

SENATE BILL REPORT

ESHB 2540

As Reported By Senate Committee On:
Health & Long-Term Care, February 23, 2006

Title: An act relating to access to individual health insurance coverage.

Brief Description: Revising provisions addressing access to individual health insurance coverage.

Sponsors: House Committee on Health Care (originally sponsored by Representatives Schual-Berke and Morrell).

Brief History: Passed House: 2/14/06, 96-1.

Committee Activity: Health & Long-Term Care: 2/23/06 [DP].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Deccio, Ranking Minority Member; Benson, Brandland, Franklin, Kastama, Kline, Parlette and Poulsen.

Staff: Jonathan Seib (786-7427)

Background: Most people in Washington who receive their health insurance through the private market do so through their employer in what is referred to as the group market. However, those who do not get coverage through their employer may get insurance in the individual market. Approximately 310,000 state residents are currently enrolled in the individual market. There are also about 600,000 people without health insurance in the state for whom the individual market could potentially be a source of insurance. These numbers are increasing due in part to the decline in employer-based coverage.

The Washington State Health Insurance Pool (WSHIP) is a nonprofit entity created by the Legislature to provide health coverage to those denied coverage in the individual market. About 3,000 people are currently enrolled in WSHIP, many of whom have chronic health conditions. An enrollee may choose between a standard plan or a preferred provider organization plan, and from among several deductible levels under each of these. A Medicare plan is also available. Lifetime benefits in WSHIP are capped at one million dollars.

Current law requires individual health plans, other than catastrophic plans, to include at least a two-thousand dollar prescription drug benefit. Catastrophic plans are defined as those with a certain level of deductible and maximum out-of-pocket expense.

Summary of Bill: The lifetime cap for WSHIP enrollees is increased to two million dollars, and WSHIP benefits must be explicitly designed to identify pool enrollees with one or more chronic health conditions, and provide appropriate, cost effective care addressing their needs.

Each December, a person enrolled in a given WSHIP plan may switch from that plan to another plan with an equal or greater deductible. A person may switch to the Medicare plan when he or she enrolls in Medicare.

Current language providing immunity for actions related to operations of the board is broadened to, among other things, include pool employees and the Office of the Insurance Commissioner.

The minimum prescription drug benefit required in individual plans is increased to two-thousand five hundred dollars, to increase annually by one-hundred dollars. The amount of deductible and maximum out-of-pocket expenses required to qualify as a catastrophic plan are also increased, and indexed to medical inflation.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 1, 2007.

Testimony For: None.

Testimony Against: None.

Who Testified: No one.