

SENATE BILL REPORT

SB 6089

As of March 30, 2015

Title: An act relating to health benefit exchange sustainability.

Brief Description: Concerning health benefit exchange sustainability.

Sponsors: Senator Hill.

Brief History:

Committee Activity: Ways & Means: 3/31/15.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Sandy Stith (786-7710)

Background: The Health Benefit Exchange (Exchange) is established in statute as a public-private partnership to serve as an insurance marketplace for individuals, families, and small businesses. The Exchange, through the Washington Healthplanfinder, provides access to multiple insurance plans and federal premium tax credits for individuals with incomes between 138 and 400 percent of the federal poverty level.

RCW 43.71.030 requires the Exchange be self-sustaining after December 31, 2014. Self-sustainability includes federal grants, federal premium tax subsidies and credits, charges to health carriers, premiums paid by enrollees, and premium taxes paid on qualified health plans.

Other than federal grants, the Legislature determines the expenditure level allowed by the Exchange. The Exchange is funded with premium taxes on qualified health plans sold through the Exchange and federal Medicaid funds. If the total funds generated through premium tax and other funds deposited in the dedicated account, along with other funds authorized by the Legislature, such as Medicaid, do not provide the level of funding authorized by the Legislature to fund the operations of the Exchange, the Exchange is allowed to collect assessments from qualified health plan carriers to make up the difference between the amount authorized by the Legislature and the amount available through premium tax and other available funds. The Legislature currently appropriates premium taxes and Medicaid funding, but not federal grants.

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 original duties of the Exchange allowed for aggregation of premiums collected from individuals purchasing qualified health plans. These premiums were collected at the Exchange and forwarded to carriers. This process began January 1, 2014. Throughout the first year of operations, the Exchange encountered a number of system difficulties including transmission of payment information to health plans that resulted in coverage and claims problems for individuals and carriers.

In December 2014, after review of several options, the Exchange board voted to cease premium aggregation and remove premium collection and invoicing from the individual Exchange. The project planning and system redesign have begun for the 2016 open enrollment period.

Summary of Bill: As of July 1, 2015, the Exchange no longer receives premium taxes generated from qualified health plans. All operations of the Exchange must be self-sustaining through the generation of assessments on qualified health plan carriers, Medicaid cost allocation, federal grants, and other allowable sources available to the Exchange. Federal grants received by the Exchange are deposited into the dedicated account within the state treasury. The Exchange will operate at the level authorized by the Legislature and monies in the dedicated account must only be spent after appropriation.

The Exchange must cease premium aggregation functions.

The Exchange is authorized to collect assessments from issuers of qualified health benefit plans or stand-alone dental plans in an amount necessary to fund operational costs incurred beginning July 1, 2015.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.