

# SENATE BILL REPORT

## 2SHB 1338

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As of March 28, 2017

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

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

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

**Brief History:** Passed House: 3/01/17, 93-5.

**Committee Activity:** Health Care: 3/14/17, 3/14/17 [DP-WM].

**Ways & Means:** 3/28/17.

### Brief Summary of Bill

- Extends the expiration date for non-Medicare coverage purchased through the Washington State Health Insurance Pool.

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### SENATE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Rivers, Chair; Becker, Vice Chair; Cleveland, Ranking Minority Member; Bailey, Conway, Fain, Keiser, Miloscia, Mullet, O'Ban and Walsh.

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

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Sandy Stith (786-7710)

**Background:** The Washington State Health Insurance Pool (WSHIP) is the high-risk pool for Washington. WSHIP is an independent, nonprofit entity created by legislation that 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.

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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.*

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 be enrolled in a WSHIP non-Medicare plan prior to December 31, 2013; or
- Medicare or Medicaid, and reside 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. There are approximately 430 enrollees remaining in the non-Medicare coverage, with average claims about \$6,000 per member per month. WSHIP is scheduled to discontinue all non-Medicare plans on December 31, 2017.

The Medicare-eligible plan remains open to enrollees who are unable to obtain comprehensive supplemental coverage or a Medicare Advantage Plan, with no discontinuation date. There are approximately 1066 enrollees in the Medicare coverage, with average medical claims of \$920 per member per month.

The program is funded through enrollee premiums and assessments placed on all regulated health plans, including Medicaid managed care plans and the state's self-insured Uniform Medical Plan. The self-insured plan and other stop-loss plans are assessed with ten residents counting as one resident, while fully insured plans are assessed for every member for the previous calendar year. Other self-insured medical 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.

**Summary of Bill:** The Legislature makes findings and states its intent to extend and study the WSHIP. The expiration date for individual, non-Medicare coverage purchased through the WSHIP is extended until December 31, 2022.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed. However, the bill is null and void if not funded in the budget.

**Staff Summary of Public Testimony (Health Care):** PRO: The bill delays the non-Medicare sunset to 2022, which is consistent with the board recommendations. The high risk pool serves the medically vulnerable population and during this evolving time at the federal level it is not the time to eliminate the program. These individuals have claims costs that are ten times higher than others and we need to ensure the option remains available especially if there are counties that do not have individual plan options in the future. These individuals will still be sick if they lose coverage. The lack of coverage decreases adherence to treatment for diseases like HIV/AIDS. The assessment is only \$0.92 per member per month. The high risk pool is extremely important to patients and providers. It is important to preserve continuity of care and maintain the program coverage. The coverage is very important to the

hospital community. As the insurer of last resort, the high risk pool is available when nothing else is available. The population covered by the program will still be sick if the program is removed. The high risk pool is important to the stability of the marketplace and is a top priority to ensure a vibrant, competitive marketplace. It is difficult to know what the federal changes may look like and it is important to maintain the pool as critical infrastructure. It served a critical role when the individual market closed in 2000. If the program sunsets, it will impact the individual market during this time of uncertainty. We should avoid further stress on the market, and it is worth discussing the future funding of the pool. We appreciate the language added in the House. We support the extension of the high risk pool and the opportunity to help with market stability. The extension for five years is appropriate and allows us to look at additional funding mechanisms.

**Persons Testifying (Health Care):** PRO: Mel Sorensen, America's Health Ins. Plans; Washington Assoc. of Health Underwriters; Sheri Nelson, Assoc. of WA Business; Sharon Becker, WSHIP; Shaun Koos, WSHIP; Sean Graham, Washington State Medical Association; Chris Bandoli, Washington State Hospital Association; Zach Snyder, Regence BlueShield.

**Persons Signed In To Testify But Not Testifying (Health Care):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: We support this bill and this is consistent with the recommendations of the Washington State Health Insurance Pool (WSHIP) Board. The high risk pool provides a safety net for high risk populations. If the pool were to cease to exist, it would be costly to recreate it. The cost for individuals in the pool is approximately ten times that of non-high risk individuals. It would put a stress on the individual market if the pool were to go away, especially in counties where there is only one plan. The WSHIP Board unanimously supports this bill. It protects the individual market. The needs of the individuals continue to exist regardless of whether the pool continues. Without it, you will see an increase in uncompensated care costs as people will need to seek care elsewhere, such as in emergency rooms. As there is funding for this bill in both the Senate and House budgets, please pass the bill.

**Persons Testifying (Ways & Means):** PRO: Sharon Becker, WSHIP/Executive Director; Shaun Koos, WSHIP; David Knutson, Association of Washington Healthcare Plans.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** PRO: Margaret Simpler, Nativity Apartments.