
Ways & Means Committee

ESB 5773

Brief Description: Making a health savings account option and high deductible health plan option and a direct patient-provider primary care practice option available to public employees.

Sponsors: Senators Zarelli, Baumgartner, Hill, Parlette, Schoesler, Ericksen and Holmquist Newbry.

Brief Summary of Engrossed Bill

- Requires the Health Care Authority (HCA) to offer a high-deductible health plan with a health savings account as an option alongside its traditional comprehensive medical insurance offerings during the open enrollment period in November 2011 for the 2012 plan year.
- Requires the HCA to include in its provider network for 2013 and 2014 for the Uniform Medical Plan (UMP) a direct practice option meeting specified qualifications and to attempt to enroll at least 1,000 members in the practice in King, Pierce, or Thurston counties.

Hearing Date: 3/21/11

Staff: David Pringle (786-7310).

Background:

In 2003 Congress enacted section 223 of the Medicare Modernization Act which allows people to establish health savings accounts (HSAs) to work in combination with qualifying high-deductible health plans (HDHP) to help finance medical expenses. A health plan qualifies as an HDHP if it has an annual deductible of at least \$1,200 for individuals and annual out-of-pocket expenses (not premiums) that do not exceed \$5,950. Health savings accounts are tax-free accounts that can be set up by individuals or employers. They are personal accounts that are owned by individuals, even when employers establish and contribute to them. Interest earned is not taxed, and funds that are not used may carry over to the following year.

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.

Under Chapter 299, Laws of 2006 (EHB 1383) the Health Care Authority (HCA) is directed to develop a health savings account option for covered employees. A health savings account option is not currently available to employees enrolled in HCA-administered health plans.

Chapter 257, Laws of 2007 (E2SSB 5958) created a statutory framework for direct patient-provider primary health care practices. Direct practices were explicitly exempted from the definition of health care service contractors in insurance law.

Direct practices furnish primary care services in exchange for a direct fee from a patient. Services are limited to primary care, including screening, assessment, diagnosis, and treatment for the purpose of promotion of health, and detection and management of disease or injury. Direct practices are also allowed to pay for charges associated with routine lab and imaging services. Direct practices are prevented from accepting payments for services provided to direct care patients from regulated insurance carriers, any insurance programs administered by the HCA, and self-insured plans. Direct practices may accept payment of fees directly or indirectly from non-employer third parties, but are prevented from selling their agreements directly to employer groups.

Summary of Bill:

The Health Care Authority (HCA) is directed to offer a high-deductible health plan with a health savings account as an option alongside its traditional comprehensive medical insurance offerings during the open enrollment period in November 2011 for the 2012 plan year.

The HCA must include in its provider network for 2013 and 2014 for the Uniform Medical Plan (UMP) a direct practice option and attempt to enroll at least 1,000 members in the practice in King, Pierce, or Thurston counties. To participate in the UMP network, a practice must have prior experience providing primary care for at least 2,000 patients and meet certain standards for the production and use of medical data. The HCA must evaluate the performance of direct practice performance within the UMP, including the quality of care and its cost effectiveness, and report its findings to the Legislature no later than November 30, 2015. Funding for services provided through the direct practice must not increase employer funding requirements.

Direct practices may contract with and accept direct fee payments from plans administered by the HCA.

Appropriation: None.

Fiscal Note: Available.

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