

HB 1569-S2.E - DIGEST

(DIGEST AS ENACTED)

Revises provisions relating to improving health insurance coverage by establishing a health insurance partnership for the purchase of small employer health insurance coverage, evaluating the inclusion of additional health insurance markets in the health insurance partnership, and studying the impact of health insurance mandates.

Provides that the health insurance partnership board shall: (1) Develop policies for enrollment of small employers in the partnership, including minimum participation rules for small employer groups;

(2) Designate health benefit plans that are currently offered in the small group market that will qualify for premium subsidy payments;

(3) Approve a mid-range benefit plan from those selected to be used as a benchmark plan for calculating premium subsidies;

(4) Determine whether there should be a minimum employer premium contribution on behalf of employees, and if so, how much;

(5) Determine appropriate health benefit plan rating methodologies; and

(6) Conduct analyses and provide recommendations as requested by the legislature and the governor, with the assistance of staff from the health care authority and the office of the insurance commissioner.

Requires that, on or before December 1, 2008, the health insurance partnership board shall submit a preliminary report to the governor and the legislature that includes an implementation plan to incorporate the individual and small group health insurance markets into the partnership program. In preparing the report, the board shall examine at least the following issues: (1) The impact of these markets being incorporated into the partnership, with respect to the utilization of services and cost of health plans offered through the partnership;

(2) The impact of applying small group health benefit plan regulations on access to health services and the cost of coverage for these markets; and

(3) How the composition of the board should be modified to reflect the incorporation of the individual and small group markets in the partnership.

Requires that, on or before September 1, 2009, the health insurance partnership board shall submit a report and recommendations to the governor and the legislature regarding: (1) The risks and benefits of additional markets participating in the partnership;

(a) The report shall examine the following markets: (i) Washington state health insurance pool under chapter 48.41 RCW; (ii) basic health plan under chapter 70.47 RCW; (iii) public employees' benefits board enrollees under chapter 41.05 RCW; (iv) public school employees; and (v) any final recommendations for the individual and small group markets, relevant to the study outlined in section 10 of this act; and

(b) The report shall examine at least the following issues: (i) the impact of these markets participating in the partnership, with respect to the utilization of services and cost of health plans offered through the partnership; (ii) whether any distinction should be made in participation between active and retired employees enrolled in public employees' benefits board plans, giving consideration to the implicit subsidy that nonmedicare-eligible retirees currently benefit from by being pooled with active employees, and how medicare-eligible retirees would be affected; (iii) the impact of applying small group health benefit plan regulations on access to health services and the cost of coverage for these markets; and (iv) if the board recommends the inclusion of additional markets, how the composition of the board should be modified to reflect the participation of these markets; and

(2) The risks and benefits of establishing a requirement that residents of the state of Washington age eighteen and over obtain and maintain affordable creditable coverage, as defined in the federal health insurance portability and accountability act of 1996 (42 U.S.C. Sec. 300gg(c)). The report shall address the question of how a requirement that residents maintain coverage could be enforced in the state of Washington.

Directs the office of the insurance commissioner 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 if those statutes or rules were amended or repealed.

Requires the office of the insurance commissioner to submit an interim report to the governor and appropriate committees of the legislature by December 1, 2007, and a final report by December 1, 2008.

Repeals 2006 c 255 s 10 (uncodified.)

VETO MESSAGE ON E2SHB 1569

May 2, 2007

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Sections 3 and 17, Engrossed Second Substitute House Bill 1569 entitled:

"AN ACT Relating to improving health insurance coverage by establishing a health insurance partnership for the purchase of small employer health insurance coverage, evaluating the inclusion of additional health insurance markets in the health insurance partnership, and studying the impact of health insurance mandates."

This bill creates the Washington Health Insurance Partnership (WHP), an innovative approach to providing affordable health care in this state. By combining public and private resources, and creating a mechanism to organize and improve access to the insurance market, WHP will offer choice and assistance to small business employees seeking coverage for themselves and their families, and I welcome it.

Section 3 of the bill, which sets forth many of the operational details of the WHP program, is virtually identical to Section 58 of Engrossed Second Substitute Senate Bill 5930. However, it adds the requirement that eligible employees who transition from employer-sponsored insurance to the WHP program wait six months before receiving a subsidy. This requirement could unintentionally delay assistance to someone at the very point they most need it -- when they have lost their job and are attempting to retain health benefits provided through the WHP.

Section 17 of the bill is an emergency clause, and would allow certain sections of the bill to become effective on July 1. The emergency clause is not essential to the proper and timely implementation of the bill.

For these reasons, I have vetoed Sections 3 and 17 of Engrossed Second Substitute House Bill 1569.

With the exception of Sections 3 and 17, Engrossed Second Substitute House Bill 1569 is approved.

Respectfully submitted,
Christine O. Gregoire
Governor