

SENATE BILL REPORT

HB 1690

As Reported By Senate Committee On:
Ways & Means, March 23, 2005

Title: An act relating to the applicability of certain taxes and assessments to state funded health care services.

Brief Description: Regarding the applicability of certain taxes and assessments to state funded health care services.

Sponsors: Representatives Cody and Moeller.

Brief History: Passed House: 3/11/05, 93-0.

Committee Activity: Ways & Means: 3/22/05, 3/23/05 [DPA, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Brandland, Fairley, Hewitt, Pflug, Pridemore, Regala, Roach, Rockefeller and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; and Parlette.

Staff: Carole Holland (786-7441)

Background: Each year health maintenance organizations and health services contractors are required to pay two percent of all premiums and prepayments for health care services to the Office of the Insurance Commissioner. The funds collected are deposited in the Health Services Account. The Health Services Account is an appropriated account that may be used for: increasing health services access for low-income residents; maintaining and expanding the public health system; improving the capacity of the health care system; containing health care costs; and regulating, planning, and administering the health care system.

The Washington State Health Insurance Pool (WSHIP) was established in statute to provide coverage to persons who are denied health insurance based upon their health status. Enrollees' premiums are capped and losses in the pool are made up through an assessment charged to all health carriers in the state.

The Department of Social and Health Services is establishing health care pilot projects to reduce the rate of growth in Medical Assistance programs for the elderly and persons with disabilities and improve the health status of these clients. The rates for the managed care pilots were based on fee-for-service equivalent costs and do not include these additional costs assessed to the plans. Services to General Assistance-Unemployable clients is fully funded with state funds.

Summary of Amended Bill: Health plans that provide health services under the General Assistance Unemployable (GA-U) program, or health services under a demonstration or pilot Medicaid program for elderly or disabled persons, are exempted from the two percent tax on prepayments and from assessments for the Washington State Health Insurance Pool.

Amended Bill Compared to Original Bill: The exemption for the Medicaid and General Assistance managed care pilot or demonstration projects will end July 1, 2009.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will help the state control the costs of medical care by moving clients into managed care programs. The exemption from the prepayment tax and the high-risk insurance pool is needed by the providers in order to make the program work.

Testimony Against: None.

Who Testified: PRO: Roger Gantz, Department of Social and Health Services, Medical Assistance Administration; Cassandra Undlin, Evercare.