

HOUSE BILL REPORT

HB 2997

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to determining the appropriate date of a small employer group's composition for purposes of setting health benefit plan premium rates.

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 History:

Committee Activity:

Health Care & Wellness: 1/28/10, 2/2/10 [DPS].

Brief Summary of Substitute Bill

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

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Cody, Chair; Driscoll, Vice Chair; Ericksen, Ranking Minority Member; Bailey, Campbell, Clibborn, Green, Herrera, Hinkle, Kelley, Moeller, Morrell and Pedersen.

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

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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 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 the '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 stating 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.

Summary of Substitute 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 90 days prior to the effective date of the renewal.

Substitute Bill Compared to Original Bill:

The census date is defined as 90 days prior to the effective date of the health benefit plan renewal, instead of 60 days.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) The OIC determined that the current practice of allowing health carriers to determine the census date for the purpose of establishing renewal rates for health benefit plans was inconsistent with the statute. The census date needs to be defined in statute to allow small employers adequate time to decide on a health benefit plan.

(Opposed) None.

Persons Testifying: Ross Baker, Regence Blue Shield; Amber Ulvenes, Group Health; Sydney Zvara, Association of Washington Healthcare Plans; Randy Flem, Washington Association of Health Underwriters; Greg Seifert, Biggs Insurance; and Mel Sorensen, America's Health Insurance Plans.

Persons Signed In To Testify But Not Testifying: None.