Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Health Care & Wellness Committee

HB 1626

Brief Description: Addressing health benefit plan grace periods.

Sponsors: Representative Schmick.

Brief Summary of Bill

- Permits a health care provider to choose whether to provide care to a qualified health plan enrollee in the second or third month of the grace period.

Hearing Date: 2/3/15

Staff: Alexa Silver (786-7190).

Background:

Qualified Health Plan Grace Period.

Under the Affordable Care Act, an individual who enrolls in a qualified health plan through a health benefit exchange may be eligible for a premium tax credit if his or her household income is 100 to 400 percent of the poverty line and he or she is not eligible for minimum essential coverage. Individuals who are eligible for the premium tax credit may have the credit paid in advance directly to the issuer to lower their premiums.

Federal rules require an issuer of a qualified health plan to provide a grace period of three consecutive months if an enrollee receiving advance payments of the premium tax credit has previously paid at least one full month's premium during the benefit year. During the grace period, the issuer must pay all appropriate claims for services rendered during the first month, but may pend claims for services rendered during the second or third month. The issuer is required to notify the enrollee that he or she is delinquent on payment of the premium, notify the U.S. Department of Health and Human Services of the enrollee's non-payment, and notify providers of the possibility for denied claims when the enrollee is in the second or third month of

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the grace period. As the premium aggregator, the Washington Health Benefit Exchange has assumed the function of providing delinquency notices to enrollees.

If the enrollee exhausts the grace period without paying all outstanding premiums, the issuer must terminate his or her coverage effective the last day of the first month of the grace period.

In Washington, for an enrollee who is in the second or third month of the grace period, the issuer must: (1) provide real-time information regarding the enrollee's eligibility status upon request by a health care provider or facility; and (2) notify a health care provider or facility that an enrollee is in the grace period within three business days after submittal of a claims or status request for services provided. The information must indicate "grace period" or an appropriate national coding standard as the reason for pending the claim if the claim is pended due to the enrollee's grace period status. Unless the notification is sent electronically, it must indicate that the enrollee is in the second or third month of the grace period.

Charity Care.

Washington's charity care law prohibits a hospital or its medical staff from adopting or maintaining admission practices or policies that result in:

- a significant reduction in the proportion of patients who do not have third-party coverage and are unable to pay for hospital services;
- a significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is likely to be less than the anticipated cost or charge; or
- the refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.

Summary of Bill:

A health care provider may choose whether to provide care to a qualified health plan enrollee in the second or third month of the grace period, except as required by the charity care law.

The bill does not modify any rights in an agreement in existence on the bill's effective date.

Appropriation: None.

Fiscal Note: Not requested.

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