
HOUSE BILL 1866

State of Washington

61st Legislature

2009 Regular Session

By Representatives Ericksen, Bailey, Hinkle, Chandler, Anderson, McCune, Condotta, Haler, Ross, Newhouse, Kristiansen, and Schmick

Read first time 01/30/09. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to health insurance options; amending RCW
2 48.43.041, 48.44.022, 48.46.064, 48.20.029, and 70.47.020; and adding
3 a new section to chapter 48.43 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 48.43.041 and 2000 c 79 s 26 are each amended to read
6 as follows:

7 (1) All individual health benefit plans, other than catastrophic
8 health plans(~~(, offered or renewed on or after October 1, 2000)~~) and
9 plans for young adults described in subsection (3) of this section,
10 shall include benefits described in this section. Nothing in this
11 section shall be construed to require a carrier to offer an individual
12 health benefit plan.

13 (a) Maternity services that include, with no enrollee cost-sharing
14 requirements beyond those generally applicable cost-sharing
15 requirements: Diagnosis of pregnancy; prenatal care; delivery; care
16 for complications of pregnancy; physician services; hospital services;
17 operating or other special procedure rooms; radiology and laboratory
18 services; appropriate medications; anesthesia; and services required
19 under RCW 48.43.115; and

1 (b) Prescription drug benefits with at least a two thousand dollar
2 benefit payable by the carrier annually.

3 (2) If a carrier offers a health benefit plan that is not a
4 catastrophic health plan to groups, and it chooses to offer a health
5 benefit plan to individuals, it must offer at least one health benefit
6 plan to individuals that is not a catastrophic health plan.

7 (3) Carriers may design and offer a separate health plan targeted
8 at young adults between nineteen and thirty-four years of age. The
9 plan may include the benefits required under subsections (1) and (2) of
10 this section but is not required to include these benefits. The health
11 plan designed for young adults is exempt from the requirements of RCW
12 48.43.045(1), 48.43.515(5), 48.44.327, 48.20.392, 48.46.277, 48.43.043,
13 48.20.580, 48.21.241, 48.44.341, and 48.46.291. Carriers who choose to
14 exclude maternity services from a young adult plan offered under this
15 section must allow enrollees who become pregnant to transfer to another
16 health benefit plan with similar cost-sharing provisions that provides
17 coverage for maternity services, once pregnancy is confirmed by a
18 licensed provider. Carriers shall allow the transfer to occur without
19 applying a preexisting condition waiting period or other limitation or
20 penalty including, but not limited to, satisfying a new deductible or
21 stop-loss requirement.

22 **Sec. 2.** RCW 48.44.022 and 2006 c 100 s 3 are each amended to read
23 as follows:

24 (1) Except for health benefit plans covered under RCW 48.44.021,
25 premium rates for health benefit plans for individuals shall be subject
26 to the following provisions:

27 (a) The health care service contractor shall develop its rates
28 based on an adjusted community rate and may only vary the adjusted
29 community rate for:

- 30 (i) Geographic area;
- 31 (ii) Family size;
- 32 (iii) Age;
- 33 (iv) Tenure discounts; and
- 34 (v) Wellness activities.

35 (b) The adjustment for age in (a)(iii) of this subsection may not
36 use age brackets smaller than five-year increments which shall begin

1 with age twenty and end with age sixty-five. Individuals under the age
2 of twenty shall be treated as those age twenty.

3 (c) The health care service contractor shall be permitted to
4 develop separate rates for individuals age sixty-five or older for
5 coverage for which medicare is the primary payer and coverage for which
6 medicare is not the primary payer. Both rates shall be subject to the
7 requirements of this subsection.

8 (d) Except as provided in subsection (2) of this section, the
9 permitted rates for any age group shall be no more than four hundred
10 twenty-five percent of the lowest rate for all age groups on January 1,
11 1996, four hundred percent on January 1, 1997, and three hundred
12 seventy-five percent on January 1, 2000, and thereafter.

13 (e) A discount for wellness activities shall be permitted to
14 reflect actuarially justified differences in utilization or cost
15 attributed to such programs.

16 (f) The rate charged for a health benefit plan offered under this
17 section may not be adjusted more frequently than annually except that
18 the premium may be changed to reflect:

19 (i) Changes to the family composition;

20 (ii) Changes to the health benefit plan requested by the
21 individual; or

22 (iii) Changes in government requirements affecting the health
23 benefit plan.

24 (g) For the purposes of this section, a health benefit plan that
25 contains a restricted network provision shall not be considered similar
26 coverage to a health benefit plan that does not contain such a
27 provision, provided that the restrictions of benefits to network
28 providers result in substantial differences in claims costs. This
29 subsection does not restrict or enhance the portability of benefits as
30 provided in RCW 48.43.015.

31 (h) A tenure discount for continuous enrollment in the health plan
32 of two years or more may be offered, not to exceed ten percent.

33 (2) Adjusted community rates established under this section shall
34 pool the medical experience of all individuals purchasing coverage,
35 except individuals purchasing coverage under RCW 48.44.021, and shall
36 not be required to be pooled with the medical experience of health
37 benefit plans offered to small employers under RCW 48.44.023. Carriers
38 may treat young adults and products developed specifically for them

1 consistent with RCW 48.43.041(3) as a single-banded experience pool for
2 purposes of establishing rates. The rates established for this age
3 group are not subject to subsection (1)(d) of this section.

4 (3) As used in this section and RCW 48.44.023 "health benefit
5 plan," "small employer," "adjusted community rates," and "wellness
6 activities" mean the same as defined in RCW 48.43.005.

7 **Sec. 3.** RCW 48.46.064 and 2006 c 100 s 5 are each amended to read
8 as follows:

9 (1) Except for health benefit plans covered under RCW 48.46.063,
10 premium rates for health benefit plans for individuals shall be subject
11 to the following provisions:

12 (a) The health maintenance organization shall develop its rates
13 based on an adjusted community rate and may only vary the adjusted
14 community rate for:

- 15 (i) Geographic area;
- 16 (ii) Family size;
- 17 (iii) Age;
- 18 (iv) Tenure discounts; and
- 19 (v) Wellness activities.

20 (b) The adjustment for age in (a)(iii) of this subsection may not
21 use age brackets smaller than five-year increments which shall begin
22 with age twenty and end with age sixty-five. Individuals under the age
23 of twenty shall be treated as those age twenty.

24 (c) The health maintenance organization shall be permitted to
25 develop separate rates for individuals age sixty-five or older for
26 coverage for which medicare is the primary payer and coverage for which
27 medicare is not the primary payer. Both rates shall be subject to the
28 requirements of this subsection.

29 (d) Except as provided in subsection (2) of this section, the
30 permitted rates for any age group shall be no more than four hundred
31 twenty-five percent of the lowest rate for all age groups on January 1,
32 1996, four hundred percent on January 1, 1997, and three hundred
33 seventy-five percent on January 1, 2000, and thereafter.

34 (e) A discount for wellness activities shall be permitted to
35 reflect actuarially justified differences in utilization or cost
36 attributed to such programs.

1 (f) The rate charged for a health benefit plan offered under this
2 section may not be adjusted more frequently than annually except that
3 the premium may be changed to reflect:

4 (i) Changes to the family composition;

5 (ii) Changes to the health benefit plan requested by the
6 individual; or

7 (iii) Changes in government requirements affecting the health
8 benefit plan.

9 (g) For the purposes of this section, a health benefit plan that
10 contains a restricted network provision shall not be considered similar
11 coverage to a health benefit plan that does not contain such a
12 provision, provided that the restrictions of benefits to network
13 providers result in substantial differences in claims costs. This
14 subsection does not restrict or enhance the portability of benefits as
15 provided in RCW 48.43.015.

16 (h) A tenure discount for continuous enrollment in the health plan
17 of two years or more may be offered, not to exceed ten percent.

18 (2) Adjusted community rates established under this section shall
19 pool the medical experience of all individuals purchasing coverage,
20 except individuals purchasing coverage under RCW 48.46.063, and shall
21 not be required to be pooled with the medical experience of health
22 benefit plans offered to small employers under RCW 48.46.066. Carriers
23 may treat young adults and products developed specifically for them
24 consistent with RCW 48.43.041(3) as a single-banded experience pool for
25 purposes of establishing rates. The rates established for this age
26 group are not subject to subsection (1)(d) of this section.

27 (3) As used in this section and RCW 48.46.066, "health benefit
28 plan," "adjusted community rate," "small employer," and "wellness
29 activities" mean the same as defined in RCW 48.43.005.

30 **Sec. 4.** RCW 48.20.029 and 2006 c 100 s 2 are each amended to read
31 as follows:

32 (1) Premiums for health benefit plans for individuals who purchase
33 the plan as a member of a purchasing pool:

34 (a) Consisting of five hundred or more individuals affiliated with
35 a particular industry;

36 (b) To whom care management services are provided as a benefit of
37 pool membership; and

1 (c) Which allows contributions from more than one employer to be
2 used towards the purchase of an individual's health benefit plan;
3 shall be calculated using the adjusted community rating method that
4 spreads financial risk across the entire purchasing pool of which the
5 individual is a member. All such rates shall conform to the following:

6 (i) The insurer shall develop its rates based on an adjusted
7 community rate and may only vary the adjusted community rate for:

8 (A) Geographic area;

9 (B) Family size;

10 (C) Age;

11 (D) Tenure discounts; and

12 (E) Wellness activities.

13 (ii) The adjustment for age in (c)(i)(C) of this subsection may not
14 use age brackets smaller than five-year increments which shall begin
15 with age twenty and end with age sixty-five. Individuals under the age
16 of twenty shall be treated as those age twenty.

17 (iii) The insurer shall be permitted to develop separate rates for
18 individuals age sixty-five or older for coverage for which medicare is
19 the primary payer, and coverage for which medicare is not the primary
20 payer. Both rates are subject to the requirements of this subsection.

21 (iv) Except as provided in subsection (2) of this section, the
22 permitted rates for any age group shall be no more than four hundred
23 twenty-five percent of the lowest rate for all age groups on January 1,
24 1996, four hundred percent on January 1, 1997, and three hundred
25 seventy-five percent on January 1, 2000, and thereafter.

26 (v) A discount for wellness activities shall be permitted to
27 reflect actuarially justified differences in utilization or cost
28 attributed to such programs not to exceed twenty percent.

29 (vi) The rate charged for a health benefit plan offered under this
30 section may not be adjusted more frequently than annually except that
31 the premium may be changed to reflect:

32 (A) Changes to the family composition;

33 (B) Changes to the health benefit plan requested by the individual;

34 or

35 (C) Changes in government requirements affecting the health benefit
36 plan.

37 (vii) For the purposes of this section, a health benefit plan that
38 contains a restricted network provision shall not be considered similar

1 coverage to a health benefit plan that does not contain such a
2 provision, provided that the restrictions of benefits to network
3 providers result in substantial differences in claims costs. This
4 subsection does not restrict or enhance the portability of benefits as
5 provided in RCW 48.43.015.

6 (viii) A tenure discount for continuous enrollment in the health
7 plan of two years or more may be offered, not to exceed ten percent.

8 (2) Adjusted community rates established under this section shall
9 not be required to be pooled with the medical experience of health
10 benefit plans offered to small employers under RCW 48.21.045. Carriers
11 may treat young adults and products developed specifically for them
12 consistent with RCW 48.43.041(3) as a single-banded experience pool for
13 purposes of establishing rates. The rates established for this age
14 group are not subject to subsection (1)(c)(iv) of this section.

15 (3) As used in this section, "health benefit plan," "adjusted
16 community rates," and "wellness activities" mean the same as defined in
17 RCW 48.43.005.

18 NEW SECTION. Sec. 5. A new section is added to chapter 48.43 RCW
19 to read as follows:

20 The office of the insurance commissioner shall make available
21 educational and outreach materials targeted to young adults aged
22 nineteen to thirty-four, as funding becomes available. Education and
23 outreach efforts shall focus on educating young consumers on the
24 importance and value of health insurance, including educational
25 materials, public service messages, and other outreach activities. The
26 commissioner is authorized to fund these activities with grants,
27 donations, in-kind contributions, or other funding that may be
28 available.

29 **Sec. 6.** RCW 70.47.020 and 2007 c 259 s 35 are each amended to read
30 as follows:

31 As used in this chapter:

32 (1) "Washington basic health plan" or "plan" means the system of
33 enrollment and payment for basic health care services, administered by
34 the plan administrator through participating managed health care
35 systems, created by this chapter.

1 (2) "Administrator" means the Washington basic health plan
2 administrator, who also holds the position of administrator of the
3 Washington state health care authority.

4 (3) "Health coverage tax credit program" means the program created
5 by the Trade Act of 2002 (P.L. 107-210) that provides a federal tax
6 credit that subsidizes private health insurance coverage for displaced
7 workers certified to receive certain trade adjustment assistance
8 benefits and for individuals receiving benefits from the pension
9 benefit guaranty corporation.

10 (4) "Health coverage tax credit eligible enrollee" means individual
11 workers and their qualified family members who lose their jobs due to
12 the effects of international trade and are eligible for certain trade
13 adjustment assistance benefits; or are eligible for benefits under the
14 alternative trade adjustment assistance program; or are people who
15 receive benefits from the pension benefit guaranty corporation and are
16 at least fifty-five years old.

17 (5) "Managed health care system" means: (a) Any health care
18 organization, including health care providers, insurers, health care
19 service contractors, health maintenance organizations, or any
20 combination thereof, that provides directly or by contract basic health
21 care services, as defined by the administrator and rendered by duly
22 licensed providers, to a defined patient population enrolled in the
23 plan and in the managed health care system; or (b) a self-funded or
24 self-insured method of providing insurance coverage to subsidized
25 enrollees provided under RCW 41.05.140 and subject to the limitations
26 under RCW 70.47.100(7).

27 (6) "Subsidized enrollee" means:

28 (a) An individual, or an individual plus the individual's spouse or
29 dependent children:

30 (i) Who is not eligible for medicare;

31 (ii) Who is not confined or residing in a government-operated
32 institution, unless he or she meets eligibility criteria adopted by the
33 administrator;

34 (iii) Who is not a full-time student who has received a temporary
35 visa to study in the United States;

36 (iv) Who resides in an area of the state served by a managed health
37 care system participating in the plan;

1 (v) Whose gross family income at the time of enrollment does not
2 exceed two hundred percent of the federal poverty level as adjusted for
3 family size and determined annually by the federal department of health
4 and human services; (~~and~~)

5 (vi) Who is 35 years of age or older; and

6 (vii) Who chooses to obtain basic health care coverage from a
7 particular managed health care system in return for periodic payments
8 to the plan;

9 (b) An individual who meets the requirements in (a)(i) through (iv)
10 and (~~(+vi+)~~) (vii) of this subsection and who is a foster parent
11 licensed under chapter 74.15 RCW and whose gross family income at the
12 time of enrollment does not exceed three hundred percent of the federal
13 poverty level as adjusted for family size and determined annually by
14 the federal department of health and human services; and

15 (c) To the extent that state funds are specifically appropriated
16 for this purpose, with a corresponding federal match, an individual, or
17 an individual's spouse or dependent children, who meets the
18 requirements in (a)(i) through (iv) and (~~(+vi+)~~) (vii) of this
19 subsection and whose gross family income at the time of enrollment is
20 more than two hundred percent, but less than two hundred fifty-one
21 percent, of the federal poverty level as adjusted for family size and
22 determined annually by the federal department of health and human
23 services.

24 (7) "Nonsubsidized enrollee" means an individual, or an individual
25 plus the individual's spouse or dependent children: (a) Who is not
26 eligible for medicare; (b) who is not confined or residing in a
27 government-operated institution, unless he or she meets eligibility
28 criteria adopted by the administrator; (c) who is accepted for
29 enrollment by the administrator as provided in RCW 48.43.018, either
30 because the potential enrollee cannot be required to complete the
31 standard health questionnaire under RCW 48.43.018, or, based upon the
32 results of the standard health questionnaire, the potential enrollee
33 would not qualify for coverage under the Washington state health
34 insurance pool; (d) who resides in an area of the state served by a
35 managed health care system participating in the plan; (e) who chooses
36 to obtain basic health care coverage from a particular managed health
37 care system; and (f) who pays or on whose behalf is paid the full costs
38 for participation in the plan, without any subsidy from the plan.

1 (8) "Subsidy" means the difference between the amount of periodic
2 payment the administrator makes to a managed health care system on
3 behalf of a subsidized enrollee plus the administrative cost to the
4 plan of providing the plan to that subsidized enrollee, and the amount
5 determined to be the subsidized enrollee's responsibility under RCW
6 70.47.060(2).

7 (9) "Premium" means a periodic payment, which an individual, their
8 employer or another financial sponsor makes to the plan as
9 consideration for enrollment in the plan as a subsidized enrollee, a
10 nonsubsidized enrollee, or a health coverage tax credit eligible
11 enrollee.

12 (10) "Rate" means the amount, negotiated by the administrator with
13 and paid to a participating managed health care system, that is based
14 upon the enrollment of subsidized, nonsubsidized, and health coverage
15 tax credit eligible enrollees in the plan and in that system.

--- END ---