

SENATE BILL REPORT

SB 6186

As Reported By Senate Committee On:
Health & Long-Term Care, January 30, 2006

Title: An act relating to providing insurance coverage to dependent children.

Brief Description: Providing insurance coverage to dependent children.

Sponsors: Senators Keiser, Kline, Kohl-Welles, and Thibaudeau..

Brief History:

Committee Activity: Health & Long-Term Care: 1/9/06, 1/30/06 [DPS-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6186 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

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.

Summary of Substitute 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 (b) under the age of thirty and a veteran, regardless of whether the dependent is enrolled in school. This applies to plans offered to public employees by the Public Employee Benefits Board (PEBB), disability insurance contracts, health care service contracts, and health maintenance organizations. Any public employee under PEBB who chooses the additional dependent coverage is required to pay the full cost of such coverage.

Substitute Bill Compared to Original Bill: Under the substitute bill, the additional dependent coverage is optional, not required, and need only be offered when standard dependent coverage is otherwise made available. The substitute also clarifies that the additional coverage is available only for dependents, not all unmarried children, and adds the coverage option for veterans. The substitute bill also explicitly applies to all plans of the

Public Employee Benefits Board, and adds the requirement that public employees pay the full cost of covering any additional dependents.

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: The largest and fastest growing population of uninsured are in the 18-25 age range. Those who do not go to college and instead enter the workforce are often unable to get health insurance, or choose not to do so. The bill would, at very little cost, be one means to extend coverage to those who are frequently uninsured. A similar law is already in place in Texas and is working well. Providing coverage to young adults will establish them in a medical home and a preventive relationship with a care team. The bill would have the dual effect of reducing administrative burdens, by eliminating the need to verify a young adult's student status, and making coverage available to more state residents

Testimony Against: The bill could run contrary to the current treatment under federal tax law of employer health care contributions, which might impose additional accounting and administrative burdens on employers. The bill could also result in adverse selection against group coverage.

Testimony Other: This is an expansion of eligibility for plans offered by the Public Employee Benefits Board. Even a small percentage increase in cost can lead to a large additional expense.

Who Testified: PRO: Senator Keiser, prime sponsor; Bill Daley, Washington Citizen Action; Melodie Bankers, Office of the Insurance Commissioner; Karen Merrikin, Group Health Cooperative.

CON: Nancee Wildermuth, Regence Blue Shield, PacifiCare, Aetna; Rick Wickman, Premera; Mellani McAleenan, Association of Washington Business.

OTHER: Dennis Martin, Health Care Authority.