

SENATE BILL REPORT

SB 6603

As of January 24, 2008

Title: An act relating to providing preventative and catastrophic health coverage through a guaranteed health benefit program for permanent residents of this state.

Brief Description: Establishing the guaranteed health benefit program act.

Sponsors: Senators Fairley, Kohl-Welles and Fraser; by request of Insurance Commissioner.

Brief History:

Committee Activity: Health & Long-Term Care: 1/21/08.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: Estimates from the 2006 Washington State Population Survey indicate that approximately 10.4 percent of the population under age 65 is uninsured. Many states are exploring approaches to cover the uninsured population and address the concern of growing uncompensated costs. Various insurance designs seek to cover all state residents, or provide universal coverage, that may range from comprehensive coverage programs to catastrophic coverage approaches.

Summary of Bill: The Guaranteed Health Benefit Program is created to provide preventive and catastrophic coverage for all eligible state residents beginning January 1, 2011. The program is governed by the Guaranteed Health Benefits Board (Board), with nine members appointed by the Governor, and administered by the Health Care Authority (HCA).

All state residents with at least six months residency are eligible for the program, except persons enrolled in Medicaid fee-for-service, Medicare or other federal programs, or those persons confined in government-operated institutions. New permanent residents who cannot provide evidence of creditable coverage have a twelve month waiting period for coverage of preexisting conditions.

The program provides preventive benefits including at least one dental visit, and catastrophic benefits for medically necessary care needed after allowed charges exceed 10,000 dollars during the coverage year. The Board determines the schedule of benefits and allowed charges that meet the catastrophic threshold. The schedule of benefits adopted by the Board must include all mandated benefits and mandated offerings.

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.

All insurance carriers regulated under Title 48 RCW are eligible to participate in the program via competitive procurement process. At least two options must be available for enrollment, and the HCA may offer one or more self-funded arrangements if fewer than two options will be available in a service area. Rates must be based on a single community-rated risk pool, risk-adjusted annually.

The Guaranteed Benefit Program trust account is established in the treasury, and Department of Revenue will collect assessments. All employees are assessed 1 percent of their wages. Employers, including sole-proprietors, are assessed on a sliding scale related to total wages: employers with wages up to 500,000 dollars are assessed 3 percent; employers with wages over 500,000 dollars up to one million dollars are assessed 4 percent; employers with wages over one million dollars are assessed 5 percent. Washington residents with wages from another state are assessed 2 percent.

The Department of Social and Health Services must seek any waivers necessary to fully implement the program. The income eligibility limit for the Basic Health program is increased from 200 percent of the federal poverty level to 300 percent of the federal poverty level. The Office of Insurance Commissioner must study whether to retain, eliminate or change the Washington State Health Insurance Pool, with a report due two years after program implementation.

The Secretary of State must submit the act to the people for adoption and ratification, or rejection, at the next general election following passage of the bill.

Appropriation: None.

Fiscal Note: Requested on January 17, 2008.
[OFM requested ten-year cost projection pursuant to I-960.]

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 offers an opportunity to cover all state residents and eliminate the uninsured, while allowing consumer choice of coverage options. This includes a broad, fair funding mechanism that spreads the cost of coverage across all of us. It deserves a robust public debate and a vote of the people. This applies insurance where insurance is really needed, at the catastrophic end, and allows direct practices to fill a niche for consumer choice. Removing preventive care from the coverage package may allow broader consumer choice of providers. This design will make the market more efficient and offer improvement for consumers. It may make sense to pair a program like this with a connector. This helps those that are uninsured that are forced into making tough choices now. Uninsured individuals should be added to the participating representatives.

OTHER: We remain cautious and hope that none of the proposals limit consumer choice. We believe it is important to have discussion of all these reform components, but we have some concerns with the cost of the program and the hole in coverage with this design.

Persons Testifying: PRO: Senator Fairley, prime sponsor; Mike Kreidler, Insurance Commissioner; Norm Wu, Qliance Primary Care; Bill Daley, Washington Community Action Network; Kent Davis, Washington Health Security Coalition; Ross Cowman, citizen.

OTHER: Mark Johnson, Washington Retail Association; Donna Steward, Association of Washington Business.