

SENATE BILL REPORT

SB 5736

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, March 1, 2005

Title: An act relating to exempting certain private ambulance services from the insurance code

Brief Description: Exempting certain private ambulance services from the insurance code. [Revised for 1st Substitute: Allowing vendors to offer, sell, or provide subscription air ambulance services.]

Sponsors: Senator Spanel.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/15/05, 3/1/05[DPS, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5736 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Brandland, Delvin, Franklin, Keiser, Prentice, Schmidt and Spanel.

Minority Report: That it be referred without recommendation.

Signed by Senator Benson.

Staff: Joyce Ahlering (360-786-7486)

Background: The insurance code protects consumers and ensures financial solvency by requiring insurers and service providers to register annually with the Office of the Insurance Commissioner (OIC). As part of this registration process, providers must inform the Insurance Commissioner of insurance rates and loss ratios. The code also requires providers to have reserves on hand from which claims can be paid.

In recent years, concerns have been raised that medical emergency airlift services have become unaffordable for the state's island citizens. It has been suggested that organizations may be more likely to offer subscription air ambulance services if they were not held to all of the guidelines of the insurance code.

Summary of Substitute Bill: A subscription air ambulance vendor is to apply for licensure with the Insurance Commissioner. Licensure requires a vendor to: provide written materials about the subscription air ambulance service to prospective customers; supervise a training program for its employees and authorized representatives; and file with the Commissioner a

list of employees and authorized representatives who provide subscription air ambulance service.

For informational purposes only, a licensed subscription air ambulance vendor is to file audited financial statements with the Insurance Commissioner. If the Commissioner inquires about a vendor's business, the vendor is to reply promptly. Furthermore, the Commissioner is given the right to suspend or to refuse to issue an air ambulance license to a vendor for a number of reasons, including fraud, misappropriation of funds, and presenting a source of injury and loss to the public.

If the OIC finds that solvency standards should apply to subscription air ambulance service, it is to report back to the legislature regarding those standards.

Substitute Bill Compared to Original Bill: Rather than exempting subscription ambulance services from the insurance code, a subscription air ambulance service vendor is to seek licensure through the Insurance Commissioner.

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: A single ambulance airlift costs between 6,000 and 8,000 dollars, and many families cannot afford this expense. This is enabling legislation that will allow an entity to make air ambulance service affordable for individuals and families who live on islands and in remote places.

Other: Some air ambulance programs in the nation are not nationally accredited, which presents safety and consumer protection issues. Along with that, a previous program that offered subscription air ambulance service to islanders was not profitable. To achieve the goal of this legislation, a vendor must be willing to offer the subscription air ambulance service.

Testimony Against: None.

Who Testified: PRO: Senator Spanel, prime sponsor; John Evans, citizen; Joan Berkowitz, citizen; Garth Eimers, San Juan County Emergency Medical Service and Trauma Center. OTHER: Susie Tracy, Airlift Northwest.