
Health Care & Wellness Committee

HB 1839

Brief Description: Concerning a waiver request for the preservation of the state's and health carriers' ability to provide coverage in the individual health benefits market.

Sponsors: Representatives Hinkle, Cody and Schmick.

Brief Summary of Bill

- Requires the Insurance Commissioner to submit a waiver request to preserve Washington residents' ability to obtain insurance through the Washington State Health Insurance Pool.

Hearing Date: 2/16/11

Staff: Jim Morishima (786-7191).

Background:

I. Federal Health Care Reform.

A. Individual Mandate

Under the federal Patient Protection and Affordable Care Act (PPACA), all citizens and legal residents will be required to have insurance beginning in 2014. The penalty for not having insurance is a tax assessment. The amount of the assessment changes over time:

- In 2014, the assessment will be \$95 or 1 percent of income, whichever is greater.
- In 2015, the assessment will be \$325 or 2 percent of income, whichever is greater.
- In 2016 and beyond, the assessment will be \$695 or 2.5 percent of income, whichever is greater.

B. Guaranteed Issue and Preexisting Condition Exclusions

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.

The PPACA also requires all health plans to accept every individual who applies beginning in 2014. Currently, health plans are prohibited from imposing pre-existing condition exclusions on persons under the age of 19. Beginning in 2014, this prohibition will apply to all consumers.

C. Health Benefit Exchanges

The PPACA requires every state to establish an "American Health Benefit Exchange" (Exchange) no later than January 1, 2014. The Exchange must serve both small groups (in a so-called SHOP Exchange) and individuals and must be self-sustaining by January 1, 2015. If a state chooses not to establish an Exchange, the federal government will operate an Exchange either directly or through an agreement with a non-profit entity.

Under the PPACA, an Exchange's functions include:

- facilitating the purchase of qualified health plans by individuals and small groups;
- certifying health plans as qualified health plans based on federal guidelines;
- providing information to individuals about their eligibility for public programs like Medicaid and the Children's Health Insurance Program and enrolling eligible individuals in those programs;
- operating a telephone hotline and website to assist consumers in the Exchange; and
- establishing navigator programs to help inform consumers and facilitate their enrollment in qualified health plans in the Exchange.

Health plans in the Exchange will be available in four different levels based on the percentage of costs the plan will pay: Bronze (60 percent), Silver (70 percent), Gold (80 percent), and Platinum (90 percent). In order to be qualified to sell insurance in an Exchange, a carrier must:

- be certified as a qualified health plan based on federal guidelines;
- provide coverage for essential health benefits, as defined by the federal government;
- offer at least one silver and one gold plan in the Exchange; and
- charge the same premium, both inside and outside the Exchange.

Premium subsidies on a sliding scale will be available in the Exchange for persons between 133 percent and 400 percent of the federal poverty level (FPL) in the form of advanceable, refundable tax credits. Depending on a person's income level, the subsidies will ensure that the premiums the person pays will be no greater than a certain percentage of the person's income: under 133 percent FPL = 2 percent of income; 133-149 percent FPL = 3-4 percent of income; 150-199 percent FPL = 4-6.3 percent of income; 200-249 percent FPL = 6.3-8.05 percent of income; 250-299 percent FPL = 8.05-9.5 percent of income; 300-399 percent FPL = 9.5 percent of income.

II. The Washington State Health Insurance Pool.

Before purchasing insurance on the individual market, Washington residents must complete the Standard Health Questionnaire. Based on the results, an individual may be turned down for coverage. The Washington State Health Insurance Pool (WSHIP) provides health insurance to individuals who have been rejected from the individual market for medical reasons. A WSHIP insurance plan may impose a six month waiting period for preexisting conditions. Premiums for WSHIP plans must be between 110 percent and 150 percent of what the largest carriers charge for individual plans with similar benefits.

Summary of Bill:

No later than January 1, 2012, the Insurance Commissioner must submit a waiver request to the federal government. The waiver request must contain the following elements:

- Washington must continue to operate the WSHIP.
- A health carrier must retain the authority to require an individual to complete the Standard Health Questionnaire, regardless of whether the health carrier offers coverage inside or outside of an Exchange.
- A health carrier must retain the authority to reject a person for coverage if, based on the results of the Standard Health Questionnaire, the person qualifies for coverage under the WSHIP.
- Individuals in the WSHIP must continue to be eligible for the same premium subsidies they would have received in the Exchange.
- Health carriers and WSHIP plans may continue to impose benefit waiting periods for preexisting conditions.

Appropriation: None.

Fiscal Note: Available.

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