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HOUSE BILL 2135

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State of Washington                      52nd Legislature                      1991 Regular Session

By Representatives Morris, Braddock and Zellinsky.

Read first time February 27, 1991. Referred to Committee on Health Care.

1            AN ACT Relating to charity care requirements for certain health  
2 maintenance organizations; adding new sections to chapter 48.46 RCW;  
3 and prescribing penalties.

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

5            NEW SECTION.    **Sec. 1.**            The legislature finds that the lack of  
6 access to health care is a growing problem. This is even more  
7 troublesome in areas of the state where there is a shortage of health  
8 providers. Health maintenance organizations that are headquartered out  
9 of the state are exempted from state and local property taxes and from  
10 business and occupation tax because of their nonprofit status.  
11 Frequently health maintenance organizations, that offer coverage in the  
12 state of Washington but do not provide hospital or emergency outpatient  
13 services, fail to provide a level of charity care proportional to  
14 health care entities that provide service only in the state. The  
15 legislature further finds that such disproportional result exacerbates

1 unfair competition between in-state and out-of-state health care  
2 entities, making it even more cumbersome for in-state health care  
3 entities to provide charity care.

4 NEW SECTION. **Sec. 2.** (1) Every health maintenance  
5 organization, as defined in this section, shall provide an annual  
6 measure of charity care within each county where the organization does  
7 business equal to the amount established through the following formula:

8 (a) The organization's annual per capita rate of charge within the  
9 county multiplied by;

10 (b) The percentage of the health services business conducted by  
11 that organization within the county, multiplied by;

12 (c) The number of low-income persons who reside within the county.

13 (2) The annual per capita rate of charges, as required in  
14 subsection (1)(a) of this section, shall be submitted by the  
15 organization to the insurance commissioner in a timely manner and  
16 certified by the commissioner annually. The percentage of business  
17 conducted as required in subsection (1)(b) of this section shall be  
18 determined by the insurance commissioner. The number of uninsured  
19 persons for each county, as required by subsection (1)(c) of this  
20 section, shall be determined by the administrator of the Washington  
21 basic health plan.

22 (3) As used in this section:

23 (a) "Charity care" means necessary health care rendered to  
24 uninsured persons to the extent that the person is unable to pay for  
25 the health care as determined by the insurance commissioner based on  
26 the principles established by the department of health in determining  
27 charity care requirements for hospitals.

28 (b) "Health maintenance organization" as used in this section means  
29 a health maintenance organization licensed pursuant to this chapter to

1 do business in the state of Washington, but whose organizational  
2 headquarters is located in another state, district, or territory of the  
3 United States of America.

4 (c) "Low-income person" means any person under the age of sixty-  
5 five and not otherwise eligible for medicare, who resides in a county  
6 where a health maintenance organization does business, and whose gross  
7 family income is at or below two hundred percent of the poverty  
8 guidelines as adjusted for family size and determined annually by the  
9 federal department of health and human services.

10 NEW SECTION. **Sec. 3.** (1) Every person who violates or  
11 knowingly aids or abets the violation of the requirements of section 2  
12 of this act or any valid orders or rules adopted pursuant to section 2  
13 of this act, or who fails to perform any act which it is herein made  
14 his or her duty to perform, shall be guilty of a misdemeanor.  
15 Following official notice to the accused by the insurance commissioner  
16 of the existence of an alleged violation, each day of noncompliance  
17 upon which a violation occurs shall constitute a separate violation.  
18 Any person violating the provisions of section 2 of this act may be  
19 enjoined from continuing such violation. The insurance commissioner is  
20 hereby authorized to levy civil penalties not exceeding one thousand  
21 dollars for each violation of section 2 of this act and determined  
22 pursuant to this section.

23 (2) After an initial violation is determined, any subsequent  
24 violation of the requirement of section 2 of this act within two years  
25 following shall result in the suspension of the organization's license  
26 for a period of at least one year but not more than three years.  
27 Subsequent violations shall result in permanent revocation of the  
28 organization's licenses.

1        NEW SECTION.    **Sec. 4.**        The insurance commissioner shall adopt  
2 rules for the implementation of sections 2 and 3 of this act pursuant  
3 to chapter 34.05 RCW.

4        NEW SECTION.    **Sec. 5.**        Sections 1 through 4 of this act are  
5 each added to chapter 48.46 RCW.