

# HOUSE BILL REPORT

## SB 5931

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### As Reported by House Committee On: Health Care & Wellness

**Title:** An act relating to carriers operating outside of the exchange but only relating to requiring that carriers offering health benefit plans that meet the definition of bronze level in the individual or small group market must also offer silver and gold level plans as specified in section 1302 of P.L. 111-148 of 2010 and that nongrandfathered individual and small group health plans must conform with the actuarial value tiers specified in section 1302 of P.L. 111-148 of 2010

**Brief Description:** Clarifying the requirements for health plans offered outside of the exchange.

**Sponsors:** Senators Hargrove, Becker and Keiser.

#### **Brief History:**

##### **Committee Activity:**

Health Care & Wellness: 2/19/14, 2/20/14 [DP].

#### **Brief Summary of Bill**

- Requires health carriers that offer a bronze level health benefit plan in the individual or small group market outside the Health Benefit Exchange (Exchange) to also offer silver and gold level plans in the same market.
- Requires only non-grandfathered individual and small group plans offered outside the Exchange to conform with the actuarial values of bronze, silver, gold, and platinum.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass. Signed by 16 members: Representatives Cody, Chair; Riccelli, Vice Chair; Schmick, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Clibborn, DeBolt, G. Hunt, Jinkins, Manweller, Moeller, Morrell, Rodne, Ross, Short, Tharinger and Van De Wege.

**Staff:** Alexa Silver (786-7190).

#### **Background:**

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*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.*

The federal Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010 (ACA) specifies four categories of health plans to be offered through the Health Benefit Exchange (Exchange) and in the individual and small group markets outside the Exchange. The categories are based on the actuarial value of the plans (*i.e.*, the percentage of the costs the plan is expected to pay):

- platinum: 90 percent of the actuarial value of the benefits under the plan;
- gold: 80 percent of the actuarial value of the benefits under the plan;
- silver: 70 percent of the actuarial value of the benefits under the plan; and
- bronze: 60 percent of the actuarial value of the benefits under the plan.

For plan or policy years beginning January 1, 2014, a carrier must offer individual or small group health benefit plans at the silver and gold levels in any market outside the Exchange in which it offers a bronze level plan. All health plans outside the Exchange, other than catastrophic plans, must conform to the platinum, gold, silver, and bronze value tiers specified in the ACA.

Certain group health plans and individual health plans that were created before the ACA became effective are "grandfathered" and do not have to meet all the requirements of the ACA.

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#### **Summary of Bill:**

For plan or policy years beginning January 1, 2014, a carrier that offers a bronze level health benefit plan in the individual market outside the Exchange must also offer silver and gold level plans in the individual market outside the Exchange, and a carrier that offers a bronze level health benefit plan in the small group market outside the Exchange must also offer silver and gold level plans in the small group market outside the Exchange.

Only non-grandfathered individual and small group plans offered outside the Exchange, other than catastrophic plans, must conform to the platinum, gold, silver, and bronze value tiers specified in the ACA.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

#### **Staff Summary of Public Testimony:**

(In support) This bill corrects a drafting error and clarifies that the market rules apply in the individual and small group markets, not the large group market. The clarification was sought in the Office of the Insurance Commissioner's technical corrections bill last year.

(Opposed) None.

**Persons Testifying:** Tom Kwieciak, Building Industry Association of Washington; Sheri Nelson, Association of Washington Business; Mel Sorenson, American Health Insurance Plans; Sydney Smith Zvara, Association of Washington Healthcare Plans; and Gary Smith, Independent Business Association.

**Persons Signed In To Testify But Not Testifying:** None.