

# SENATE BILL REPORT

## ESHB 1846

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As of April 8, 2013

**Title:** An act relating to stand-alone dental coverage.

**Brief Description:** Concerning stand-alone dental coverage.

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

**Brief History:** Passed House: 3/11/13, 97-0.

**Committee Activity:** Health Care: 3/21/13, 3/28/13 [DPA-WM].

Ways & Means: 4/08/13.

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### SENATE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Becker, Chair; Dammeier, Vice Chair; Keiser, Ranking Member; Bailey, Cleveland, Ericksen, Frockt, Parlette and Schlicher.

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

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Michael Bezanson (786-7449) and Mich'l Needham (786-7442)

**Background:** Under the federal Affordable Care Act, states must establish a health benefits 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, known as the Washington Healthplanfinder, in 2011 as a public-private partnership.

The qualified health plans offered in the exchange must cover ten categories of essential health benefits, including pediatric oral care for those under age 19. Federal law also allows stand-alone dental coverage to be offered in an exchange. If a stand-alone 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.

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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.*

Under state law, the Washington Healthplanfinder 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 Insurance Commissioner is currently in the process of adopting rules that will supplement the benchmark plan to include pediatric dental. Under these proposed 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.

**Summary of Bill (Recommended Amendments):** For the benefit years beginning with January 1, 2015, 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. The Commissioner must allow health carriers to offer the pediatric oral services within the health benefit plan offered outside the exchange.

Health plans licensed as health maintenance organizations may make arrangements to offer the pediatric oral services for the essential health benefits. All health plans that may offer pediatric oral services are included in the premium tax for the pediatric oral services offered as essential health benefits outside the exchange.

**EFFECT OF CHANGES MADE BY HEALTH CARE COMMITTEE (Recommended Amendments):** Inserts a provision for health maintenance organizations to make arrangements for pediatric oral benefits that meet the requirements for the essential health benefits. Inserts references to insurance carriers offering the pediatric oral health services in the definition of taxpayer for the premium tax, and provides that the pediatric oral services offered as essential health benefits outside the exchange are subject to the premium tax.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Engrossed Substitute House Bill (Health Care):**  
PRO: This is related to legislation passed last year in ESSHB 2319 and it remains a work in progress. I support amendments that are being worked on to clean up this bill and ensure parity with the dental stand-alone plans. A bill is necessary to ensure the stand-alone pediatric dental plans can be offered off the exchange. There is an interpretation of the statutory language from last year that would not allow the pediatric plans to be offered

outside the exchange. We fully support an amendment that was worked on with the the Office of the Insurance Commissioner (OIC), the carriers, and dental plans to ensure the health maintenance organizations can offer a dental product since they are not currently part of our staff models. The federal regulations recently released clarify that stand-alone plans can be offered outside the exchange. We will continue to work on language that clarifies the premium tax approach for these pediatric dental plans as we try to ensure there is parity.

OTHER: We support an amendment that we worked on with OIC, carriers, and the dental plans that clarifies the ability to offer pediatric dental plans off the exchange. The amendment would further clarify how we address the premium tax for the pediatric dental plans separate from the existing dental plans.

**Persons Testifying (Health Care):** PRO: Representative Schmick, prime sponsor; Melissa Johnson, Willamette Dental; Denny Eliason, WA Dental Service.

OTHER: Len Sorrin, Premera Blue Cross; Chris Bandoli, Regence BlueShield.

**Staff Summary of Public Testimony (Ways & Means):** PRO: Pediatric dental is an essential health benefit and is required under HB 2319 from last year. Over the summer, OIC interpreted state and federal rules to mean that any plan offering a stand-alone pediatric dental plan would also need to provide all of the essential health benefits. This would preclude any stand-alone dental plans. Recent federal guidance will allow stand-alone, pediatric-only plans. The bill also clarifies where the business and occupation tax applies and where the insurance premium tax applies. Without this bill, stand-alone pediatric dental plans will not happen.

**Persons Testifying (Ways & Means):** PRO: Representative Schmick, prime sponsor; Denny Eliason, WA Dental Service; Steve Gano, Premera Blue Cross.