

# SENATE BILL REPORT

## SB 6831

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As of January 28, 2006

**Title:** An act relating to access to individual health insurance coverage.

**Brief Description:** Revising provisions addressing access to individual health insurance coverage.

**Sponsors:** Senator Thibaudeau.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 1/30/06.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Jonathan Seib (786-7427)

**Background:** Most people in Washington who receive their health insurance through the private market do so through their employer in what is referred to as the group market. However, those who do not get coverage through their employer may get insurance in the individual market. Approximately 310,000 state residents are currently enrolled in the individual market. There are also about 600,000 people without health insurance in the state for whom the individual market could potentially be a source of insurance. These numbers are increasing due in part to the decline in employer-based coverage.

The Washington State Health Insurance Pool (WSHIP) is a nonprofit entity created by the Legislature to provide health coverage to those denied coverage in the individual market. It is governed by a ten member board of directors, including two consumer representatives, four carrier representative, and one member each representing health care providers, health insurance agents, small employers, and large employers.

About 3,000 people are currently enrolled in WSHIP, many of whom have chronic health conditions. An enrollee may choose between a standard plan or a preferred provider organization plan, and from among several deductible levels under each of these. A Medicare plan is also available. Lifetime benefits in WSHIP are capped at \$1 million.

Each year, carriers as a whole may deny enrollment to up to 8 percent of those who apply for individual coverage. The denial must be based on the results of a standard health questionnaire developed by the WSHIP board. The questionnaire is not subject to approval by the Commissioner. Anyone denied coverage by a carrier may enroll in WSHIP, and approximately one in seven actually do so.

Current law requires individual health plans, other than catastrophic plans, to include at least a two-thousand dollar prescription drug benefit. Catastrophic plans are defined as those with a certain level of deductible and maximum out-of-pocket expense.

**Summary of Bill:** The composition of the WSHIP board of directors is changed, adding a consumer representative and subtracting a carrier representative.

The number of persons who can be denied enrollment in the individual market based on the standard health questionnaire is reduced to six percent. The questionnaire is made subject to review and approval by the Insurance Commissioner.

The lifetime cap for WSHIP enrollees is increased to two million dollars, and the benefits must be explicitly designed to identify pool enrollees with one or more chronic health conditions, and provide appropriate, cost effective care addressing their needs.

Each December, a person enrolled in a given WSHIP plan may switch from that plan to another plan with an equal or greater deductible. A person may switch to the Medicare plan when he or she enrolls in Medicare.

Current language providing immunity for actions related to operations of the board is broadened to, among other things, include pool employees and the Office of the Insurance Commissioner.

The minimum prescription drug benefit required in individual plans is increased to two-thousand five hundred dollars, to increase annually by one-hundred dollars. The amount of deductible and maximum out-of-pocket expenses required to qualify as a catastrophic plan are also increased, and indexed to medical inflation.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on January 1, 2007.