

FINAL BILL REPORT

E2SHB 1569

PARTIAL VETO

C 260 L 07

Synopsis as Enacted

Brief Description: Improving health insurance coverage in Washington state.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Cody, Campbell, Morrell, Linville, Moeller, Green, Seaquist, Conway, Dickerson, Appleton, McIntire, McCoy, Kagi, Pedersen, Kenney, Lantz, Santos, Wood and Ormsby).

House Committee on Health Care & Wellness

House Committee on Appropriations

Senate Committee on Health & Long-Term Care

Senate Committee on Ways & Means

Background:

In 2004 Washington had approximately 600,000 uninsured persons under age 65. For adults ages 19-64, 13.2 percent were uninsured. For children ages 0-16, 6 percent were uninsured. Health coverage through an employer in Washington has declined from 71 percent in 1993 to approximately 66 percent in 2004. Rising health care costs are believed to be a significant barrier to small employers offering health coverage for their workers. Between 1999 and 2004, the annual increase in health insurance premiums for small businesses in Washington was substantially greater than the annual increase in wages or gross business income, some years by a factor of more than five. It is estimated that poor quality health care costs the typical employer between \$1,900 and \$2,250 per covered employee per year. Recent studies have shown that only a little more than half of adult patients receive recommended care. The level of performance is similar whether it is for chronic, acute, or preventive care and across all spectrums of medical care, including screening, diagnosis, treatment, and follow-up.

Summary:

The current Small Employer Health Insurance Program (SEHIP), established in statute in the Health Care Authority (Authority), is renamed the Health Insurance Partnership (Partnership) to serve small employers, beginning in September 2008. The Partnership will provide a premium subsidy for low-income employees with income below 200 percent federal poverty level. Low-income employees who immediately transitioned from employer-sponsored insurance must wait six months before becoming eligible for premium assistance.

A seven member Health Insurance Partnership Board (Board) is established. Members will include the Authority administrator and individuals with expertise in the health insurance market and benefit design. The Board will designate the health plans eligible for premium subsidy from plans available in the private small group market, approved by the Office of the

Insurance Commissioner. They must include at least four plans, with multiple cost-sharing and deductible options, and plans will range from high deductible/catastrophic to comprehensive. Designated plans must include innovative components, such as preventive care, chronic care management, wellness incentives, and payment related to quality of care. The Board will determine a mid-range plan that will be used as the benchmark for the premium subsidy, and the premium subsidy will be developed similar to the sliding scale used for Basic Health. The Board will determine minimum employee participation requirements and whether there should be a minimum employer contribution; employers continue to determine employee eligibility and their contribution. The Board will evaluate rating methodologies and impacts on applying small group market rating within a partnership, and it will consider options to manage carrier uncertainty through risk adjustment, reinsurance, or other mechanisms.

The Board may authorize a dental plan to be offered, but no subsidy will be available.

Enrollment in the Partnership is not an entitlement, and enrollment may be limited to available funding.

By December 1, 2008, the Partnership must report to the Legislature and Governor on the risks and benefits of incorporating the individual and small group markets into the Partnership. By September 1, 2009, the Partnership must report to the Legislature and Governor on the risk and benefits of incorporating the high risk pool, Basic Health, Public Employees Benefits Board, and public school employees, as well as the impact of requiring all residents over 18 to be covered.

The Office of Insurance Commissioner is required to contract for an independent study of health benefit mandates, rating requirements, and insurance statutes and rules to determine the impact on premiums and individuals' health. An interim report is due December 1, 2007, and the final report is due December 1, 2008.

The Joint Legislative Audit and Review Committee study of SEHIP due December 2009 is repealed.

Votes on Final Passage:

House	53	44	
Senate	28	20	(Senate amended)
House	61	34	(House concurred)

Effective: July 22, 2007

Partial Veto Summary: The Governor's partial veto deleted the requirement that eligible employees who transition from employer-sponsored insurance to the Washington Health Insurance Program must wait six months before receiving a subsidy. The partial veto also deleted the emergency clause.