsurance provisions as most agreements now provide.

Summary of Bill: HMO agreements may contain coinsurance provisions requiring subscribers to share a percentage portion of the costs of a specific health care service.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The definition of coinsurance corrects an unintentional oversight in the drafting of the changes to the HMO Act in 1990.

Testimony Against: None.

Witnesses: (Pro) Kenneth F. Bertrand, Group Health Cooperative; and J. Scott Jarvis, Insurance Commissioner's Office.