

FINAL BILL REPORT

2ESB 5773

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Synopsis as Enacted

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.

Senate Committee on Ways & Means

House Committee on Ways & Means

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. HSAs 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.

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, all insurance programs administered by the Washington State Health Care Authority (Authority), or self-insured plans. Direct practices may accept

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payment of direct fees directly or indirectly from non-employer third parties, but are prevented from selling their direct practice agreements directly to employer groups.

Summary: 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 in the Public Employees' Benefits Board (PEBB) program, beginning with the 2012 plan year. The HCA must also develop a plan to offer direct patient-provider primary care practices to PEBB participants for the open enrollment period beginning with the 2013 plan year and submit the plan to the PEBB and the House and Senate health care committees by December 1, 2011.

By November 30, 2015, and annually thereafter, the Health Care Authority is required to submit a report to the relevant legislative policy and fiscal committees that includes medical care utilization trends over the past three years, the demographics of each plan offered to employees, and the impact of alternative plan offerings on the most comprehensive plan offered to employees.

Votes on Final Passage:

Senate 42 7

First Special Session

Senate 33 9

House 80 15 (House amended)

Senate 32 9 (Senate concurred)

Effective: August 24, 2011.