

SENATE BILL REPORT

SB 5253

As of February 1, 2017

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

Brief Description: Addressing the Washington state health insurance pool.

Sponsors: Senators Cleveland, Rivers, Kuderer, Keiser, Conway, Becker and Hasegawa.

Brief History:

Committee Activity: Health Care: 1/31/17.

Brief Summary of Bill

- Removes the December 31, 2017 sunset date for the Washington State Health Insurance Pool non-Medicare plans.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

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.

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.

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 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: WSHIP non-Medicare plans are no longer discontinued effective December 31, 2017.

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: WSHIP was established by the Legislature in 1987 and it has served as the safety net for medically vulnerable individuals in the state. The board has unanimously recommended the continuation of the program since there are remaining barriers to coverage for some populations. It is important to maintain the safety net during this time of uncertainty that could impact the individual market. We should delay the sunset date for the non-Medicare program to protect enrollees and stabilize the market. Closing the program will result in higher premiums for the individual market and public health risks from those that can't retain coverage. We support the board recommendation to eliminate or delay the sunset. We would support discussing the future role WSHIP could play in maintaining market stability. The activity at the federal level has created uncertainty since it is unclear what will be available into the future. WSHIP provides an important safety net and the sunset should be pushed out, not eliminated. There should be a discussion of the funding options. The board offered recommendations on funding options in a 2010 report and we recommend a review of those options. We support access to care as the top priority and it is important to maintain the safety net. Please continue the program and review the funding options over the interim. It is important to maintain the high risk pool as a tool that the state can use once the larger federal issues are clarified. It is important to maintain the program so there will be access to coverage if we have some counties that lose coverage in the future.

OTHER: Small businesses agree that the current 400 enrollees should remain in the pool and we are okay maintaining the funding source for those currently enrolled. We have some concerns if the pool becomes the only coverage available for many more people and that care

needs to be subsidized by others. If the coverage mandate is eliminated, the burden on those who purchase coverage grows. There should be a new look at the third party payments that sponsor coverage—they are not allowed outside WSHIP and there may be better ways to address the ongoing needs.

Persons Testifying: PRO: Senator Annette Cleveland, Prime Sponsor; Sean Graham, Washington State Medical Association; Mel Sorensen, America's Health Ins. Plans, Wash. Assn. of Health Underwriters; Sharon Becker, Washington State Health Insurance Pool; Shaun Koos, Washington State Health Insurance Pool; Sheri Nelson, Assn. of WA Business; Amber Ulvenes, Group Health; Chris Bandoli, Washington State Hospital Association; Sheela Tallman, Premera; Zach Snyder, Regency Blue shield; Scott Plack, Group Health.

OTHER: Patrick Connor, NFIB/Washington.

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