

# HOUSE BILL REPORT

## E2SHB 2572

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### As Amended by the Senate

**Title:** An act relating to establishment of the small employer health insurance partnership program.

**Brief Description:** Establishing the small employer health insurance partnership program.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Morrell, Clibborn, Green, Flannigan, Eickmeyer, Conway, Dickerson, Blake, Cody, Wallace, Roberts, Appleton, Hasegawa, McCoy, Linville, Simpson, Chase, Darneille, O'Brien, Murray, B. Sullivan, Ormsby, Springer, Moeller and Kagi).

#### **Brief History:**

##### **Committee Activity:**

Health Care: 1/17/06, 1/27/06 [DPS];

Appropriations: 2/3/06, 2/4/06 [DP2S(w/o sub HC)].

##### **Floor Activity:**

Passed House: 2/8/06, 57-41.

Senate Amended.

Passed Senate: 3/1/06, 42-5.

#### **Brief Summary of Engrossed Second Substitute Bill**

- Establishes a premium assistance program for small business through the Health Care Authority.

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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 9 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Lantz, Moeller and Schual-Berke.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Hinkle, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Bailey, Condotta and Skinner.

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

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care. Signed by 17 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia, Schual-Berke and P. Sullivan.

**Minority Report:** Do not pass. Signed by 13 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Chandler, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

**Staff:** David Pringle (786-7310).

**Background:**

Recent rapid increases in the cost of health care have made it difficult for small employers to afford to provide coverage for their employees health care coverage. The percentage of small employers providing health care coverage for their employees has declined over the past several years. The Health Care Authority provides subsidized health coverage for low-income individuals who meet income eligibility standards through the Basic Health Plan.

**Summary of Engrossed Second Substitute Bill:**

A small employer health insurance partnership program is established in the Health Care Authority. It will provide premium subsidies to eligible employees who are employed by an employer who offers health coverage that has an actuarial value equivalent to that of the Basic Health Plan benefit, and the small employer will pay at least 40 percent of the monthly premium cost for their employee.

The Department of Social and Health Services is directed to submit a request to the federal Department of Health and Human Services for a state Children's Health Insurance Program section 1115 demonstration waiver to seek authorization to draw down Washington's unspent state Children's Health Insurance Program allotment to finance Basic Health Plan coverage for parents of children enrolled in Medicaid or the state Children's Health Insurance Program. Authority is also sought to use the state savings to finance an expansion of the Basic Health Plan or subsidies under the small employer health insurance partnership program.

**EFFECT OF SENATE AMENDMENT(S):**

Health plans which qualify for a subsidy do not need to be certified by the Insurance Commissioner as substantially equivalent to the Basic Health Plan. Health carriers may offer health plans with a limited set of benefits. Health plans that qualify as a health savings account do not need to be pooled with the medical experience of all groups purchasing coverage. Health savings accounts will be covered through the small employer health insurance partnership program. A business and occupation tax incentive is provided for small employers who provide employer sponsored health care coverage.

**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:** (Health Care) (In support) Small business needs help providing health coverage for their employees. Costs continue to escalate and more businesses are being forced to drop coverage.

(With concerns) Any solution should be offered through private health carriers.

**Testimony For:** (Appropriations) (With concerns) We like the idea of offering help through employers, rather than having a state program. It requires plans to be equivalent to the Basic Health Plan in value, however - why not make them meet the Insurance Commissioner's coverage requirements for employer plans instead? The 10,000 enrollments in the Basic Health Plan funded in the bill is probably an inefficient way to go - the money would go farther if made part of the employer cost-sharing program that is created in the bill.

**Testimony Against:** (Health Care) None.

**Testimony Against:** (Appropriations) None.

**Persons Testifying:** (Health Care) (In support) Len McComb, Community Health Network and Washington State Hospital Association; Sean Corry, Sprague, Israel, Giles, Inc.; James Eachus, EDP System Services, Inc.; Bill Daley, Washington Citizen Action; Dennis Martin, Health Care Authority; Carolyn Logue, National Federation of Independent Business; and Gary Smith, Independent Business Association.

(With concerns) Mellani McAleenan, Association of Washington Business; and Mel Sorensen, America's Health Insurance Plans and Washington Association of Health Underwriters.

**Persons Testifying:** (Appropriations) (With concerns) Lisa Thatcher, Washington State Hospital Association; and Carolyn Logue, National Federation of Independent Businesses.

**Persons Signed In To Testify But Not Testifying:** (Health Care) None.

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