

HOUSE BILL REPORT

SB 5032

As Passed House:
April 4, 2019

Title: An act relating to medicare supplemental insurance policies.

Brief Description: Concerning medicare supplemental insurance policies.

Sponsors: Senators Cleveland, Keiser and O'Ban; by request of Insurance Commissioner.

Brief History:

Committee Activity:

Health Care & Wellness: 3/7/19, 3/20/19 [DP].

Floor Activity:

Passed House: 4/4/19, 93-0.

Brief Summary of Bill

- Removes from the market, consistent with federal law, Medicare supplemental plans offering coverage for the Medicare Part B deductible.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 15 members: Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Chambers, Davis, DeBolt, Harris, Jinkins, Maycumber, Riccelli, Robinson, Stonier, Thai and Tharinger.

Staff: Jenny Aronson (786-7290) and Jim Morishima (786-7191).

Background:

Medicare Supplemental Insurance.

Medicare Supplemental Insurance, also called Medigap, is private health insurance coverage designed to cover excess costs not covered by the federal Medicare program. While Medicare supplemental coverage is offered by private insurance companies, state and federal standards require companies to offer standardized plans designated A, B, C, D, F, F with high deductible, G, K, L, M, and N.

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.

Medicare supplement plans C, F, and F with high deductible provide Medicare Part B deductible coverage, commonly referred to as "first dollar coverage," which covers an enrollee's out-of-pocket costs.

Medicare Access and Chip Reauthorization Act of 2015.

The federal Medicare Access and Chip Reauthorization Act (MACRA) prohibits the sale of Medicare supplemental plans that cover the Medicare Part B deductible (i.e., plans C, F, and F with high deductible) to persons who: (a) turn 65 on or before January 1, 2020; or (b) who first become eligible for Medicare benefits due to age, disability, or end-stage renal disease on or after January 1, 2020.

Individuals enrolled in plans C, F, or F with high deductible prior to January 1, 2020, may keep their coverage, and insurers may continue to sell Plans C, F, or F with high deductible to individuals who were eligible for Medicare prior to January 1, 2020.

Summary of Bill:

Consistent with the MACRA, Medicare supplemental plans C, F, and F with high deductible are removed from the market for persons eligible for Medicare hospital and physician services on or after January 1, 2020 (the plans remain available to people eligible prior to January 1, 2020). Medicare supplemental plan F with high deductible is replaced with plan G with high deductible, which is also made available to persons eligible for Medicare prior to January 1, 2020.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The federal government made changes effective January 1, 2020, that will result in some Medicare supplemental insurance products no longer being available. The products will continue to be available for those already in Medicare. This bill puts state law in compliance with federal law.

(Opposed) None.

Persons Testifying: Lonnie Johns-Brown and Mike Bryant, Office of the Insurance Commissioner.

Persons Signed In To Testify But Not Testifying: None.