

SENATE BILL REPORT

SB 6051

As Reported by Senate Committee On:
Health & Long Term Care, January 29, 2020

Title: An act relating to health coverage that is supplemental to the coverage provided under an employer or union-sponsored prescription drug coverage that supplements medicare part D provided through an employer group waiver plan authorized under federal law.

Brief Description: Concerning health coverage supplementing medicare part D provided through a federally authorized employer group waiver plan.

Sponsors: Senators Cleveland, O'Ban, Becker and Wilson, C.

Brief History:

Committee Activity: Health & Long Term Care: 1/24/20, 1/29/20 [DPS].

Brief Summary of First Substitute Bill

- Exempts employer and union-sponsored prescription drug plans that exclusively supplement Medicare Part D coverage from regulations applicable to health insurance plans.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Majority Report: That Substitute Senate Bill No. 6051 be substituted therefor, and the substitute bill do pass.

Signed by Senators Cleveland, Chair; Randall, Vice Chair; O'Ban, Ranking Member; Conway, Dhingra, Frockt, Keiser and Van De Wege.

Staff: Evan Klein (786-7483)

Background: Health Plans. Health plans are policies, contracts, or agreements offered by a health carrier to provide, arrange, reimburse, or pay for health care services. Health plans must comply with various insurance regulations including rate review, guaranteed issue requirements, prohibitions on rescission of coverage, minimum coverage and mandated benefits requirements, and other filing and reporting requirements. Health plans do not include:

- long-term care insurance;

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- Medicare supplemental insurance;
- certain federal health insurance programs offered to members of the military and to veterans;
- limited health care services offered by limited health care service contractors;
- disability income;
- worker's compensation;
- accident only coverage;
- certain fixed payment insurance;
- employer-sponsored self-funded health plans;
- dental only and vision only coverage; and
- plans deemed to have a short-term limited purpose or duration.

Medicare Part D. Citizens and permanent residents of the United States who are age 65 or older, or under 65 with disabilities or end stage renal disease are generally eligible for Medicare. Medicare Part D is an optional part of the federal Medicare program allowing for the purchase of a prescription drug benefit. Individuals who are eligible for Medicare are eligible for Part D if they are enrolled in Part A, hospital coverage, or Part B, primary care and outpatient services.

Supplemental Prescription Drug Coverage. Employers and unions are permitted under a federal group waiver program to offer prescription drug coverage under the employer's or union's sponsored health coverage to retirees who are eligible for Medicare Part D. Employers offering supplemental Part D coverage must follow all Medicare Part D prescription drug requirements, except those explicitly waived by the Centers for Medicare and Medicaid Services.

Summary of Bill (First Substitute): A health plan does not include coverage supplemental to the coverage provided under an employer or union-sponsored prescription drug plan that exclusively supplements Medicare Part D coverage.

EFFECT OF CHANGES MADE BY HEALTH & LONG TERM CARE COMMITTEE (First Substitute): Clarifies that only stand-alone prescription drug coverage that exclusively supplements Medicare Part D coverage provided through an employer group waiver plan is excluded from the definition of "health plan." Removes the requirement that stand-alone prescription drug coverage that supplements Medicare Part D coverage provided through an employer group waiver plan file rates and forms. Adds an emergency clause.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This is a product that has been offered in this state. It was determined that a statutory change was needed to continue

offering this coverage in Washington. This type of coverage is designed to permit individuals in the Medicare "donut hole" to receive coverage during this coverage gap. Through conversations with OIC, it was made clear that only disability insurers can offer this coverage, so there is desire to amend section 1 and remove section 2 of the bill. It would also be appreciated if an emergency clause is added so that the coverage can be offered as soon as possible. The OIC would also support the requested changes, including the emergency clause.

Persons Testifying: PRO: Senator Annette Cleveland, Prime Sponsor; Crystal Jack, Cigna; Lonnie Johns-Brown, Office of the Insurance Commissioner.

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