

# SENATE BILL REPORT

## SB 5931

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As of January 28, 2014

**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: 1/20/14.

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### SENATE COMMITTEE ON HEALTH CARE

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

**Background:** The federal Affordable Care Act (ACA) specifies four categories of health plans to be offered in the individual and small group markets in the Health Benefit Exchange (Exchange) and 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.

State legislation passed in 2012 established criteria for the Exchange and market rules for carrier offerings. 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 level 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 need to meet all the requirements of the ACA.

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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.*

**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 must also offer silver and gold level plans in the individual market, and a carrier that offers a bronze level health benefit plan in the small group market must also offer silver and gold level plans in the small group market.

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.

**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:** PRO: This is a technical correction bill to clarify that the market rules were never intended to apply to the large group market; just the individual and small group markets consistent with federal law. The actuarial values specified in the federal law only apply to the individual and small group offerings. This was part of the larger Office of Insurance Commissioner's (OIC) technical corrections bill last year that had all parties in agreement, including OIC. The bill aligns the wording with the federal law and current implementation. We need to clarify that the language was not intended to apply to the large group and association health plans.

**Persons Testifying:** PRO: Sheri Nelson, Assn. of WA Business; Tom Kwieciak, Building Industry Assn. of WA; Sydney Zvara, Assn. of WA Healthcare Plans; Sheela Tallman, Premera Blue Cross; Clif Finch, WA Alliance for Healthcare Insurance Trust.