

HOUSE BILL REPORT

SHB 1233

As Amended by the Senate

Title: An act relating to specified disease, hospital confinement, or other fixed payment insurance.

Brief Description: Addressing specified disease, hospital confinement, or other fixed payment insurance.

Sponsors: By House Committee on Health Care & Wellness (originally sponsored by Representatives Ericks, Kirby, Roach, Williams, Jarrett and Simpson).

Brief History:

Committee Activity:

Health Care & Wellness: 1/24/07, 2/8/07 [DPS].

Floor Activity:

Passed House: 2/28/07, 94-2.

Senate Amended.

Passed Senate: 4/5/07, 47-0.

Brief Summary of Substitute Bill

- Redefines "Health Plan" to exclude illness-triggered fixed payment insurance, fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Cody, Chair; Morrell, Vice Chair; Hinkle, Ranking Minority Member; Alexander, Assistant Ranking Minority Member; Barlow, Campbell, Condotta, Curtis, Green, Moeller, Pedersen, Schual-Berke and Seaquist.

Staff: Dave Knutson (786-7146).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Some insurance companies offer a limited benefit medical policy that allows employers to offer routine health and life insurance to their employees. Such a policy allows an employer to purchase coverage for employees that provides a calendar year maximum amount that will be covered for doctor's office visits, preventive care, prescription drug coverage, emergency room visits, surgery, and other procedures. A question has been raised whether such a policy is included in the statutory definition of "Health Plan" in Title 48 RCW.

Summary of Substitute Bill:

The definition of "Health Plan" is modified to exclude illness-triggered fixed payment insurance, fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit. The Insurance Commissioner (Commissioner) will adopt rules specifying a standard disclosure for fixed payment insurance designed to enhance consumer understanding. It will disclose that this coverage will not cover the cost of most hospital and other medical services. The disclosure form will be filed for approval with the Commissioner prior to use. These fixed payment policies must be offered as an independent and noncoordinated benefit from any other health plan.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment adds a requirement that the Insurance Commissioner report to the Legislature annually on the experience with fixed payment insurance products.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Symetra offers this type of coverage in 46 States and offered it in Washington until the Insurance Commissioner found the existing statute does not permit it. These are valuable options to some employers and employees.

(Opposed) These policies are not health coverage. They are deceptive and people who purchase them probably do not realize how limited their benefits are.

Persons Testifying: (In support) Representative Ericks, prime sponsor; and Carrie Tellefson, Greg Clarke, John Barker and Jeffrey Lawrence, Symetra Financial.

(Opposed) Bill Daley, Washington Community Action Network; and David West, Center for a Changing Workforce.

Persons Signed In To Testify But Not Testifying: None.