
Health Care Committee

HB 2015

Brief Description: Providing for greater access to health insurance for small employers and their employees.

Sponsors: Representatives Kessler, Cody, Grant, Kenney, Ruderman, Edwards and Santos.

Brief Summary of Bill

- Various statutory requirements relating to health care coverage purchased by small employers are modified or eliminated.

Hearing Date: 2/26/03

Staff: Dave Knutson (786-7146).

Background:

Most health insurance available in the private market is provided through the group market. Within that group market, Washington law distinguishes between plans provided to "small groups," defined to include those employing between one and 50 people, and "large groups" which includes those employing more than 50. A separate set of standards also applies to the individual market, where those not provided coverage by their employer can get their health insurance.

There are several statutory mandated benefits that require health plans sold in the state, including in the small group market, to cover particular conditions and reimburse for services provided by identified types of providers. Plans offered to groups of up to 25 are exempt from many of these mandates.

The law further requires carriers in the small group market to offer a plan with benefits identical to those provided in the state's Basic Health Plan, and also exempts such plans from the various benefit mandates.

All plans subject to state regulation, without exception, are required to cover every category of provider. This means for any treatment sought, enrollees must be given the option of receiving that treatment from any type of provider, as long as the condition is covered by the plan, the treatment is appropriate for the condition, and the provider is acting within his or

her scope of practice.

The premiums charged for small group plans are also governed by state law. In general, plans must be community rated, with rate variations allowed based only on geographic area, family size, age and wellness activities. Variations for age and wellness must be within a specified range.

Current law also requires that carriers accept for enrollment any person within a group, large or small, to whom a plan is offered. This is known as guaranteed issue. Carriers are also required to guarantee continuity of coverage, meaning that, with some exceptions, they may not cancel or fail to renew a group plan unless it is replaced with a similar product or they are completely withdrawing from a service area.

There is concern that insurance in the small group market is becoming increasingly unaffordable, prompting employers to shift more of the costs to their employees, or drop coverage altogether, forcing employees to seek coverage through publicly funded programs.

Summary of Bill:

The requirement that carriers offer to small employers a benefit plan identical to the Basic Health Plan is replaced with a requirement that carriers offer a plan featuring a limited schedule of covered health care services. The exact services to be offered are not specified.

The exemption from existing mandates is made applicable to plans offered to any small employer, not just those employing up to 25 employees.

The restrictions on how much rates may vary based on wellness activities is eliminated. The permitted rates for any age group cannot be more than 500 percent of the lowest rate for all age group.

If a health carrier discontinues a health plan, they must offer the option to enroll in any other small employer health plan currently offered by the carrier. After January, 2004, if a health carrier offers a "bare bones" plan, they must also offer three other small group plans of their choosing.

The Health Care Authority and the Department of Social and Health Services will design pilot projects with regional health care access efforts.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except for section 4, relating to group health benefit plans, which takes effect January 1, 2004.