

SENATE BILL REPORT

ESHB 2340

As of February 22, 2016

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

Brief Description: Addressing the Washington state health insurance pool.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Schmick, Cody and Jinkins).

Brief History: Passed House: 2/12/16, 96-0.

Committee Activity: Health Care: 2/22/16.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

Background: 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. WSHIP provides coverage for individuals who are unable to obtain comprehensive health coverage or Medicare supplemental coverage. WSHIP offers 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, not be eligible for:

- Medicare coverage, and have 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.

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

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 regulated 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. Other self-insured medical

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plans, operating under the federal Employee Retirement Income Security Act (ERISA), are not assessed since the federal law preempts state regulation of these benefit plans.

In 2012, 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, 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.

Summary of Bill: Enrollment for all non-Medicare plans is frozen until August 1, 2017. The discontinuation date for 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 program and all available options to fund the pool by December 1, 2016.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 16, 2016.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: I am interested in forming a workgroup to look at the funding for the pool, as well as the actuarial values, eligibility, review the populations covered and the reasons they are seeking coverage through the pool. It is time to take a step back and look at the financing over the interim. I am thinking of the workgroup as my interim task and I have a list of names to participate in the review. We appreciate this bill supports the recommendations of the Board to continue to pool and extend the

termination date for the non-Medicare coverage beyond 2017, while continuing the Medicare program. The WSHIP Board represents a very diverse group with small group, large, group, members, and the OIC, and the Board is interested in working on the financing study. We appreciate the changes from the original version and we look forward to talking about the financing and populations covered in the pool. We have some additional alternatives that can be considered as well. We were opposed to the original bill and we appreciate the revisions with modest changes to the funding. We believe the study could benefit from more specificity as to who is on the work group. We recommend a couple of amendments including extending the termination date to 2020 for the non-Medicare customers, and rather than creating a new work group we suggest the Board be assigned the financing review. The WSHIP Board is better suited to conduct the study and already represents the range of members impacted by the assessment. We support extending the expiration date to 2020 and agree the Board should conduct the study.

OTHER: The house revisions are slightly better than the original since they slightly adjust the cost sharing for the state employees and stop loss carriers. We feel this burden is unevenly hitting small employers and more people should pitch in to pay for the pool and spread the costs. We support studying the financing and having better information to inform discussions next year.

Persons Testifying: PRO: Representative Schmick, prime sponsor; Sharon Becker, WSHIP Executive Director; Patrick Connor, NFIB/Washington; Sheri Nelson, Assoc of WA Business; Steve Gano, Premera Blue Cross; Carrie Tellefson, Regence Blue Shield.

OTHER: Tom Kwieciak, Building Industry Assn of WA.

Persons Signed In To Testify But Not Testifying: No one.