

HOUSE BILL REPORT

HB 2014

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to insurance coverage for injuries sustained because of alcohol or narcotic use.

Brief Description: Preventing denial of insurance coverage for injuries caused by narcotic or alcohol use.

Sponsors: Representatives Flannigan, Delvin, Kirby, Moeller, Lovick, Lantz, Simpson, G., Shabro, Edwards and Kagi.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/16/04, 1/21/04 [DP].

Brief Summary of Bill

- Prohibits health insurers from denying coverage for the treatment of an injury solely because the injury resulted from the use of alcohol or narcotics.
- Repeals the law allowing disability insurers to deny coverage.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 8 members: Representatives Schual-Berke, Chair; Simpson, G., Vice Chair; Benson, Ranking Minority Member; Cairnes, Cooper, Hatfield, Santos and Simpson, D..

Minority Report: Do not pass. Signed by 3 members: Representatives Newhouse, Assistant Ranking Minority Member; Carrell and Roach.

Staff: Carrie Tellefson (786-7127).

Background:

Disability Insurance:

The Insurance Commissioner is responsible for licensing and regulating insurance companies, including health carriers, in the state of Washington. Health carriers include

disability insurers, health care service contractors, or health maintenance organizations. Disability insurers may offer health coverage to individuals or groups, which is typically a "fee for service" type of health coverage.

Treatment for Traumatic Injuries:

Individuals involved in traumatic accidents are transported to hospital emergency rooms where they are admitted and screened to determine a course of treatment for their injuries. Payment for care may be coordinated with the responsible insurer or health carrier.

During the initial screening, emergency room personnel may determine if a patient is under the influence of narcotics or alcohol and may provide treatment. According to a 2000 study by the National Highway Traffic Safety Administration, between 25 and 40 percent of trauma patients also experience chronic alcoholism. In addition, the study provides the following:

- Alcoholism results in repeated episodes of trauma, drunk driving, and alcohol related crashes.
- Trauma patients with alcohol problems are more than twice as likely to be readmitted with injuries in the two years following their initial injury than patients without alcoholism.
- Brief interventions are effective in decreasing problem drinking and lowering subsequent health care use.

A disability insurer may deny payment for the treatment of injuries resulting from alcohol or narcotics use, unless the alcohol or narcotics were administered under the advice of a physician. There are no statutory provisions with respect to other types of health insurance.

Summary of Bill:

All health carriers are explicitly prohibited from denying coverage for the treatment of an injury solely because the injury resulted from the use of alcohol or narcotics.

The law allowing individual disability insurers to deny payment for the treatment of injuries resulting from the use of alcohol or narcotics is repealed.

The provisions of the bill apply to all contracts issued or renewed on or after the effective date of the bill.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill repeals an outdated law that acts as a disincentive for emergency room (ER) personnel to conduct drug and/or alcohol screening tests on admitted patients. ER physicians have been hesitant to test for drug or alcohol use because they were afraid it would result in an insurance company denying payment for the underlying injuries. This philosophy begins in medical school where residents are taught this concern and carries into hospital policies. Approximately 50 percent of ER patients are under the influence of alcohol. If you add drugs to this factor, the percentage is closer to 70 percent. Care has improved greatly in ERs so that the only people who die are ones that are fatally injured. The challenge now is to expand the responsibility of ER staff to trying to prevent injuries. Studies have shown that brief interventions in the ER for people with alcohol or drug problems are highly effective and reduce recidivism rates by close to 50 percent. In addition, there is close to 50 percent reduction in hospital re-admissions and a savings of between \$20,000 and \$30,000 per injury. There are also savings in societal costs, such as criminal justice, employment, and loss of life if the addiction is not treated. The National Association of Insurance Commissioners, who originally promulgated a model law in 1947 that was passed by several states, has now repealed this law. The National Conference on Insurance Legislators also recommends repeal of these laws.

Testimony Against: None.

Persons Testifying: Representative Flannigan, prime sponsor; Priscilla Zlisicich, Governor's Council on Substance Abuse; Larry Gentilello, American Association of the Surgery of Trauma; Richard Ries, MD, Director of Psychiatric Services, Harborview; Eileen Bulger, Trauma Committee, American College of Surgeons; Doug Allen, Division of Alcohol and Substance Abuse; Steve Lind, Washington Traffic Safety Commission; and Francine Terrell.

Persons Signed In To Testify But Not Testifying: Karen Minshan, MADD.