

SENATE BILL REPORT

SB 5041

As Reported By Senate Committee On:
Ways & Means, February 7, 2007

Title: An act relating to insurance commissioner regulatory assessment fees.

Brief Description: Modifying insurance commissioner regulatory assessment fee provisions.

Sponsors: Senator Prentice; by request of Insurance Commissioner.

Brief History:

Committee Activity: Ways & Means: 1/30/07, 2/07/07 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Steve Jones (786-7440)

Background: The Office of the Insurance Commissioner (OIC) is a state regulatory agency with jurisdiction over companies issuing insurance policies in the state of Washington. In the field of health care insurance, companies subject to the jurisdiction of OIC include conventional insurance companies, health care service contractors, and health maintenance organizations.

Health care service contractors are companies that provide health insurance coverage and are sponsored by or associated with particular health care providers. Examples of health care service contractors are Premera Blue Cross and Regence BlueShield.

Health maintenance organizations provide health care services directly to consumers on a per capita prepayment basis. Examples of health maintenance organizations are Group Health Cooperative and Kaiser Permanente.

OIC is funded by a biennial appropriation from the Insurance Commissioner's Regulatory Account. Revenue to the account consists of a regulatory fee assessed against all companies doing insurance business in the state. For conventional insurance companies and health care service contractors, the regulatory fee cannot exceed one-eighth of one percent of the company's revenue in the state. For health maintenance organizations, the regulatory fee

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cannot exceed 5.5 cents per month per person receiving services from the health maintenance organization.

Summary of Bill: For all companies providing health insurance in the state, including conventional insurance companies, health care service contractors, and health maintenance organizations, the regulatory fee imposed by the Insurance Commissioner cannot exceed one-eighth of one percent of the company's revenue in the state.

Appropriation: None.

Fiscal Note: Requested on January 16, 2007.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill will put the regulatory assessments of all health insurance companies on an equal basis.

Persons Testifying: PRO: Mary Clogston, Office of the Insurance Commissioner.