

# SENATE BILL REPORT

## ESSB 5406

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As Passed Senate, March 2, 2009

**Title:** An act relating to the standard health questionnaire.

**Brief Description:** Concerning the standard health questionnaire.

**Sponsors:** Senate Committee on Health & Long-Term Care (originally sponsored by Senators Keiser, Pflug, Kohl-Welles and Parlette).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/05/09, 2/09/09 [DPS].

Passed Senate: 3/02/09, 47-0.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5406 be substituted therefor, and the substitute bill 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:** Congress passed the Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefit provisions in 1986. The law amends the Employee Retirement Income Security Act (ERISA), the Internal Revenue Code, and the Public Health Service Act to provide continuation of group health coverage that otherwise would be terminated. COBRA contains provisions giving certain former employees, retirees, spouses, and dependent children the right to temporary continuation of health coverage at group rates. The law generally covers group health plans maintained by employers with 20 or more employees in the prior year.

A recent analysis from The Commonwealth Fund found only 9 percent of laid-off workers took up coverage under (COBRA) in 2006. The analysis indicates 66 percent of all current workers, if laid off, would be eligible to extend their health insurance under COBRA; however, only 38 percent of low-wage workers are eligible to receive COBRA benefits because they don't receive health insurance through their jobs, work for small firms that aren't required to offer COBRA, or are uninsured to begin with.

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*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.*

Currently, persons wishing to purchase an individual health benefit plan must complete a standard health questionnaire unless they are moving from one geographic area to another where the current health plan is not offered, their established health care provider is no longer in the network of the individual health plan, they have exhausted COBRA continuation coverage and apply within 90 days, they lose group coverage from a group that was exempt from COBRA requirements but had at least 24 months of continuous coverage immediately prior to disenrollment, or they had at least 24 months of continuous coverage in the Basic Health plan immediately prior to application.

**Summary of Engrossed Substitute Bill:** Individuals who are eligible for COBRA continuation coverage or who discontinue COBRA prior to exhausting the option are not required to complete the standard health questionnaire to purchase individual health coverage. Applications must be made within 90 days of the qualifying event or termination of coverage, and individuals must have had at least 24 months of continuous group coverage.

Individuals who lose group coverage from a group not required to provide COBRA may apply for individual health coverage without completing the standard health questionnaire if they apply within 90 days of a COBRA qualifying event and the person had at least 24 months of continuous group coverage.

Individuals may also apply for coverage without completing the standard health questionnaire if they apply within 60 days of the effective day of this act following a qualifying event or termination of continuation coverage that occurred on or after September 1, 2008.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: There is a growing crisis with unemployment and people will be losing their employer-sponsored coverage and then qualify for COBRA coverage, but it is very expensive. This will allow people an option of an individual plan that may be cheaper without having to exhaust their COBRA option first. This opens the door for people to maintain coverage. The health plans support the intent to ensure people maintain coverage in these economic times and support this bill if one technical amendment can be made to correct a change inserted in 2007 for the individual coming off a non-COBRA employer. The language inadvertently left out the reference to the COBRA qualifying event to purchase individual coverage without a health screen and it should parallel all the other exceptions.

**Persons Testifying:** PRO: Senator Keiser, prime sponsor; Carrie Tellefson, Regence; Sydney Smith Zvara, Association of Washington Healthcare Plans.