

# SENATE BILL REPORT

## ESHB 1840

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As Reported By Senate Committee On:  
Health & Long-Term Care, April 1, 1997

**Title:** An act relating to agents for health plans.

**Brief Description:** Regulating the Washington basic health plan.

**Sponsors:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dyer and L. Thomas).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 4/1/97 [DP].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass.

Signed by Senators Deccio, Chair; Wood, Vice Chair; Benton, Fairley, Franklin, Strannigan and Wojahn.

**Staff:** Jonathan Seib (786-7427)

**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. BHP offers coverage for hospital, outpatient and related health services with no deductible and modest co-payments. 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.

BHP and managed care plans participating in 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 BHP and medical assistance programs.

Brokers and agents are entitled to receive a commission for each individual sale of the Basic Health Plan to anyone not at anytime previously signed up.

**Summary of Bill:** Persons authorized to solicit applications for BHP, including employees of HCA, must comply with the provisions in the insurance code regarding agents. Soliciting applications does not include distributing information and applications for the Basic Health Plan and responding to questions.

HCA may adopt processes and requirements for agents and brokers to follow in expediting applications for BHP or medical assistance coverage through the Department of Social and Health Services, and may develop standards to revoke the appointments of agents and brokers for unacceptable conduct.

Brokers and agents are entitled to receive a commission for each individual sale of the Basic Health Plan to anyone not signed up within the previous five years.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This is a bill that promotes consumer rights by requiring those employees of the Health Care Authority who deal directly with the public in the solicitation of applications for health insurance to be regulated as insurance agents. All consumers who purchase health insurance, including those who purchase from the state, should have the benefit of informed counsel regardless of the person who facilitates the purchase. The BHP in some regards is more complicated than other insurance plans, and those that solicit applications for it should have the background and training required of agents.

**Testimony Against:** None.

**Testified:** Dennis Martin, Health Care Authority; PRO: Representative Dyer, Prime Sponsor; Hugh Hendrickson, Nancee Wildermuth, Washington Association of Health Underwriters; John Rathburn, Washington State Association of Life Underwriters; Andy Davidson, Washington State Hospital Association.