

# HOUSE BILL REPORT

## HB 2615

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**As Reported by House Committee On:**  
Financial Institutions & Insurance

**Title:** An act relating to exempting certain private air ambulance services from licensing under the insurance code.

**Brief Description:** Exempting certain private air ambulance services from licensing under the insurance code.

**Sponsors:** Representatives Quall, Morris and Clibborn; by request of Insurance Commissioner.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 1/24/06 [DP].

**Brief Summary of Bill**

- Exempts qualified air ambulances services that sell member subscriptions from the Insurance Code.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 11 members: Representatives Kirby, Chair; Ericks, Vice Chair; Roach, Ranking Minority Member; Tom, Assistant Ranking Minority Member; Newhouse, O'Brien, Santos, Serben, Simpson, Strow and Williams.

**Staff:** Jon Hedegard (786-7127).

**Background:**

The Insurance Code, Title 48 RCW, governs all insurance and insurance transactions in this state or affecting subjects located within this state. "Insurance" is defined as "a contract whereby one undertakes to indemnify another or pay a specified amount upon determinable contingencies."

Among other duties for insurers, the Insurance Code requires:

- minimum reserves to ensure solvency;
- licensing of agents and brokers;
- registration with the Office of the Insurance Commissioner (OIC); and
- the filing of forms and rates with the OIC.

Legislation passed in 2005 (ESSB 5736) required the OIC to provide a feasibility study to the Legislature regarding subscription air ambulance services. In the course of the evaluation, the OIC was required to:

- consult with public and private entities which offer, provide, and purchase subscription air ambulance service;
- assess the needs of potential providers, including the costs involved in providing service to island and rural areas and the burdens imposed by OIC reporting and solvency requirements;
- determine the implications of subscription air ambulance service on consumer protection issues; and
- perform a comparison with other states in which subscription air ambulance services operate.

The Department of Health (DOH) licenses ambulance services. Licenses are valid for two years and are renewed on request provided that the holder has consistently complied with the applicable state regulations and has met the needs of the area satisfactorily. Licenses are not transferable and may be revoked by the DOH.

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**Summary of Bill:**

Private air ambulance services that solicit and accept membership subscriptions, charge fees and provide services are not insurers under the Insurance Code if the service:

- meets licensure requirements;
- attains and maintains accreditation by the Commission on Accreditation of Medical Transport Services or another accreditation organization approved by the DOH;
- has operated in Washington for a minimum of two years; and
- submits evidence of compliance with these provisions to the OIC.

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**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 affects constituents in my district. The San Juan Islands used to have subscription air ambulance service. That service was lost. The Senate bill last year required a study. The issues surrounding this issue have been worked on. People in rural and remote areas need to be able to purchase this type of product. Without it, they may not be able to afford air ambulance services. This bill means a lot to many people throughout Washington. It allows them to access air ambulance services at a reasonable cost. Engrossed Substitute Senate Bill 5736 required a study. After review, the Office of the Insurance Commissioner decided that a bill that allowed for these services was appropriate if it included

certain specific consumer protections. The San Juan County Council believes that this is one of the most important bills to that area this session. Everyone who worked on this issue should be thanked.

**Testimony Against:** None.

**Persons Testifying:** Representative Quall, prime sponsor; Vicki Kirkpatrick, Washington State Association of Counties; Mary Clogston and Chris Carlson, Office of the Insurance Commissioner;.

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