

HOUSE BILL REPORT

HB 1372

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to rural health care.

Brief Description: Repealing rural health care statutes.

Sponsors: Representatives L. Thomas, Wolfe, Kessler, Dyer and Jacobsen; by request of Insurance Commissioner.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/2/95, 3/1/95 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benton; Campbell; Costa; Dellwo; Dyer; Huff; Kessler; Mielke; Ogden and Pelesky.

Staff: Charlie Gavigan (786-7340).

Background: In 1990, the Legislature enacted provisions to improve the availability of affordable health care in rural communities. Part of the 1990 legislation defined Rural Health Care Service Arrangements (RHCSA) and permitted existing RHCSAs to continue operation if they met certain requirements. These requirements included: (1) informing the Office of the Insurance Commissioner (OIC) of the intent to apply for approval to operate as a health care service contractor or merge with a contractor, health maintenance organization, or disability insurer; (2) submitting an application; (3) depositing reserves of \$150,000 with the OIC; and (4) complying with all OIC requirements. RHCSAs are required to comply with all the pertinent health insurance laws.

A RHCSA is an arrangement that is established to provide health services in rural communities but is not an authorized health carrier.

Summary of Substitute Bill: Provisions authorizing RHCSAs are repealed. The Department of Health must conduct a study of rural health care and report to the Legislature by December 1, 1995. The study is to focus on the effect of market changes and managed competition on rural health care, and what, if anything, the state should do to promote affordable and available health care in rural areas. A rural study committee is created to advise the department regarding the study. The study and advisory committee expire July 1, 1996.

Substitute Bill Compared to Original Bill: The substitute bill adds the study of rural health care.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The current law is no longer necessary; other provisions enacted since this law was passed address this area.

Testimony Against: Further study is necessary before repealing these provisions. The impact of managed health care and health care reform may make modifying the existing laws more appropriate than repealing them.

Testified: Vern Gibbs, Office of Rural Health (con); Greg Vigdor, Washington State Hospital Association (con); Mary Clogston and John Woodall, Office of the Insurance Commissioner (pro).