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**Business & Financial Services Committee**

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**SB 6405**

**Brief Description:** Addressing the civilian health and medical program for the veterans affairs administration.

**Sponsors:** Senators Benton, Roach, McCoy, O'Ban, Angel and Conway.

**Brief Summary of Bill**

- Exempts the Civilian Health and Medical Program for the Department of Veterans Affairs (CHAMPVA) from the definition of "health plans."
- Permits CHAMPVA coverage to be offered to groups other than to those set forth in statute.

**Hearing Date:** 2/16/16

**Staff:** David Rubenstein (786-7153).

**Background:**

Group Disability Insurance.

The Office of the Insurance Commissioner (OIC) regulates insurance transactions in Washington. This includes group disability insurance policies that are issued or delivered in Washington. The OIC ensures that the rates and forms comply with the requirement of the Insurance Code. There are certain standard provisions for group disability policies.

In general, a group disability policy may only insure members of specified types of groups and the dependents of the members. The group is the policyholder and is required to pay the premiums on the policies. An insured person may be able to contribute funds to the premiums. A person must be a member to be insured under the group policy. These groups are:

- employee groups;
- credit union groups;
- debtor groups;

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- associations which have: (1) been in active existence for at least one year; (2) a constitution and bylaws; and (3) been organized and maintained in good faith for purposes other than that of obtaining insurance;
- labor union groups;
- public employee associations;
- trustee groups;
- insurance producer groups;
- the Washington State Patrol;
- financial institutions; and
- corporations with at least 500 subscribers that exist for the primary purpose of assisting subscribers in securing medical, hospital, dental, and other health care services.

However, group disability insurance for certain lines of coverage maybe issued to a group not specified above. These policies may be issued only if the OIC finds that the policy is not contrary to the best interest of the public, would not result in economies of acquisition or administration, and that the benefits are reasonable in relation to the policy's premiums. The lines of coverage authorized under this exception are:

- disability income;
- accident-only coverage; and
- dental-only and vision-only coverage.

#### Health Plans Generally.

The insurance code sets out detailed requirements for health insurance plans, called "health plans" or "health benefit plans" in the code. A health plan is defined as "any policy, contract, or agreement offered by a health carrier to provide, arrange, reimburse, or pay for health care services." However, certain kinds of insurance coverage are expressly excluded from the definition of "health plan." These include, among others:

- long-term care insurance;
- Medicare supplemental health insurance;
- disability income;
- coverage incidental to property or casualty liability policies;
- accident-only coverage; and
- dental-only and vision-only coverage.

#### CHAMPVA.

The Civilian Health and Medical Program for the Department of Veterans Affairs (CHAMPVA) is a program administered by the U.S. Department of Veterans Affairs (VA) to provide comprehensive health care to eligible beneficiaries. Under the program, the VA shares the cost of covered health care services and supplies with eligible beneficiaries. Eligible beneficiaries include the spouse, widow/widower, and children of a veteran who:

- is rated permanently and totally disabled due to a service-connected disability;
- was rated permanently and totally disabled due to a service-connected condition at the time of death;
- died of a service-connected disability; or

died on active duty, and the dependents are not eligible for Department of Defense TRICARE benefits.

**Summary of Bill:**

The CHAMPVA is added to the list of lines of coverage that may be issued to groups other than those set forth in statute. The program is also excluded from the definition of "health plan."

**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.