

# SENATE BILL REPORT

## SB 5371

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As Reported by Senate Committee On:  
Health & Long-Term Care, February 7, 2011

**Title:** An act relating to guaranteed issue health insurance for persons under age nineteen.

**Brief Description:** Addressing the needs for health insurance coverage for persons under age nineteen.

**Sponsors:** Senators Keiser and Conway.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/24/11, 1/31/11, 2/07/11 [DPS].

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

**Majority Report:** That Substitute Senate Bill No. 5371 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Becker, Ranking Minority Member; Carrell, Kline, Murray, Parlette, Pflug and Pridemore.

**Staff:** Mich'l Needham (786-7442)

**Background:** The federal Patient Protection and Affordable Care Act (PPACA), passed in March 2010, requires all health insurance carriers to provide coverage for persons under age 19 without application of pre-existing condition exclusions, for policies issued on or after September 23, 2010.

Previously, the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) limited the application of pre-existing condition waiting periods under certain conditions for all group plans. PPACA extended the provisions to individual plans and self-insured plans for all persons effective January 1, 2014, and persons under 19 beginning in 2010.

The federal Department of Health and Human Services with the Department of Labor and the Department of the Treasury, has issued regulations for the enrollment of persons under age 19. All health plans must issue the coverage as guarantee issue and may not apply health screening exams, known as the standard health questionnaire in Washington State. The Office of the Insurance Commissioner issued emergency rules to help guide insurance carriers through implementation with the establishment of open enrollment periods and

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special enrollment qualifying events (such as loss of eligibility for Medicaid or other public programs, loss of coverage due to a divorce, loss of coverage due to a move out of a plan service area, or birth or adoption).

The Washington State Health Insurance Pool (WSHIP), or high risk pool, is established in statute to provide coverage for those persons that are rejected for individual health insurance as a result of the standard health questionnaire screening. The pool cannot reject an individual with pre-existing conditions but it does apply a six-month waiting period for coverage of pre-existing conditions.

**Summary of Bill (Recommended Substitute):** The state statutes governing regulated insurance carriers and health plans are modified to reflect the PPACA requirement to provide coverage for persons under age 19 without application of pre-existing condition exclusions and without a health screening exam. The requirement does not apply to a grandfathered plan, as established in PPACA.

The Office of the Insurance Commissioner (Commissioner) must establish rules defining the time frame for open enrollment, an opportunity to be held at the same time each year when applicants may enroll in individual health plan coverage without health screening or providing other evidence of insurability. Rules must also define a special enrollment that is triggered by a specific qualifying event.

The Commissioner must monitor the sale of individual health benefit plans and if an insurance carrier refuses to sell policies to persons under age 19 during open enrollment or special enrollment, and may issue fines or suspend or revoke the carrier license as provided in RCW 48.05.

Eligibility for WSHIP, or high risk pool, is modified to include persons under 19 that do not have access to individual plan open enrollment or special enrollment, or the federal pre-existing condition insurance pool at the time of application. The pool may not impose any pre-existing condition waiting period for any person under 19.

**EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Substitute):** Removed five-year ban on carrier sales if they don't sell child-only policies, and inserted a reference to the existing OIC authority to issue fines, or suspend or revoke the carrier's license to sell if carriers don't offer guaranteed issue policies during open enrollment and special enrollment as established in rule. To be eligible for WSHIP, children must not be eligible for the federal pre-existing condition insurance pool. An emergency clause is added to ensure WSHIP does not have to disenroll children when individual policies have open enrollment March 15 through April 30, 2011.

**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 on Original Bill:** PRO: Group Health supports the bill as it is written and is comfortable with the amendment request that Regence will be mentioning. Regence supports the majority of the bill, except for the section with the five-year ban if carriers don't sell the child-only policies. All carriers are selling the policies now and the commissioner has made it clear that we are required to sell them.

OTHER: The WSHIP Board is neutral to the policy changes that effect WSHIP. There has been on-going discussion with the Board and the OIC about the changes for persons under 19; and our change in practice to enroll them since the plans stopped the standard health screening in. The Board was waiting for resolution of the discussions before taking a position. Enrollment is happening and we are facilitating a waiver of the pre-existing condition waiting period for those coming from other coverage. For those without coverage for at least six months, we are referring them to the federal high risk pool (Pre-existing Condition Insurance Pool).

**Persons Testifying:** PRO: Scott Plack, Group Health; Chris Bandoli, Regence Blue Shield.

OTHER: Karen Larson, Executive Director, WSHIP.