

Overview of the Individual Health Insurance Market in Washington State

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January 2011

The individual health insurance market in Washington state has been in turmoil since the passage of sweeping state health reform nearly twenty years ago. The Democratic state legislature and Governor Lowry passed an extensive health care reform bill in 1993. The policy elements of the law included:

- Price controls, in the form of state-imposed caps on insurance premiums
- State-wide universal access and community ratings
- A guaranteed issue law
- Individual and employer mandates
- A gradual implementation over six years
- Increased emphasis on public health and prevention¹

The new law was not popular with the citizens of Washington and within eighteen months the legislature had repealed the most onerous aspects of the new law. Modified community rating and guaranteed issue were continued, however, in the individual health insurance market.

In 1993 there were nineteen insurers in the individual market. By 1995 the number had dropped to sixteen and by 1999 only two remained; Group Health and Regence Blue Shield offered individual plans.² Both companies were losing money in the individual market and threatened to drop out altogether. In 1999, people living in 30 of Washington's 39 counties had no access to private individual health coverage – the individual market had essentially collapsed.

Lawmakers enacted modest reforms to revive the market and by 2000 three companies were offering individual plans across the state. Today five companies participate in the individual market. (See chart at top of next page.)

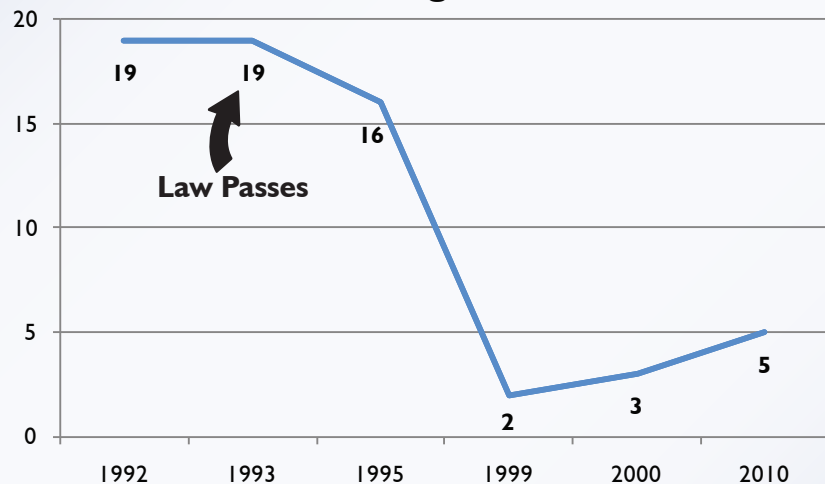
As of 2009, six percent (366,000) of Washington state citizens had health insurance in the individual market compared to fifty four percent (3,519,000) in the employer/group market.³ Thirteen percent (839,000) of the population was uninsured. People in the uninsured group would benefit the most from a competitive individual health insurance market.

¹ "What Works and What Doesn't: A Review of Health Care Reform in the States," by Roger Stark, MD, Policy Brief, Washington Policy Center, August, 2008, page 2-3 at www.washingtonpolicy.org/publications/brief/what-works-and-what-doesn%E2%80%99t-review-health-care-reform-states

² "Universal Health Insurance in Washington State: A Grim Prognosis For All of Us," by Conrad F. Meier, Medical Sentinel, March/April 2000 at www.jpands.org/hacienda/article38.html

³ Kaiser State Health Facts at www.statehealthfacts.org/profileglance.jsp?rgn=49

Companies Offering Individual Health Insurance in Washington State



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Benefit and provider mandates imposed on individual health insurance policies by state law cause high costs and restrict choice for consumers. Washington state, with fifty seven legal mandates, ranks fifth in the nation in the number of mandates required by law in each individual policy.⁴ This choice restriction is reflected in the fact that Washington state's five insurance companies offer a total of forty five plans in the individual market, for an average of nine plans per company. Other states, with fewer mandates, have a much more competitive market, and offer hundreds of plans and often have lower premium prices.

Arizona has seven health insurance companies with an average of thirteen plans per insurer and twenty percent fewer mandates. Premium costs in Arizona are 51 percent lower than in Washington for a comparable baseline plan.

Idaho has only thirteen mandates and only three health insurance companies. These insurers offer an average of sixteen plans, however, and have premium costs that are fully 10 percent lower than Washington.

Utah has twenty three mandates and four insurance companies in the individual market that each offer an average of eighteen plans. Premium costs are 36 percent lower in Utah compared to costs in Washington.

Mandates, the modified guaranteed issue law and community rating rules cause health insurance premiums to rise artificially. The natural market price of individual insurance in Washington is much lower than the current regulated price. Policy changes in Olympia that remove regulatory restrictions and reduce mandate costs would make quality individual health coverage more affordable for people in all 39 counties. With at least 13 percent of Washington's population uninsured, we need to make the individual health insurance market more competitive and more affordable.

Dr. Roger Stark is a retired physician and a Health Care Policy Analyst with Washington Policy Center, a non-partisan independent policy research organization in Washington state.

⁴ The Council for Affordable Health Insurance at www.cahi.org/cahi_contents/resources/pdf/HealthInsuranceMandates2009.pdf