

# FINAL BILL REPORT

## EHB 1890

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C 284 L 15  
Synopsis as Enacted

**Brief Description:** Concerning a second-party payment process for paying issuer.

**Sponsors:** Representatives Schmick and Cody.

**House Committee on Health Care & Wellness**  
**Senate Committee on Health Care**

**Background:**

An individual enrolled in a qualified health plan (QHP) through the Health Benefit Exchange (Exchange) is responsible for making premium and cost-sharing payments to the issuer. Enrollees currently make premium payments to the Exchange, but beginning with the 2016 open enrollment period, issuers will begin collecting premium payments directly from enrollees.

The Centers for Medicare and Medicaid Services (CMS) has issued guidance related to premium and cost-sharing payments made by third parties on behalf of QHP enrollees. The CMS discourages issuers from accepting third-party payments from hospitals, health care providers, and other commercial entities due to concerns that the practice could skew the insurance risk pool and create an unlevel field in the Exchange. By CMS rule, however, an issuer that offers a QHP in the individual market is required to accept premium and cost-sharing payments on behalf of an enrollee if the payment is made by: the Ryan White HIV/AIDS Program; other state and federal government programs that provide premium and cost-sharing support for individuals; or Indian tribes, tribal organizations, or urban Indian national organizations.

**Summary:**

Issuers must accept payments made by a second-party payment process, and these payments may be made with any legal tender denominated in U.S. dollars. "Second-party payment process" means a process in which:

- an individual has an account in his or her name at a financial institution that is managed by either the institution or an entity that has established the account on the individual's behalf and with his or her express agreement;

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- the account is funded with funds from the individual or his or her family members or in a manner otherwise consistent with federal law; and
- the account is under the control of the covered person so that he or she may authorize payments from the account.

An issuer is not required to accept payment by a second-party payment process if the second-party payer is controlled by, or receives funding from, an entity that may be reimbursed by an issuer for providing health care services or if the account is funded by such an entity, except for the third-party entities from which federal law requires the issuer to accept payment.

**Votes on Final Passage:**

House	98	0
Senate	47	0

**Effective:** July 24, 2015