

SENATE BILL REPORT

SHB 2817

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 2, 1992

Brief Description: Enacting the small employer health insurer availability act.

SPONSORS: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Zellinsky, Bowman, Dellwo, Broback, R. Johnson, Paris, Dorn, Schmidt, R. Meyers, Winsley, Ballard, Beck, Ludwig, Brough, Vance, Wynne, Carlson, Miller, Forner, Tate, Hochstatter, Van Luven, Wood, May, Fuhrman, Mitchell, Brumsickle and Ferguson)

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; McCaslin, Moore, Rasmussen, Sellar, Vognild, and West.

Staff: Tom Fender (786-7414)

Hearing Dates: February 27, 1992; February 28, 1992

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended by Committee on Financial Institutions & Insurance.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bluechel, Cantu, Hayner, Matson, Metcalf, Newhouse, Saling, L. Smith, and West.

Staff: Steve Jones (786-7715)

Hearing Dates: March 2, 1992

BACKGROUND:

Statistical information indicates that small employers are least apt to provide health insurance for their employees. Underwriting considerations, cost and product availability have been major deterrents in this marketplace.

In 1991, a "basic coverage" provision was added to existing law to create an incentive for employers with fewer than 25 employees. This change in the law allowed, on a permissive basis, an insurance carrier to provide to small groups basic coverage for group disability and health services.

This law established a second tier of reduced benefit health insurance by dealing with the mandated benefits provisions of existing law. Issues of high risk employees and groups, a standard definition of basic health, risk pooling, rating methods and guaranteed renewal were not addressed.

SUMMARY:

The Insurance Commissioner must study ways to improve small employer access to health insurance and report back to the Legislature by January 1, 1993.

Appropriation: none

Revenue: none

Fiscal Note: available

SUMMARY OF PROPOSED SENATE AMENDMENT:

Employers with three to 49 employees shall be guaranteed access to private health insurance regardless of employees' and dependents' health status or past experience. A uniform rating system, guaranteed renewal. A definition of basic and standard plans as well as target quota allocation formulas shall be developed by board structure.

TESTIMONY FOR (Financial Institutions & Insurance):

Small employer needs must be met with a formularized approach that shares high risk groups and subscribers. Existing groups need protection from rate compression while introducing quasicommunity rating systems. Basic and standard health plans are required with optional services. This plan embraces mutual sacrifice to reach its goal.

TESTIMONY AGAINST (Financial Institutions & Insurance): None

TESTIFIED (Financial Institutions & Insurance): PRO WITH AMENDMENT: Jan Gee, Washington Retail Association; Mel Sorensen, Washington Physicians Service/Blue Cross; Tom Revis, Group Health; Bruce Bishop, Kaiser Permanente; Gary Smith, Independent Business Association; Clif Finch, AWB; Basil Badley, HIAA

TESTIMONY FOR (Ways & Means):

The legislation will greatly improve access to health insurance for small businesses.

TESTIMONY AGAINST (Ways & Means): None

TESTIFIED (Ways & Means): Gary Smith, Independent Business Association; Clif Finch, Association of Washington Business; Ken Bertrand, Group Health Cooperative