

SENATE BILL REPORT

SHB 2516

As Passed Senate, February 27, 2018

Title: An act relating to modernizing the health benefit exchange statutes by aligning statutes with current practice and making clarifying changes to the health benefit exchange enabling statute.

Brief Description: Updating health benefit exchange statutes.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Cody, Harris, Jinkins, Robinson, Tharinger, Caldier and Macri).

Brief History: Passed House: 2/12/18, 58-40.

Committee Activity: Health & Long Term Care: 2/20/18, 2/22/18 [DP, w/oRec].

Floor Activity:

Passed Senate: 2/27/18, 37-12.

Brief Summary of Bill

- Removes references to the Affordable Care Act found in the Health Benefit Exchange (Exchange) statutes.
- Repeals or consolidates any responsibilities and duties that were only needed to establish the Exchange.
- Requires members of the Exchange's Board to serve until a successor has assumed office, following the expiration of their term.
- Allows an assessment on insurers that is assessed only if the funds are insufficient to fund exchange operations for the following calendar year, to include three months of additional operating costs.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Majority Report: Do pass.

Signed by Senators Cleveland, Chair; Kuderer, Vice Chair; Rivers, Ranking Member; Bailey, Conway, Fain, Keiser, Mullet and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senator Becker.

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.

Staff: Evan Klein (786-7483)

Background: Federal Health Care Reform. Under the federal Patient Protection and Affordable Care Act (ACA), all U.S. citizens and legal residents are required to have health insurance coverage or pay a tax penalty. The ACA gave the states the option to expand their Medicaid programs to cover individuals up to 133 percent of the federal poverty level, which Washington State has done. The law also establishes state-based insurance exchanges in which individuals and small businesses may compare and purchase health insurance.

Health Benefit Exchange. As a result, Washington State established the Health Benefit Exchange (Exchange). The Exchange is a public-private partnership that serves as Washington State's insurance marketplace for individuals, families, and small businesses. The Exchange, through Washington Healthpathfinder, provides access to multiple insurance plans and federal premium tax credits. Individuals may also apply for Apple Health coverage through the Exchange.

Qualified Health Plans. Under the ACA, an individual who enrolls in a qualified health plan through a health benefit exchange may be eligible for a premium tax credit if the individual's household income is 100 to 400 percent of the federal poverty line and the individual is not eligible for minimum essential coverage through another coverage option such as Medicaid, Medicare, or an employer-sponsored plan.

Health Reimbursement Arrangements. In 2016, the 21st Century Cures Act created Qualified Small Employer Health Reimbursement Arrangements (QSEHRA), sometimes called Small Business HRAs. A QSEHRA allows certain small employers that do not offer a group health plan to provide a monthly allowance that is used to reimburse employees for personal medical expenses.

Summary of Bill: All references to the ACA found in the Exchange statutes are replaced with "applicable federal law" or similar language. Reference to the ACA's definition of Navigator is removed and is defined as a person or entity certified by the Exchange to provide culturally and linguistically appropriate education and assistance and facilitate enrollment in qualified health plans and federal and state health care programs, in a manner consistent with federal law.

Members of the Exchange's board are required to serve until a successor has assumed office, following the expiration of the member's term.

The Exchange may offer information to consumers and small businesses about QSEHRAs.

The Exchange's authorities and powers are condensed and clarified, including the authority to certify qualified health and dental plans offered through the Exchange; provide consumer education; determine eligibility to tax credits, cost sharing reductions, and state and federal health care programs; and to provide data necessary to facilitate subsidies. Authorities and powers originally granted to the Health Care Authority to establish the Exchange that are no longer necessary are repealed or removed. Other requirements only pertaining to the establishment of the Exchange, or with dates that have already past, are also removed.

The assessment on insurers that is assessed only if the funds are insufficient to fund Exchange operations for the following calendar year may now include three months of additional operating costs. The annual strategic plan and report no longer include the salary and compensation data of Exchange staff.

The bill removes the requirements on the Exchange to notify enrollees who have entered the grace period, to perform eligibility checks on those in the grace period for Medicaid, and to produce an annual report on the grace period.

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.

Staff Summary of Public Testimony: PRO: This bill is very limited in scope but very important to the Exchange. This bill ensures that if the ACA changes, the Exchange can still perform its services for the state of Washington. This bill removes language for activities that are already completed, and removes language around premium aggregation, which the Exchange never ended up doing. The bill does not change the fact that the Exchange must still be self-sustaining.

Persons Testifying: PRO: Pam MacEwan, CEO, Washington Health Benefit Exchange.

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