

Elements of the legislation (HB 2121)

Insurance Commissioner Mike Kreidler's Guaranteed Health Benefit Plan offers peace of mind and a guaranteed level of financial security for all Washingtonians. It does this by:

- Offering guaranteed catastrophic coverage for health crises over \$10,000 each year, and preventive care, including immunizations, cancer screenings and annual check ups.
- Allowing residents and businesses to purchase routine coverage at a more affordable price, supplementing the guaranteed benefits that cover everyone.

Some of the specific elements of the bill are:

Eligibility

- Everyone who has permanently resided in Washington state for at least six months would be enrolled in the Guaranteed Health Benefit Plan [Sec. 3, (1)].
- Those who move to the state after the law goes into effect will need to live in the state for six months to establish permanent residency and be subject to a 12-month pre-existing waiting period, unless they have proof of prior credible coverage [Sec. 3, (2)].
- Excluded from the plan are those enrolled in a federal program: Medicare Parts A & B, veterans' benefits, TRICARE, CHAMPUS, FEHBP, or are confined or reside in a government-operated institution [Sec. 3, (3)(a)(b)].
- Residents who are eligible for Medicaid and SCHIP also are excluded from the program [Sec. 3, (3)(c)].

Benefits

The Guaranteed Health Benefit Plan would provide:

- Catastrophic coverage for medically necessary claims over \$10,000 [Sec. 8, (2)].
- Access to basic preventive care, such as immunizations, cancer screenings and annual check-ups [Sec. 8, (1)].
- A board would be created to determine the schedule of benefits, details of eligibility and to establish a schedule of allowed charges [Sec. 8].

Funding & Accountability

- The 2009 legislation does not include a specific funding source [Sec. 6]. Commissioner Kreidler has been clear that any funding mechanism must be shared between individuals, employers and the state, and must be fair and broad-based.

The Office of the Insurance Commissioner has done analysis to show that there are a couple of viable funding options that meet these principles:

- A graduated payroll tax where employees would pay a flat assessment equal to 1 percent of their wages. Employers would pay 3 percent up to \$500,000 of wages; 4 percent between \$500,000 and \$1 million; and 5 percent over

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\$1 million. Tax credits would be available to assist small businesses and sole proprietors.

- A graduated payroll tax where employees would pay a flat assessment equal to 1 percent of their wages and employers would pay based both on their industry's average wage and the number of employees they have. Tax credits would be available to assist small businesses and sole proprietors.
- A rate-stabilization fund would be established to allow the plan to meet its obligations even when unforeseen events occur, such as a downturn in the economy [Sec. 27, (1)].
- A nine-person board would be created to oversee the plan and would include the general public; health care providers, including health care facilities; carriers; large and small business; and labor [Sec. 7].
- The board would report to the Legislature on all operations of the program every two years [Sec. 35].
- Board meetings would be subject to the open public meetings act [Sec. 7, (2)(e)].

Control Costs & Improve Quality of Care

- Administrative cost savings plans and incentives designed to reduce the administrative burdens of carriers, providers and the program will be adopted [Sec. 11, (1)(2)].
- A plan will be developed that:
 - Contracts with carriers that reward health outcomes rather than simply paying for particular procedures;
 - Pays for health care that reflects patient preference and is of proven value; and
 - Uses evidence-based standards of care, where available [Sec. 11, (2)].
- Hospitals would see uncompensated care costs decrease significantly under this proposal which, in turn, could reduce costs for hospital-based care for all Washingtonians.

Affordable Choice, Shared Responsibility

- The Guaranteed Health Benefit Plan is not a one-size-fits-all proposal. Once preventive and catastrophic care protections are in place for all residents, consumers will choose coverage for routine health care, according to their needs and at a price they can afford.
- All Washington residents will be able to select from competing carriers. A person must use the same carrier for both catastrophic and routine coverage to ensure continuity of care [Sec.12, (1)].
- The board shall consider the desirability, cost and feasibility of developing a mechanism that allows the plan to work in conjunction with Health Savings Accounts and Health Reimbursement Accounts [Sec. 9, (2)].
- Payments to carriers that participate in the plan will be risk-adjusted to protect against adverse selection [Sec.15].

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- One or more self-funded arrangements could be offered, if there are not enough contracted carriers to offer coverage throughout the state and to assure enrollees a choice of carrier [Sec. 14].
- Employers and Taft-Hartley plans may provide any routine health care plans they wish on a self-funded basis.
- The board shall establish criteria and procedures for a self-funded employer to waive participation in the plan, in whole or in part [Sec.8, (5)].
- The state's Basic Health Plan would be available for routine health care coverage with premiums paid on a sliding scale to assist individuals and families up to 300 percent of the federal poverty level [Sec. 37, (6)(a)(v)].
- The Secretary of State would be required to bring this proposal to a vote of the people for adoption and ratification, or rejection, at the next general election after the bill's passage by the Legislature [Sec. 41].