

HOUSE BILL REPORT

HB 1840

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to agents for health plans.

Brief Description: Requiring that persons who are appointed or authorized to solicit applications for enrollment in the Washington basic health plan comply with the insurance code.

Sponsors: Representatives Dyer and L. Thomas.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 3/3/97 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt and Wensman.

Minority Report: Do not pass. Signed by 2 members: Representatives Keiser and Sullivan.

Staff: Charlie Gavigan (786-7340).

Background: The Basic Health Plan (BHP) is a state-funded health insurance program that offers subsidized coverage for individuals whose incomes are below 200 percent of the federal poverty level. In addition, unsubsidized enrollment is available for any individual, family or group in the state. The BHP offers coverage for hospital, outpatient and related health services with no deductible and modest co-payments. The BHP is administered by the Health Care Authority (HCA), which contracts with privately owned and operated managed care health plans.

An agent is a person authorized by an insurance company or health plan to represent the company or plan, primarily in the solicitation of applications. Agents are regulated by the Office of the Insurance Commissioner (OIC) and must comply with

statutory requirements and OIC rules. For instance, agents must be licensed and meet continuing education requirements.

The BHP and managed care plans participating in the BHP do not have to comply with most of the insurance code, including not having to comply with provisions regarding agents.

In 1995, an expedited process was authorized for agents and brokers to facilitate applications for the BHP and medical assistance programs.

Summary of Substitute Bill: Persons authorized to solicit applications for the BHP, including employees of the HCA, must comply with the provisions in the insurance code regarding agents. The HCA may adopt processes and requirements for agents and brokers to follow in expediting applications for the BHP or medical assistance coverage through the Department of Social and Health Services (DSHS), and may develop standards to revoke the appointments of agents and brokers for unacceptable conduct.

Substitute Bill Compared to Original Bill: The substitute bill adds provisions allowing the HCA to adopt processes and requirements for agents and brokers to follow in expediting applications for the BHP or medical assistance coverage through DSHS, and to revoke the appointment of an agent or broker for not following acceptable standards.

Appropriation: None.

Fiscal Note: Requested on March 3, 1997.

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

Testimony For: Anyone who does the same thing an insurance agent does when dealing with the public should be licensed as an insurance agent, including those persons offering the BHP.

Testimony Against: None.

Testified: Spencer Lehmann and Hugh Hendrickson, Washington Association of Health Underwriters (supports); John Rathbun, Washington State Association of Life Underwriters (supports); and Dennis Martin, Health Care Authority.