

SENATE BILL REPORT

HB 2972

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

Title: An act relating to community rates for health benefit plans.

Brief Description: Determining community rates for health benefit plans.

Sponsors: Representatives Clibborn, Hinkle, Curtis, B. Sullivan, Cody, Moeller, P. Sullivan, Kenney, Kilmer and Jarrett.

Brief History: Passed House: 2/08/06, 98-0.

Committee Activity: Health & Long-Term Care: 2/22/06, 2/23/06 [DPA].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.

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

Staff: Jonathan Seib (786-7427)

Background: Under current Washington law, the premium paid by a person enrolled in an individual health insurance policy must be calculated using an adjusted community rating method. That is, the cost of covering all of a carrier's individual enrollees must be spread evenly across the enrollees, regardless of health status or service utilization. This community rate may be individually adjusted based only on geographic area, family size, age, tenure with the carrier, and participation in wellness activities. Variations based on age, tenure, or wellness activities are limited to a certain percentage difference.

Summary of Amended Bill: Premiums for health benefit plans for individuals who purchase the plan as a member of a purchasing pool: (1) consisting of 500 or more individuals affiliated with a particular industry; (2) to whom care management services are provided as a benefit of pool membership; and (3) which allows contributions from more than one employer to be used towards the purchase of an individual's health benefit plan must be calculated using the adjusted community rating method that spreads the cost across the entire purchasing pool of which the individual is a member.

Members of such purchasing pools will be rated separately from the remainder of a carrier's individual product population, but are otherwise subject to the same rating requirements and restrictions.

The Insurance Commissioner is required to request and receive a federal opinion as to the legality of the purchasing pools authorized under the act before any other actions under the act may be taken.

Amended Bill Compared to Original Bill: The amendment adds the requirement that the Insurance Commissioner request and receive a federal opinion as to the legality of the purchasing pools authorized under the act before any other actions under the act may be taken.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: The bill will allow multiple employers with part-time employees to pool their resources to provide health care coverage. It would allow an industry affiliated group to join together to lower health insurance costs. We should assure this model is considered legal by the U.S. Department of Labor before it is implemented. The bill would meet a need in the restaurant industry and is a great idea.

Testimony Against: The idea is intriguing, but should not be pursued absent assurance that it does not violate federal law.

Testimony Other: The underlying idea in the bill, to increase the number of part-time employees with health coverage, has a lot of merit. However, we have been unable to get answers to our questions about the bill, and would support the amendment.

Who Testified: PRO: Representative Clibborn, prime sponsor; Randy Ray, Dominion; Trent House, Washington Restaurant Association.

CON: Mary Clogston, Office of the Insurance Commissioner.

OTHER: Mellani McAleenan, Association of Washington Business.