



February 2020

HB 2821: Addressing Washington's health care affordability crisis

Washington State is facing a health care affordability crisis. Out-of-pocket health care costs are rising, and the uninsurance rate in Washington is increasing again, as too many people cannot afford their premiums.¹

HB 2821 will improve health care affordability for those who need it most by replacing a recently repealed federal tax on health insurance providers – and transitioning the tax seamlessly to Washington State without increasing costs for consumers or carriers.

HB 2821 will provide significant new revenue for health care affordability in Washington State without raising costs for providers.²

Last year's landmark Cascade Care legislation directed agencies to develop a plan to implement and fund affordability assistance helping Washington residents maintain or newly purchase affordable coverage. HB 2821 will provide a reliable revenue stream to reduce costs for Washington residents purchasing insurance on the Exchange, as well as other groups who fall through the cracks now. Subsidizing premiums with this tax revenue will make coverage more affordable for consumers, which in turn increases enrollment in coverage, spreads risk for carriers, and improves the health of people in our state.

Passing a state based health insurance tax is a time-limited opportunity. A federal tax on insurance carriers is expiring, so carriers will face no new costs. A seamless transition requires states to enact our own fee before 2021 premiums are set in mid-2020.³

Other states are taking similar action to mirror the repealed federal tax. Maryland, Delaware, and Colorado already have already taken similar steps to replace the federal health insurance tax in their states, and other states are considering similar legislation.

Failing to replace the federal tax gives insurance companies an unexpected windfall and misses an opportunity to improve health care affordability in Washington State.

¹ <https://www.ofm.wa.gov/sites/default/files/public/dataresearch/researchbriefs/brief095.pdf>

² Awaiting final fiscal note

³ State Health & Value Strategies, Considerations for a State Health Insurer Fee Following Repeal of the Federal Fee, Jan, 17 2020.