

HOUSE BILL REPORT

HB 2248

As Reported By House Committee On:
Appropriations

Title: An act relating to basic health plan agents' and brokers' commissions.

Brief Description: Eliminating basic health plan agents' and brokers' commissions.

Sponsors: Representatives Huff and Cody; by request of Health Care Authority.

Brief History:

Committee Activity:

Appropriations: 3/25/97, 4/2/97 [DPS].

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 31 members: Representatives Huff, Chairman; Alexander, Vice 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; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Beth Redfield (786-7130).

Background: During the 1993-95 biennium, Basic Health Plan (BHP) enrollments lagged behind projections. In 1995, a number of changes were made to the BHP in an effort to boost enrollments. Among these changes, Chapter 265, Laws of 1995, created an entitlement for health insurance agents and brokers to receive a commission for individual or group enrollments in the BHP. Commissions are paid when a person actually enrolls, not when they sign up for the waiting list, and commissions are not paid for renewals.

The 1995-97 Operating Budget provided sufficient funding for 100,000 individual enrollees and 100,000 employer-sponsored enrollees. Total enrollments in the BHP are currently lidded at 130,000. The lower enrollment figure is due to difficulties in reaching the targeted number of employer-sponsored enrollments and the higher cost

of individual enrollees. Approximately 4,000 new enrollees are able to join the BHP each month because of turnover.

Summary of Substitute Bill: The Health Care Authority may pay brokers and agents a commission for enrolling a person in the Basic Health Plan if funding is provided by specific appropriation. The administrator of the Health Care Authority may establish minimum educational requirements for agents or brokers, an appointment process for agents or brokers marketing the Basic Health Plan, and standards for revoking those appointments.

Substitute Bill Compared to Original Bill: In the original bill, brokers and agents commissions for enrolling persons in the Basic Health Plan were eliminated with no provisions for re-establishing the program in the future.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill is necessary to implement a reduction made in the House budget; the Health Care Authority would need additional appropriations if the bill is not passed.

Testimony Against: It is important to use agents and brokers to promote the Basic Health Plan; they help enrollees to sort out differences among plan options.

Testified: Gary Christenson, Health Care Authority (pro); and Nancee Wildermuth, Washington Association of Health Underwriters (con).