

SENATE BILL REPORT

2SHB 1191

As Reported By Senate Committee On:
Health & Long-Term Care, March 27, 1997
Ways & Means, April 4, 1997

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

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

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

Brief History:

Committee Activity: Health & Long-Term Care: 3/25/97, 3/27/97 [DP-WM, DNP].
Ways & Means: 4/4/97 [DPA, DNPA].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Deccio, Chair; Wood, Vice Chair; Benton and Strannigan.

Minority Report: Do not pass.
Signed by Senator Fairley.

Staff: Don Sloma (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.
Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Hochstatter, Long, McDonald, Rossi, Schow, Swecker, Winsley and Zarelli.

Minority Report: Do not pass as amended.
Signed by Senators Brown, Fraser, Kohl, Loveland, Spanel and Thibaudeau.

Staff: Tim Yowell (786-7435)

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, nor does it set 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 Amended 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 proposal is made, the chair of a committee may request that DOH examine the proposal. If this request is made at least nine months prior to a subsequent regular legislative session, 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.

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.

Amended Bill Compared to Substitute Bill: The null and void– clause is removed. The bill can therefore take effect without being specifically referenced in the budget.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For (Health & Long-Term Care): A comprehensive objective process is needed to evaluate the cost and benefit of these proposals. This bill will provide that.

Testimony Against (Health & Long-Term Care): None.

Testified (Health & Long-Term Care): Steve Boruchowitz, DOH; PRO: Jim Halstrom, Health Care Purchasers Association; Ken Bertrand, Group Health; Rick Wickman, Blue Cross; Diane Stollenwerk, Providence Health System, PeaceHealth.

Testimony For (Ways & Means): Mandated benefits increase the costs of health care for everyone, but can have important benefits. It is important for the Legislature to have an outside, objective analysis of the costs and benefits.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Representative Backlund, original prime sponsor; Lincoln Ferris, Services Group of America (pro).