

SENATE BILL REPORT

SB 6412

As Amended by House, 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 & Long-Term Care: 2/01/12, 2/02/12 [DP].

Passed Senate: 2/09/12, 46-0.

Passed House: 2/27/12, 97-0.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

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

Staff: Mich'l Needham (786-7442)

Background: State insurance laws provide some insurance portability under specific conditions. Currently persons wishing to purchase an individual health benefit plan must complete a standard health questionnaire or health screening, unless:

- they are moving from one geographic area to another where the current health plan is not offered;
- their established health care provider is no longer in the network of the individual health plan;
- they have exhausted COBRA continuation coverage, or terminate COBRA continuation coverage;
- they experience a change in employment status from a group that was exempt from COBRA requirements;
- they had 24 months of continuous coverage in the Basic Health Plan immediately prior to application;
- they experienced a change in employment status that meets the definition for a COBRA qualifying event; or

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- they experience a loss of coverage because the employer or former employer discontinues group coverage due to the closure of the business.

Persons not meeting these specific criteria must complete the standard health questionnaire to purchase an individual health benefit plan, or be referred to the high risk pool if they fail to pass the health screening.

Summary of Bill: An additional criteria is inserted into the exceptions for those that must complete the standard health questionnaire. A person whose health insurance carrier is discontinuing all individual health benefit plan coverage by July 1, 2012, must not be required to complete the questionnaire if the application is made within 90 days of the carrier discontinuing individual health benefit plan coverage and the person had at least 24 months of coverage immediately prior to the termination.

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: PRO: Kitsap Physician Service has announced to their enrollees that they are dropping their individual health plan, and, as a result, 2400 people will lose coverage in June. Many of them may not be able to pass the health screening criteria and may be forced to be uninsured or move to the high-risk pool and complete a six-month pre-existing waiting period for coverage. This language was drafted with the Office of Insurance Commissioner and is very tightly written to assist these individuals without opening the plans to large risk. We suggest the committee consider an amendment to expand the period of time to January 1, 2014, to cover more people that may lose coverage prior to the health reform starting.

OTHER: While insurance carriers generally oppose any expansion to the exceptions to health screening, we are not opposed to this change. It is a very small enrollment within Kitsap Physician Service, and it has a contained population and contained period of time. In addition, the health screen will go away in 2014 with the new insurance requirements.

Persons Testifying: PRO: Senator Rolfes, prime sponsor; Matt Ryan, broker and citizen in Kitsap County; Verna Rae Oraker, Kitsap Physician enrollee; Mauricio Ayon, Washington CAN.

OTHER: Chris Bandoli, Regence Blue Shield.

House Amendment(s): Inserts additional criteria to allow a person to enroll in the non-subsidized Basic Health Plan without completing the standard health questionnaire if the person's carrier is discontinuing coverage effective July 1, 2012.

Adds to the conditions under which a person may enroll in individual coverage or the Basic Health Plan without completing the standard health questionnaire:

- the benefits under the previous plan must provide equivalent or greater overall coverage than the coverage the person seeks to purchase; and
- the 24 months of prior coverage can be individual or group coverage.

Requires a carrier to credit an applicant's period of prior coverage in catastrophic coverage toward any preexisting condition waiting period in new catastrophic coverage the person seeks to purchase, if the person's catastrophic coverage is discontinued by the carrier by July 1, 2012.