

Eastern Washington Association of Health Underwriters (EWAHU) Legislative Update for Week of January 27, 2020

Senate Committee to Consider Revised Bill Regulating Benefit Managers—House Committee Considers House Version of the Bill

On Monday, January 27 the Senate Health & Long Term Care Committee will hold a hearing to consider a revised version of SB 5601—a measure that was considered, but not approved, by the Senate Health and Long Term Care Committee in 2019. The bill would require benefit managers to be licensed by the OIC, and would impose a variety of regulatory requirements on PBM's and benefit managers, including the submission of contracts to the OIC, which would be subject to disapproval.

Health plans, PBM's, and benefit managers have cautioned that the bill could impair care management activities, which could result in cost increases for health plans and the insurance-buying public.

On Tuesday, January 21 the House Health Care & Wellness Committee held a hearing to consider the House version of the bill—HB 1562.

Senate Committee Approves Bill Capping Out-of-Pocket Costs for Insulin

On Wednesday, January 22 the Senate Health and Long Term Care Committee approved a revised version of SSB 6087—a measure that would cap patient out-of-pocket costs for insulin at \$100 per month. The amended bill has been referred to the Senate Ways and Means Committee, where it is scheduled to be considered at a hearing on Wednesday, January 29.

The Association of Washington Health Care Plans, AHIP, Regence, Premera, and Keiser Permanente expressed concern that the bill would result in higher premium costs, and that insulin manufacturers would remain free to increase the cost of insulin. Insurers also expressed concern that the proposal could be inconsistent with federal standards for high deductible health plans, which are premised on high deductibles for covered individuals combined with a health savings account.

Senate Committee Considers Bill Allowing Group Prescription Drug Benefits for Medicare-Eligible Retirees

The Senate Health and Long Term Care Committee held a hearing on Friday, January 24 to consider SB 6051—a measure that has been introduced by Senator Annette Cleveland (D, 49th District) which would authorize insurers to provide group policyholders with optional prescription drug benefits that are designed for Medicare-eligible retirees. The plans are intended to provide coverage to assist policyholders with the “donut hold” in Medicare part D coverage.

The House version of the bill (HB 2210) has been referred to the House Health Care & Wellness Committee, but has not yet been scheduled for hearing.

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House and Senate Committees Consider Companion Bills Allowing School Districts to Offer Employee-Paid Voluntary Benefits

On Monday, January 20 the House Education Committee held a hearing to consider HB 2458—a measure that was introduced by Rep. Monica Stonier (D, 49th District) to provide authority for school districts to be able to offer voluntary employee-paid benefits such as accident only, specified disease, and other fixed payment benefit insurance.

The Senate version of the bill—SB 6479—was introduced by Senator Lisa Wellman (D, 42nd District), and has been referred to the Senate Ways and Means Committee where a hearing for the measure was held on Thursday, January 23.

Senate Committee Approves Revised Consumer Data Bill

On Thursday, January 23 the Senate Environment, Energy & Technology Committee approved an amended version of SSB 6281—a measure on consumer data privacy that has been introduced by Senator Reuven Carlyle (D, 36th District) the Chair of the committee. The bill is intended to establish consumer protections with respect to the handling of personal data and information. The measure was introduced following the failure of SB 5376 during the 2019 Legislative session.

At the January 15 hearing for the bill, Microsoft and other business stakeholders testified in support of the measure. They have consistently supported legislation on the issue, so long as it does not restrict facial recognition technology. At the hearing insurance stakeholders indicated opposition to the bill, and previously submitted a letter to Senator Carlyle and key members who have been working on the issue, expressing concern about imposing new requirements on insurers when they are already subject to direct regulatory supervision, and are subject to existing federal and state privacy laws.

On Wednesday, January 22 the House Innovation, Technology & Economic Development Committee held a hearing to consider the House version of the bill—HB 2742. It appears, however, that key House members are not in agreement with the Senate with respect to key sticking points, including facial recognition technology.

Senate Committee Approves OIC Proposal to Create a Dedicated Account to Fund the OIC's Criminal Investigation Unit

On Thursday, January 23 the Senate Ways and Means Committee approved SB 6049—a bill that was introduced at the request of the OIC that would establish a new dedicated account to provide funding for the OIC's Criminal Investigation Unit. The account would be funded with new assessments imposed on insurers. The assessments would be limited to no more than .01% of premium on each insurer, with the minimum assessment set at \$100. The bill was approved on a divided vote, with five Republican members of the committee voting against the measure. The bill has been referred to the Senate Rules Committee.

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Senate Committee Considers Bill Imposing New Requirements on Declarations Pages

On Thursday, January 23 the Senate Financial Institutions, Economic Development & Trade Committee held a hearing to consider SB 6244—a measure that was introduced by Senator Lisa Wellman (D, 41st District) that would require the declarations page of an insurance policy to clearly and unambiguously reflect any endorsement, rider or application that is attached to or made a part of the policy.

Insurance industry stakeholders testified in opposition to the measure, expressing concern that the bill could result in greater confusion for insurance consumers, and greatly increase the size and complexity of declarations pages.

House and Senate Committees Approve Companion Bills Authorizing Life Insurers to Provide Incentives for Policyholders to Engage in Activities Designed to Improve Health Status and Reduce the Risk of Death

The House Consumer Protection & Business Committee and the Senate Financial Institutions, Economic Development & Trade Committee have approved companion bills (HB 2211 and SB 6052). The measures were introduced to amend Washington's inducement and rebating laws to make it clear that life insurers can offer policyholders a program with incentives that are designed to encourage policyholders to do things that improve their health status and reduce the risk of death.

Proponents and the OIC came to agreement on a rulemaking amendment in time for it to be adopted by the Senate Committee before SB 6052 was approved. The amendment will be added to HB 2211 on the House floor. Both bills are in the respective House and Senate Rules Committees.

Senate Approves Bill Creating State-Run Retirement Program for Private Employers and Employees—House to Consider Similar Measure

On Friday evening, January 17, the Senate approved an amended version of E2SSB 5740—a bill that was introduced in 2019 by Senator Mark Mullet that would create a new state-run program to provide 401k and other retirement programs directly to private employers and their employees.

The bill was passed by the Senate in 2019, but was not brought to a vote on the House floor prior to the adjournment of the 2019 session. The measure was returned to the Senate, where it was eligible for action again in 2020. This new state program would directly compete with existing private market programs that currently offer consumers a robust array of retirement options.

On Tuesday, January 28 the House Consumer Protection and Business Committee will hold a hearing to consider HB 2516—a similar measure to SB 5740.

E2SSB 5740 would apparently replace Washington's marketplace program that was enacted two years ago, and which provides a voluntary market through a web portal operated by the Washington State Dept. of Commerce.

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Senate Committee Considers OIC Request Bill Adding New Health Plan Members to the Washington Life & Disability Insurance Guaranty Association

On Friday, January 24 the Senate Health and Long Term Care Committee held a hearing to consider SB 6050—a measure that has been introduced at the request of the OIC to add HMO's and Health Care Service Contractors to the membership of the Washington Life & Disability Insurance Guaranty Association. The House version of the bill—HB 2209—has been introduced and referred to the House Health Care & Wellness Committee.

The bill was introduced in the wake of the insolvency of Penn Treaty—a major writer of long term care insurance. Significant guaranty fund assessments have been issued to members of the WLDGA related to this insolvency, and the OIC has become concerned that if there is another insolvency of a long term care insurer, the WLDGA may not have sufficient capacity to provide statutory benefits to the policyholders.

Legislature Approves Cut-Off Resolution for the Consideration of Bills

The Senate and House have approved SCR 8411—a cut-off resolution establishing dates for the consideration of bills. The cut-off dates that are established in the resolution are as follows:

February 7—the last day for committees in the House of origin to take action on bills;
February 11—the last day for Fiscal committees in the House of origin to take action on bills;
February 19—the last day for the House of origin to take action on bills;
February 28—the last day for committees in the opposite House to take action on bills;
March 2—the last day for Fiscal committees in the opposite House to take action on bills;
March 6—the last day for the opposite House to take action on bills (except exempt bills and bills passed by both Houses in different forms);
March 12—the last day of the 2020 Regular Legislative Session

Respectfully Submitted,
Annette Hunter, EWAHU State Legislative Chair
Tara Mackay, EWAHU Federal Legislative Chair
As reported by Mel Sornesen, WAHU Lobbyist