
Health Care Committee

HB 2798

Brief Description: Stabilizing the health insurance market and providing coverage for uninsured individuals.

Sponsors: Representatives Cody, Linville, Simpson, G., Edwards, Kenney and Kagi; by request of Insurance Commissioner.

Brief Summary of Bill

- Creates a Health Insurance Market Stabilization Pool to provide reinsurance for enrollees with over \$25,000 in annual health services expenses.
- Creates a small employer-sponsored health insurance premium assistance program for employees whose current employer has not offered health insurance within the last six months.
- Creates a premium assistance program for individuals receiving health services through the Washington State Health Insurance Pool.

Hearing Date: 1/28/04

Staff: Dave Knutson (786-7146).

Background:

Reinsurance spreads risk across the entire private health insurance market. The cost of covering high-cost cases is spread over all health carriers and not just the carrier offering coverage to the particular individual. Some businesses do not provide health coverage for their employees because of the high cost of health insurance. Subsidizing the cost of private health insurance for low-income employees may increase the number of people with health insurance and make it more affordable.

Summary of Bill:

The Health Care Authority is directed to establish a reinsurance pool to cover the expenses of enrollees whose annual health services expenses exceed \$25,000. Carriers and voluntarily participating self-funded plans will pay an annual remittance to the pool equal to a portion of 75 percent of the annual cost of health care services and administration for participating enrollees.

Health carriers and participating self-funded plans will pay an initial annual remittance to the Washington State Health Insurance Pool (WSHIP) premium assistance account equal to 0.24 percent of that member's annual premium. Funds raised will be used to subsidize the premiums of persons who receive health coverage through the WSHIP.

Health carriers and participating self-funded plans will pay an initial annual remittance to the small employer-sponsored health insurance premium assistance account equal to 0.49 percent of that member's payments for health care services. Funds raised will be used to subsidize the premiums of persons who receive health coverage through the small employer-sponsored health insurance program.

The Department of Social and Health Services (DSHS) is directed to maximize the blending of public and private funds through subsidization of small employer-sponsored health insurance premiums. The DSHS will seek a federal waiver, if needed, to use medical assistance and state children's health insurance program funds to subsidize small employer-sponsored health insurance premiums.

Appropriation: None.

Fiscal Note: Requested on January 22, 2004.

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