FINAL BILL REPORT
ESHB 1846

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Synopsis as Enacted

Brief Description: Concerning stand-alone dental coverage.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Schmick, Cody and Ryu).

House Committee on Health Care & Wellness
Senate Committee on Health Care
Senate Committee on Ways & Means

Background:

I. Pediatric Oral Services Outside the Washington Health Benefit Exchange.

A. The Washington Health Benefit Exchange.

Under the federal Patient Protection and Affordable Care Act (PPACA), states must establish a health benefits exchange (Exchange) through which consumers may compare and purchase individual and small group coverage. If a state does not establish an Exchange, the federal government will operate the state's Exchange. Washington established its Exchange in 2011 as a public-private partnership.

B. Essential Health Benefits.

The PPACA requires qualified health plans offered both inside and outside of the Exchange to cover 10 categories of essential health benefits. To determine the benefits that must be offered in each of the categories, federal law allows states to designate a benchmark plan and supplement that plan to ensure that all 10 categories of essential health benefits are covered. Washington has designated the largest small group plan in the state as its benchmark and the Insurance Commissioner has adopted rules to supplement the plan to ensure that all 10 essential health benefit categories are included.

C. Pediatric Oral Coverage.

One of the essential health benefits categories in the PPACA is pediatric oral care. The PPACA allows stand-alone dental coverage to be offered in an Exchange. If a stand-alone

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dental plan is offered in the Exchange, another health plan offered in the Exchange is not disqualified from becoming a qualified health plan if it does not include pediatric oral coverage.

Under state law, the Exchange must allow stand-alone dental plans to be offered in the Exchange. To assure transparency to consumers, dental benefits offered in the Exchange must be priced separately.

Washington's essential health benefits benchmark plan does not cover pediatric oral services. The rules adopted by the Insurance Commissioner supplement the benchmark plan to include pediatric dental coverage. Under the rules, a health plan must cover pediatric oral services as an embedded set of services, offered through a rider or as a contracted service. If a health plan is subsequently certified as a qualified health plan, this requirement is met if a stand-alone dental plan covering pediatric oral services is offered in the Exchange. Unless otherwise prohibited by federal law, the Insurance Commissioner must allow health carriers to offer pediatric oral services within the health benefit plan in the non-grandfathered individual and small group markets outside of the Exchange.

II. Health Maintenance Organization Provider Contracts.

Generally, contracts between a health maintenance organization and its participating providers must be in writing and must set forth that the enrollee is not liable for amounts the health maintenance organization owes the provider. This requirement does not apply to emergency care from a non-participating provider, out-of-area services, or in exceptional situations approved in advance by the Insurance Commissioner.

III. Premium Tax.

Generally, health insurers must pay a 2 percent premium tax to the state. The tax is imposed on the total amount of all premiums and prepayments for health care services collected during the preceding calendar year. Amounts received by a health service contractor for dental services are exempt from the premium tax.

Summary:

I. Pediatric Oral Services Coverage Outside of the Washington Health Benefit Exchange.

For the benefit years beginning with January 1, 2015, and only to the extent permitted by federal law and guidance, the Insurance Commissioner must establish, by rule, review and approval requirements and procedures for pediatric oral services when offered in stand-alone dental plans in the non-grandfathered individual and small group markets outside of the Exchange. Unless prohibited by federal law and guidance, the Insurance Commissioner must allow health carriers to also offer pediatric oral services within a health benefit plan in the non-grandfathered individual and small group markets outside of the Exchange.

II. Health Maintenance Organization Provider Contracts.

The requirement that health maintenance organization provider contracts be in writing and set forth that the enrollee is not liable for amounts the health maintenance organization owes to the provider does not apply to the delivery of covered pediatric oral services that are substantially equal to the essential health benefits benchmark plan.

III. Premium Tax.

Amounts paid for insurance coverage for pediatric oral services are subject to the premium tax if the services are:

- offered by a health service contractor, health maintenance organization, or life and disability insurer; and
- qualify as coverage for the minimum essential coverage requirement under the PPACA.

Amounts paid for other dental coverage offered by a health maintenance organization or a life and disability insurer are exempt from the premium tax.

Votes on Final Passage:

House	97	0	
Senate	47	1	(Senate amended)
House	95	0	(House concurred)

Effective: July 28, 2013