
Health Care & Wellness Committee

HB 2997

Brief Description: Concerning the size of a small employer's group for purposes of health benefit plans.

Sponsors: Representatives Cody, Ericksen, Morrell and Wallace.

Brief Summary of Bill

- Provides a definition of "census date" for small employer health benefit plans.

Hearing Date: 1/28/10

Staff: Dave Knutson (786-7146).

Background:

Health carriers in Washington provide guaranteed rates in advance of the effective or renewal date of the health plan contract for small employers, a practice previously accepted by the Office of the Insurance Commissioner (OIC). Carriers calculate rates based on various factors specified in statute – including the demographic make-up of the group known as the “census” – and provide those rates to small groups in advance so the group can decide if it wants to renew coverage with the current health plan or search the market for alternatives. The law does not define a “census date”. Hence, carrier rating practices adhere to the spirit of the statute by establishing a particular date to produce rates. This practice provides the groups with information in advance so the producer, group and individual employees can make any changes to their coverage, payroll system, and employee contribution and spending accounts that may be necessary prior to signing up for coverage.

In October 2009 the OIC issued a letter to carriers indicating it had “determined that the law requires that ‘census day’ may only be the effective date of the policy”. It further stated that carriers may provide a quote to groups in advance, but must include a disclaimer that the final rate charged will be based upon the actual census on the effective date. Carriers are to be in compliance by April 1, 2010.

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.

Summary of Bill:

A definition of "census date" is provided that applies to coverage for small employers. For a small employer applying for a health benefit plan through a contractor other than its current contractor, the census date is the date that final group composition is received by the contractor. For a small employer renewing its health benefit plan through its existing contractor the census date is sixty days prior to the effective date of the renewal.

Appropriation: None.

Fiscal Note: Not requested.

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