



Executive Director Report

March 2017

By Sharon Becker, Executive Director, March 1, 2017

Administration

2018 Assessment Projections – Notification of WSHIP’s 2018 Assessment Projections will be sent to member plans next week. Our preliminary financial projections were updated on March 1 and we now anticipate total CY 2018 assessments of \$35.5 million if the December 31, 2017 sunset for WSHIP’s non-Medicare plans is delayed by the legislature. It is important to note that these projections are based on current market conditions (i.e., individual plans are offered in all counties; therefore, WSHIP non-Medicare plans remain closed to new enrollment).

Board

Election Nomination Process – The election process for Board member position #7 (Disability) is underway. Incumbent Jamie Clark has been nominated by UnitedHealthCare. The Notice of Elections and Request for Nominations will be sent to eligible member plans on March 2; additional nominations are open until March 31, 2017.

NASCHIP Board Position

I have accepted a position to serve on the NASCHIP Board of Directors. The National Association of State Comprehensive Health Insurance Plans (NASCHIP) is a national non-profit organization composed of state administered high risk pools. It was formed in 1993 as a resource for risk pools and provides a means to share best practices and provide information to risk pool stakeholders including state and federal governments, the insurance industry, healthcare providers, policymakers and consumer advocates. It is governed by a seven member board of directors. I look forward to serving in this new capacity.

Washington State Government – Legislative Session

2SHB 1338 – An act relating to the Washington State Health Insurance Pool. Attached is a copy of the House Bill Report for Second Substitute House Bill 1338 that passed out of the House on March 1, 93-5. Please note that the bill, as amended by the Appropriations Committee, includes a new section that makes it null and void if specific funding for it is not provided by June 30, 2017 in the omnibus appropriations act. Companion bill 5253 passed unanimously out of the Senate Health Care Committee and was referred to Ways & Means but did not go any further.

Shaun and I testified at the public hearings by the House and Senate health care committees, and sent written comments to the House Appropriations Committee. Scott Plack, Liz Leif, Denise Wilkens and I met with Senate and House budget staff on February 14 to answer questions about WSHIP and provide updated assessment projections for the fiscal notes prepared for the bills.

March 8 is the last day to pass bills out of the house of origin.

Federal Transition – Repeal and Replace

In his February 28 Address to Congress, President Trump called on Congress to repeal and replace Obamacare, giving the following guiding principles: 1) Ensure Americans with pre-existing conditions have access to coverage and that we have a stable transition for Americans currently enrolled in the health care exchanges; 2) Help Americans purchase their own coverage, through the use of tax credits and expanded health savings accounts; 3) Give state governors the resources and flexibility with Medicaid to make sure no one is left out; 4) Implement legal reforms that protect patients and doctors from unnecessary costs that drive up the price of insurance and work to bring down the price of drugs; and 5) Give Americans the freedom to purchase health insurance across state lines. Specific details of a replacement plan are still forthcoming.

There have been numerous articles written in recent weeks about state high risk pools since their use or expansion is included in proposals by Paul Ryan and Dr. Tom Price. Many of these articles focus on the traditional use of high risk pools or the past experiences of specific pools. (While risk pools tend to share some similarities, they can be very different from state to state.) In February, the American Academy of Actuaries published an informative issue brief that outlines new ways that high risk pools could be structured, including the structure that was recently implemented in Alaska. Here is a link to that issue brief: http://www.actuary.org/files/publications/HighRiskPools_021017.pdf

NASCHIP is working on a Q&A piece in an effort to educate and provide factual information to policymakers and others about state high risk pools.

HOUSE BILL REPORT

2SHB 1338

As Passed House:
March 1, 2017

Title: An act relating to the Washington state health insurance pool.

Brief Description: Addressing the Washington state health insurance pool.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Cody, Schmick, Jinkins, Johnson, Robinson and Riccelli).

Brief History:

Committee Activity:

Health Care & Wellness: 1/31/17, 2/8/17 [DPS];

Appropriations: 2/20/17, 2/21/17 [DP2S(w/o sub HCW)].

Floor Activity:

Passed House: 3/1/17, 93-5.

Brief Summary of Second Substitute Bill

- Extends the expiration date for non-Medicare coverage purchased through the Washington State Health Insurance Pool.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Graves, Assistant Ranking Minority Member; Caldier, Clibborn, DeBolt, Harris, Jinkins, MacEwen, Maycumber, Riccelli, Robinson, Rodne, Slatter, Stonier and Tharinger.

Staff: Jim Morishima (786-7191).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 31 members: Representatives Ormsby, Chair; Robinson, Vice Chair;

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist, Buys, Caldier, Cody, Fitzgibbon, Haler, Hansen, Harris, Hudgins, Jinkins, Kagi, Lytton, Manweller, Nealey, Pettigrew, Pollet, Sawyer, Schmick, Senn, Springer, Stanford, Sullivan, Tharinger, Vick, Volz and Wilcox.

Minority Report: Do not pass. Signed by 2 members: Representatives Condotta and Taylor.

Staff: Catrina Lucero (786-7192).

Background:

The Washington State Health Insurance Pool (WSHIP), Washington's high risk pool, provides coverage for:

- individuals ineligible for Medicare who were enrolled in WSHIP health plans prior to January 1, 2014, and individuals ineligible for Medicare who live in a county where individual health coverage is unavailable (as of January 2017, there were no counties where individual health coverage was unavailable); and
- Medicare-eligible individuals who do not have access to a reasonable choice of Medicare Advantage plans and provide evidence of rejection for medical reasons, restrictive riders, an up-rated premium, preexisting condition limitations, or lack of access to a comprehensive Medicare supplemental plan.

The costs of coverage through the WSHIP is paid through premiums and assessments on health insurers. As of November 2016, the WSHIP had 425 enrollees in individual, non-Medicare coverage, and 1,043 enrollees in Medicare coverage.

After December 31, 2017, individual, non-Medicare coverage will no longer be offered through the WSHIP.

Summary of Second Substitute Bill:

The Legislature makes findings and states its intent to extend and study the WSHIP. The expiration date for individual, non-Medicare coverage purchased through the WSHIP is extended until December 31, 2022.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony (Health Care & Wellness):

(In support) The WSHIP is an important tool for market stability and is part of the state's safety net. Coverage barriers may still exist for current WSHIP enrollees; the medical needs

of these enrollees will continue if their coverage is ended. The WSHIP is the insurer of last resort in rural areas. This bill ensures this coverage will continue to be available for current enrollees and will allow the state to have a deeper discussion about the future of the WSHIP, which is particularly important given potential changes on the federal level. It is appropriate to express concerns about funding the WSHIP; the costs of the program should be spread to more participants. The WSHIP should be kept alive without making any policy changes. The expiration date should be extended, not eliminated.

(Opposed) None.

(Other) The funding responsibilities for the WSHIP fall disproportionately on small employers and people buying individual coverage. Merely extending the WSHIP without fundamental change may bring back higher levels of assessments and is short-sighted. In addition to extending the WSHIP, the state should look at ideas like standard benefit design, third-party payments, and insuring people where they get services, not where they live.

Staff Summary of Public Testimony (Appropriations):

(In support) The Washington State Health Insurance Pool (WSHIP) is a vital element of Washington's state safety net. Extending the program for an additional four years is prudent. A number of the federal health care proposals include a role for the high risk pool. It is more efficient to maintain the high risk pool than dismantle it and then have to recreate it in the future. Health carriers have to submit their rate filings to the Office of the Insurance Commissioner by May. They must know the status of the high risk pool in order to accurately calculate their rates. If the high risk pool closes premiums would increase in the individual market. As an example, if one carrier were to receive all 400 high risk pool enrollees, premiums would increase by 10–20 percent. The WSHIP provides stability to the individual market place. The WSHIP enrollees are a high need group of people. It is important that they continue to receive consistent coverage. There will be costs associated with the population either way. Retaining the high risk pool is the more appropriate and responsible way to treat them.

(Opposed) None.

Persons Testifying (Health Care & Wellness): (In support) Lonnie Johns-Brown, Office of the Insurance Commissioner; Mel Sorenson, America's Health Insurance Plans and Washington Association of Health Underwriters; Sean Graham, Washington State Medical Association; Sheri Nelson, Association of Washington Business; Sharon Becker and Shaun Koos, Washington State Health Insurance Pool; Chris Bandoli, Washington State Hospital Association; Sheela Tallman, Premera Blue Cross; Scott Plack, Group Health Cooperative; and Zach Snyder, Regence BlueShield.

(Other) Tom Kwieciakm, Building Industry Association; and Patrick Connor, National Federation of Independent Business.

Persons Testifying (Appropriations): Dave Knutson, Association of Washington Health Plans; Sheela Tallman, Premera Blue Cross; and Sean Graham, Washington State Medical Association.

Persons Signed In To Testify But Not Testifying (Health Care & Wellness): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.