

# HOUSE BILL REPORT

## 2SHB 1191

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### As Amended by the Senate

**Title:** An act relating to review of mandated health insurance benefits.

**Brief Description:** Providing for review of mandated health insurance benefits.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Backlund, Dyer, Skinner and Sherstad).

**Brief History:**

**Committee Activity:**

Health Care: 1/31/97, 2/11/97 [DPS];

Appropriations: 3/4/97, 3/6/97 [DP2S(w/o sub HC)].

**Floor Activity:**

Passed House: 3/14/97, 95-0.

Senate Amended.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Skinner, Vice Chairman; Cody, Ranking Minority Member; Murray, Assistant Ranking Minority Member; Anderson; Parlette; Sherstad; Wood and Zellinsky.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Conway.

**Staff:** Bill Hagens (786-7131).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care. Signed by 27 members: Representatives Huff, Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Dyer; Grant; Keiser;

Kenney; Kessler; Linville; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sheldon; Sheahan and Talcott.

**Staff:** Beth Redfield, (786-7130).

**Background:** Mandated benefits [MBs] (the requirement by law that health carriers cover or offer to cover a specific health care service or reimburse specific types health care providers) are a development of the past 30 years. They were adopted after full benefits packages, including doctors, hospitals, drugs, etc., became common insurance products (primarily as a result of collective bargaining). Thus, counter to popular belief, mandated benefits do not represent a core benefits package, but rather a peripheral set of specific services and providers that have enjoyed the support of consumers and provider interest groups. Presently, Washington has 17 mandated benefit laws. Ten of those laws affect group coverage, while seven affect both individual and group insurance products.

Research on MBs has been controversial and inconclusive. Findings addressing impact on enrollee health status has been spotty.

In 1984, an MB review statute was adopted in Washington [RCW 48.42.060, 070, and 080]. Although this act may have had a sentinel effect against unnecessary MBs, such as discouraging inappropriate proposals, it has never been used as written. Further, since its adoption, 11 of the 17 mandates have been enacted into law. The current process does not include a precise definition of mandated benefits and sets forth a clear time line for review. The American Legislative Exchange Council has prepared a model act under which proposed mandated benefits could be reviewed. This measure is based on that model.

**Summary of Bill:** A mandated benefit is defined as coverage or offerings required by law to be provided by a health carrier to cover a specific health care service or condition, or to contract, pay, or reimburse specific categories of health care providers for specific services. The Medical Assistance Program, Basic Health Plan, Public employee coverage, and scope of practice issues are excluded.

Mandated Health Insurance Benefits Process: Persons or organizations seeking to establish a mandated benefit must, at least 90 days prior to a regular legislative session, submit a mandated benefit proposal to the appropriate committees of the Legislature, which assesses the proposed benefit against criteria for the social impact, the financial impact, and evidence of health care service efficacy.

If such a request is made, the DOH must report to the Legislature on the appropriateness of adoption no later than 30 days prior to the legislative session during which the proposal is to be considered.

The DOH may modify these criteria to reflect new relevant information and may seek appropriate advice from interested parties.

The Health Care Authority must review the proposal for reasonableness and accuracy.

**EFFECT OF SENATE AMENDMENT(S):** The Senate amendment removes the null and void clause.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date** Ninety days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

**Testimony For:** (Health Care) Mandated benefits are costly with unclear advantages to the beneficiaries. An explicit process is necessary to properly review them.

(Appropriations) The process for reviewing mandated health benefit proposals will ensure that if the Legislature passes a mandated benefit, it will be an informed decision.

**Testimony Against:** (Health Care) None (substitute).

(Appropriations) None.

**Testified:** ( Health Care) Diane Stollenwerk, Providence Health System and Peace Health; Ken Bertrand, Group Health (pro); Mel Sorensen, Washington Physicians Service; Rick Wickman, Blue Cross of Washington and Alaska (pro); Cliff Webster, Washington Association of Health Underwriters (pro); Frank Morrison, Washington Podiatric Medical Association; Jeff Larsen, Washington Osteopathic Medical Association and Washington Naturopathic Medical Association; Carl Nelson, Washington State Medical Association (pro); and Maria Gardipee, Department of Health.

(Appropriations) Representative Backlund, prime sponsor.