

# HOUSE BILL REPORT

## HB 2354

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### As Reported by House Committee On:

Health Care

**Title:** An act relating to rates for a medicare supplement insurance policy.

**Brief Description:** Allowing for a discount on medicare supplement insurance policies when premiums are deposited automatically.

**Sponsors:** Representatives Kristiansen, McMahan, Newhouse, Roach, McDonald, Sullivan, Ahern, Simpson, G., Pearson, Morrell, Bailey and Benson.

### Brief History:

#### Committee Activity:

Health Care: 1/20/04, 1/22/04 [DPS].

#### Brief Summary of Substitute Bill

- Allows for a discount on medicare supplement policies based on method and frequency of payment, including automatic deposit.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Cody, Chair; Morrell, Vice Chair; Bailey, Ranking Minority Member; Alexander, Benson, Campbell, Clibborn, Darneille, Edwards, Moeller, Rodne, Schual-Berke and Skinner.

**Staff:** Dave Knutson (786-7146).

### Background:

Health carriers that sell Medicare supplement insurance policies have given consumers premium rate discounts based on automatic deposit of premiums. The Office of the Insurance Commissioner recently informed health carriers that they must stop this practice because it violates a statute that requires all premiums for Medicare supplement insurance policies to be equal for all policy holders.

**Summary of Substitute Bill:**

Health carriers that issue Medicare supplement insurance policies are authorized to provide premium rate discounts based on method and frequency of payment, including automatic deposit of premiums.

**Substitute Bill Compared to Original Bill:**

Discounts may also be provided based on method and frequency of payment.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** It has been an industry practice to provide discounts for automatic deposit of premiums. The Insurance Commissioner's Office has informed carriers this practice violated a statute that requires all Medicare supplement policy premiums to be uniform. This change will allow senior citizens to save a little money on their health insurance.

**Testimony Against:** None.

**Persons Testifying:** (In support) Representative Kristiansen, prime sponsor; Charlotte and Willis Faust; and Janis LaFrash, Office of the Insurance Commissioner.

**Persons Signed In To Testify But Not Testifying:** None.