HOUSE BILL REPORT
SB 6412

As Passed House - Amended:
February 27, 2012

Title: An act relating to applying for health insurance coverage when an insurance carrier discontinues all individual health benefit plan coverage.

Brief Description: Assisting persons seeking individual health benefit plan coverage when their prior carrier has terminated individual coverage.

Sponsors: Senators Rolfes and Harper.

Brief History:
Committee Activity:
Health Care & Wellness: 2/15/12, 2/20/12 [DPA].
Floor Activity:
Passed House - Amended: 2/27/12, 97-0.

Brief Summary of Bill
(As Amended by House)

- Exempts certain persons whose individual coverage was discontinued by July 1, 2012, from the standard health questionnaire.
- Requires a person's prior coverage in a plan that was discontinued by July 1, 2012, to be credited against any pre-existing waiting period in the person's new coverage.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 11 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Hinkle, Assistant Ranking Minority Member; Bailey, Clibborn, Green, Harris, Kelley, Moeller and Van De Wege.

Staff: Jim Morishima (786-7191).

Background:

I. The Standard Health Questionnaire.

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.

Before purchasing insurance on the individual market, or as a non-subsidized enrollee in the Basic Health Plan, a person must complete the standard health questionnaire, which is a type of health screening. Based on the results of the questionnaire, the person may be denied coverage. Certain individuals, however, are exempt from completing the standard health questionnaire:

- persons moving from one geographic area to another where their current health plan is not offered;
- persons whose established health care provider is no longer in the network of the individual health plan;
- persons who have exhausted or terminated COBRA continuation of coverage;
- persons who experience a change in employment status from a group that was exempt from COBRA requirements;
- persons who have had 24 months of continuous coverage in the Basic Health Plan immediately prior to application;
- persons who experienced a change in employment status that meets the definition of a qualifying event under COBRA; and
- persons who experience a loss of coverage because their employer or former employer discontinues group coverage due to the closure of a business.

II. Pre-Existing Condition Waiting Periods.

Health carriers in the individual market are allowed to impose pre-existing condition waiting periods of up to nine months (until January 1, 2014, when such waiting periods will be prohibited by federal law). A carrier in the individual market must give an applicant credit toward any pre-existing condition waiting period for coverage (other than catastrophic coverage) the applicant had in the 63 days prior to the application if:

- the benefits under the previous plan provide overall benefit coverage equal to, or greater than, that provided by the plan the applicant seeks to purchase;
- the applicant is moving from one geographic area of the state to another where his or her current health plan is not offered; or
- the person's established health care provider is no longer part of the carrier's provider network.

Summary of Amended Bill:

I. The Standard Health Questionnaire.

When applying for coverage from a carrier or as a nonsubsidized enrollee in the Basic Health Plan, a person is exempt from completing the standard health questionnaire if:

- his or her health carrier discontinues all individual coverage by July 1, 2012;
- application for coverage is made within 90 days of the carrier discontinuing coverage;
- the benefits in the previous plan provide coverage that is equal to, or greater than, the benefits provided in the coverage the person is seeking to purchase; and
- the person had at least 24 months of continuousindividual coverage immediately prior to the termination.

II. Pre-Existing Condition Waiting Periods.

A health carrier must credit an applicant's period of coverage in his or her previous catastrophic health plan toward any pre-existing condition waiting period in the catastrophic health plan the applicant seeks to purchase if:

- the preceding catastrophic health plan was discontinued by a carrier that is discontinuing all individual plan coverage by July 1, 2012;
- the applicant was enrolled in the previous catastrophic health plan during the 63-day period immediately preceding his or her application date for the new catastrophic health plan; and
- the benefits under the preceding catastrophic health plan provide equivalent or greater overall benefit coverage than that provided in the catastrophic health plan the applicant seeks to purchase.

The Basic Health Plan must credit an applicant's period of coverage in his or her previous group health benefit plan, individual health benefit plan, or catastrophic health benefit plan, toward any pre-existing condition waiting period in the Basic Health Plan for nonsubsidized enrollees if:

- the applicant is seeking to purchase nonsubsidized coverage in the Basic Health Plan;
- the preceding coverage was discontinued by a carrier that is discontinuing all individual plan coverage by July 1, 2012;
- the applicant was enrolled in his or her preceding coverage during the 63-day period immediately preceding his or her application for nonsubsidized coverage in the Basic Health Plan; and
- the benefits under the preceding coverage provide equivalent or greater overall benefits coverage than that provided in the Basic Health Plan for nonsubsidized enrollees.

Appropriation: None.

Fiscal Note: Requested on February 21, 2012.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) KPS Insurance recently announced that they are pulling out of the individual market, which will result in many people losing coverage. This bill is narrowly tailored to this situation. This bill is aimed at helping the little guy. It is important to keep the emergency clause in this bill. The 24 months of prior coverage should be allowed to run in either the individual or small group market.

(Opposed) None.

Persons Testifying: Senator Rolfes, prime sponsor; Matt Ryan; and Joe King, Group Health Cooperative.

Persons Signed In To Testify But Not Testifying: None.