

SENATE BILL REPORT

EHB 3310

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

Title: An act relating to health care coverage statutory requirements.

Brief Description: Reviewing existing health care coverage statutory requirements.

Sponsors: Representatives Bailey, Linville, Kessler, Morrell, Clibborn and Morris.

Brief History: Passed House: 2/14/06, 95-2.

Committee Activity: Health & Long-Term Care: 2/20/06, 2/23/06 [DPA, w/oRec].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Franklin, Kastama, Kline and Poulsen.

Minority Report: That it be referred without recommendation.

Signed by Senators Deccio, Ranking Minority Member; Benson, Brandland and Parlette.

Staff: Jonathan Seib (786-7427)

Background: Current state law does not require health insurance policies to cover dependent children, and sets only limited standards for those policies that do. Dependent coverage is generally determined by the individual insurance carrier, or negotiated with the purchaser. Typically, dependent coverage of a child runs until age 19, with those who remain full-time students often covered longer. At a national level, the number of uninsured persons age 18-24 is disproportionately high, and increasing.

As health care costs continue to rise, there is substantial disagreement regarding the extent to which statutory mandates in Washington are a contributing factor.

Summary of Amended Bill: If a health plan provides dependent coverage for an individual or group, it must give the individual or each member of the group the option of covering any unmarried dependent: (1) under the age of twenty-five; or (2) under the age of thirty and a veteran, regardless of whether the dependent is enrolled in school. This applies to disability insurance contracts, health care service contracts, and health maintenance organizations.

By December 1, 2006, the Insurance Commissioner must provide a report to the Legislature regarding health insurance mandates. The report must: (1) list all statutory and regulatory requirements on carriers doing business in Washington; (2) identify those that are not also requirements in at least 26 other states; (3) assess the extent to which those benefits not mandated in other states are nonetheless included in health plans due to market demand; and (4) compare the number of carriers and plans in Washington's small group market with the number of carriers and plans in the small group market in other states.

Amended Bill Compared to Original Bill: The original bill directed the Insurance Commissioner to contract for a two-part independent and impartial analysis of existing health care coverage statutory requirements. The striking amendment replaces this language with a more limited report directly from the Insurance Commissioner, and a requirement regarding dependent coverage.

Appropriation: None.

Fiscal Note: Available on Engrossed House Bill. Not available on striking amendment.

Committee/Commission/Task Force Created: No.

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

Testimony For: This bill has been a long-time coming, and is a good start. For a long time there has been great controversy around the insurance statutes in our state as to whether or not they cause us to have more expensive insurance premiums. This bill was drafted to help get answers to this question. Instead of anecdotes, we should be looking at the data and other information that this bill will provide. Other states have wrestled with this issue, and have done the sort of studies called for in this bill. We need to look at whether there are more cost-effective ways to provide the benefits currently mandated under state law.

Testimony Against: None.

Testimony Other: Mandates are a cost driver with regard to health insurance, particularly when taken as a whole. Mandates also take away the discretion that a doctor and patient have to choose an appropriate course of care. Providing more flexibility in the marketplace will improve options for consumers and attract more health carriers into the state. The Insurance Commissioner is not the appropriate entity to oversee phase two of the study, and it may not be necessary anyway. As for phase one, the language of the bill needs some additional work.

Who Testified: PRO: Representative Bailey, Prime Sponsor; Representative Linville; Len McComb, Washington State Hospital Association; Carolyn Logue, National Federation of Independent Business.

OTHER: Mary Clogston, Office of the Insurance Commissioner; Paul Guppy, Washington Policy Center.