

# HOUSE BILL REPORT

## HB 2340

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**As Reported by House Committee On:**  
Health Care & Wellness  
Appropriations

**Title:** An act relating to the Washington state health insurance pool.

**Brief Description:** Addressing the Washington state health insurance pool.

**Sponsors:** Representatives Schmick, Cody and Jinkins.

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 1/13/16, 2/5/16 [DPS];

Appropriations: 2/8/16 [DPS(HCW)].

**Brief Summary of Substitute Bill**

- Extends the discontinuation date for all Washington State Health Insurance Pool (WSHIP) non-Medicare plans to December 31, 2018, and freezes enrollment for all non-Medicare plans until August 1, 2017.
- Changes the WSHIP funding formula for stop loss insurers and the Uniform Medical Plan.
- Requires a work group to analyze the WSHIP and all available options to fund the WSHIP.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Cody, Chair; Riccelli, Vice Chair; Schmick, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Caldier, Clibborn, DeBolt, Jinkins, Johnson, Moeller, Robinson, Rodne, Short, Tharinger and Van De Wege.

**Staff:** Ariele Landstrom (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 Washington State Health Insurance Pool (WSHIP) is the high-risk health insurance pool for Washington. The WSHIP is an independent, nonprofit entity created by legislation. The WSHIP provides coverage for individuals who are unable to obtain comprehensive health coverage or Medicare supplemental coverage. The WSHIP offers two types of plans; non-Medicare eligible plans and Medicare-eligible plans.

To be eligible for coverage under a WSHIP non-Medicare plan, an individual must be a Washington resident and not be eligible for:

- Medicare coverage, and enrolled in a WSHIP non-Medicare plan prior to December 31, 2013; or
- Medicare or Medicaid, and residing in a county where an individual health plan is not offered to the individual.

The WSHIP has been closed to new non-Medicare enrollment because individual plans were offered in all counties in 2014 and 2015. The WSHIP must discontinue all non-Medicare plans on December 31, 2017.

The WSHIP Medicare-eligible plan remains open to enrollees who are unable to obtain comprehensive supplemental coverage or a Medicare Part C plan with no discontinuation date.

The WSHIP is funded through participant premiums, assessments on health carriers, federal grants, and other income. About 70 percent of WSHIP is funded through the assessment on health carriers. All health plans in the state are assessed proportionally based on their membership in the preceding calendar year, including one-tenth of the stop loss plan members and one-tenth of the Uniform Medical Plan members.

In 2012 the WSHIP completed a study to review whether populations needed ongoing access to coverage through the WSHIP, with specific attention to those persons who may have been excluded from or received inadequate coverage beginning January 1, 2014. Legislation enacted in 2013 required the WSHIP to revisit the study of eligibility and complete another review of populations that may need ongoing access to coverage through the WSHIP by November 1, 2015. The requirements of the study were to:

- include both the non-Medicare populations scheduled to lose coverage and Medicare populations, including whether the enrollees have access to comprehensive coverage alternatives that include appropriate pharmacy coverage;
- address any barriers to eligibility that remain in accessing other coverage such as Medicare supplemental coverage or comprehensive pharmacy coverage; and
- suggest any financing changes and recommend a future expiration of the pool.

In 2015 the WSHIP issued the following recommendations:

- continue the WSHIP non-Medicare coverage beyond December 31, 2017;
- continue the WSHIP Medicare coverage;
- maintain the WSHIP funding mechanism; and
- expand alien medical coverage for undocumented immigrants by expanding the Alien Medical for Dialysis and Cancer Treatment program to cover other serious medical conditions and post-transplant care.

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**Summary of Substitute Bill:**

Enrollment for all non-Medicare plans is frozen until August 1, 2017. The discontinuation date for the WSHIP non-Medicare plans is extended to December 31, 2018.

The WSHIP funding formula is changed. For stop loss insurers, the assessment rate increases from one-tenth to one-fifth and for the Uniform Medical Plan, the assessment rate increases from one-tenth to one-seventh.

A work group is required to analyze the WSHIP and all available options to fund the pool.

**Substitute Bill Compared to Original Bill:**

The substitute bill:

- eliminates the provision that opens the non-Medicare plans to anyone who is not eligible for the Washington Health Benefit Exchange (Exchange);
- freezes enrollment for all non-Medicare plans until August 1, 2017;
- provides a discontinuation date for the WSHIP non-Medicare plans of December 31, 2018, instead of removing the discontinuation date;
- changes the WSHIP funding formula for stop loss insurers and the Uniform Medical Plan; and
- requires a work group to analyze the WSHIP and all available options to fund the WSHIP.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** 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 includes the board's recommendation to remove the termination date. WSHIP covers 1,000 Medicare enrollees and it is recommended that there is no change to coverage. For the non-Medicare populations, the majority of enrollees have transitioned. There are concerns about remaining individuals obtaining coverage by 2017. The study did not address people not eligible for Exchange coverage.

There is support for having pool coverage for the population that is not eligible for the Exchange. There is a need to reexamine the funding mechanism though. Small business is bearing the burden of this. This cost should be spread out. This population has more health issues so health care costs will go up.

There is support for the intent of this bill and the WSHIP's board recommendations. Rate filings for 2017 are due April 2016, so there is a need to know rates soon. Action should be taken this session. A follow up study should be done to look at opening up the pool and funding issues with recommendations due by end of this year.

(Opposed) None.

(Other) There is concern about reopening the pool to new enrollment. The original intent of the pool was in a different environment. There is a need to be careful with how it is used. There is a need to look at all the types of services in the high-risk environment.

**Persons Testifying:** (In support) Representative Schmick, prime sponsor; Shaun Koos and Sharon Becker, Washington State Health Insurance Pool; Sheri Nelson, Association of Washington Business; and Sheela Tallman, Premera.

(Other) Chris Bandoli, Regence BlueShield.

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

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Health Care & Wellness be substituted therefor and the substitute bill do pass. Signed by 33 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Cody, Condotta, Dent, Fitzgibbon, Haler, Hansen, Harris, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Manweller, Pettigrew, Robinson, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Taylor, Tharinger, Van Werven and Walkinshaw.

**Staff:** Erik Cornellier (786-7116).

**Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 6, 2016.

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

**Staff Summary of Public Testimony:**

(In support) There were some reservations previously, but the sponsor and chair have offered amendments that resolve the issues.

The essential coverage provided by the Washington State Health Insurance Pool should continue, but there are concerns about how costs are allocated. The costs disproportionately fall on small businesses now. The bill would modestly spread the costs to large group plans and the Public Employee Benefits plans. This is a modest expense.

We need to take a serious look at how the program can continue, or how it can be folded into private health plans.

(Opposed) None.

**Persons Testifying:** Patrick Connor, National Federation of Independent Business.

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