

# SENATE BILL REPORT

## SHB 1967

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As of March 30, 2015

**Title:** An act relating to creating flexibility in health care coverage by seeking federal waivers.

**Brief Description:** Directing the health care authority to apply for federal waivers concerning health care coverage.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Cody, Schmick and Jinkins).

**Brief History:** Passed House: 3/09/15, 60-38.

**Committee Activity:** Health Care: 3/30/15.

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### SENATE COMMITTEE ON HEALTH CARE

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

**Background:** Section 1332 of the Affordable Care Act (ACA) authorizes states to apply to the Secretary of Health and Human Services (HHS) and the Secretary of the Treasury for a waiver from certain provisions of the ACA for plan years beginning in 2017. A waiver may be granted if the state plan will provide coverage that is at least as comprehensive and affordable as coverage under the ACA to at least a comparable number of people, without increasing the federal deficit. The application must include a description of the state legislation and program to implement a plan meeting the requirements for a waiver, as well as a ten-year budget plan that is budget neutral for the federal government.

In addition, under section 1115 of the Social Security Act, the Secretary of HHS has authority to grant waivers from certain Medicaid requirements to allow states to demonstrate innovative approaches in their Medicaid programs. The purpose of section 1115 demonstration projects is to demonstrate and evaluate policy approaches such as expanding eligibility, providing services not typically covered, and using innovative service delivery systems.

An employer payment plan, which is a type of employer health care arrangement, involves an employer reimbursing employees for their purchase of individual market policies. Guidance issued by several federal agencies indicates that employer health care arrangements are considered to be group-health plans and are therefore subject to market reforms under the ACA, including the prohibition on annual limits for essential health benefits and the

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requirement to provide preventive services without cost-sharing. These arrangements may satisfy the market reforms if they are integrated with a group-health plan, but they may not be integrated with individual market policies to satisfy the market reforms. In addition, an employee who participates in this type of arrangement would be ineligible for premium tax credits, because the employee would be covered by a group health plan.

**Summary of Bill:** By January 1, 2016, the Health Care Authority (HCA) must apply to the federal government for a waiver to:

- permit employers to integrate employer health care arrangements, such as health reimbursement arrangements and employer payment plans, with individual market policies; and
- authorize alternative structures for enrollee eligibility, provider payment, and plan design for those participating in medical assistance to tailor the program to the needs of Washington residents.

HCA must provide a process for public notice and comment, notify the Governor and the Legislature upon receipt of a waiver, and provide status reports, as requested, to the Joint Select Committee on Health Care Oversight.

The act is null and void unless funded in the budget.

**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:** None.

**Persons Testifying:** No one.

**Persons Signed in to Testify But Not Testifying:** No one.