

SENATE BILL REPORT

SHB 2997

As Reported by Senate Committee On:
Health & Long-Term Care, February 22, 2010

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: House Committee on Health Care & Wellness (originally sponsored by Representatives Cody, Ericksen, Morrell and Wallace).

Brief History: Passed House: 2/10/10, 96-0.

Committee Activity: Health & Long-Term Care: 2/22/10 [DP].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Becker, Fairley, Marr, Murray and Parlette.

Staff: Mich'l Needham (786-7442)

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 but carriers establish a particular date to produce rates, and this 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 to set up prior to the start of 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

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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 Bill: A definition of census date is provided that applies to coverage issued for small employers on or after January 1, 2011. 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 the 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.

Appropriation: None.

Fiscal Note: Not requested.

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 came over with unanimous support from the House. We strongly support this bill and the option to provide a firm fixed quote for each employer group 90 days in advance. It is very important for employers to know the rates in advance.

Persons Testifying: PRO: Ross Baker, Regence Blue Shield; Amber Ulvenes, Group Health; Randy Flem, Washington Association of Health Underwriters; Mel Sorensen, America's Health Insurance Plans.