

2 **SB 5076** - S AMD -001017

3 By Senators Talmadge, Gaspard and Snyder

4 ADOPTED 4/23/93

5 Strike everything after the enacting clause and insert the
6 following:

7 **"Sec. 1.** Section 402, chapter . . . (Engrossed Second Substitute
8 Senate Bill No. 5304), Laws of 1993 is amended to read as follows:

9 In this chapter, unless the context otherwise requires:

10 (1) "Certified health plan" or "plan" means a disability insurer
11 regulated under chapter 48.20 or 48.21 RCW, a health care service
12 contractor as defined in RCW 48.44.010, a health maintenance
13 organization as defined in RCW 48.46.020, or an entity certified in
14 accordance with sections 433 through 443 of chapter . . . (Engrossed
15 Second Substitute Senate Bill No. 5304), Laws of 1993.

16 (2) "Chair" means the presiding officer of the Washington health
17 services commission.

18 (3) "Commission" or "health services commission" means the
19 Washington health services commission.

20 (4) "Community rate" means the rating method used to establish the
21 premium for the uniform benefits package adjusted to reflect
22 actuarially demonstrated differences in utilization or cost
23 attributable to geographic region and family size as determined by the
24 commission.

25 (5) "Continuous quality improvement and total quality management"
26 means a continuous process to improve health services while reducing
27 costs.

28 (6) "Employee" means a resident who is in the employment of an
29 employer, as defined by chapter 50.04 RCW.

30 (7) "Enrollee" means any person who is a Washington resident
31 enrolled in a certified health plan.

32 (8) "Enrollee point of service cost-sharing" means amounts paid to
33 certified health plans directly providing services, health care
34 providers, or health care facilities by enrollees for receipt of
35 specific uniform benefits package services, and may include copayments,
36 coinsurance, or deductibles, that together must be actuarially

1 equivalent across plans and within overall limits established by the
2 commission.

3 (9) "Enrollee premium sharing" means that portion of the premium
4 that is paid by enrollees or their family members.

5 (10) "Federal poverty level" means the federal poverty guidelines
6 determined annually by the United States department of health and human
7 services or successor agency.

8 (11) "Health care facility" or "facility" means hospices licensed
9 under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW,
10 rural health facilities as defined in RCW 70.175.020, psychiatric
11 hospitals licensed under chapter 71.12 RCW, nursing homes licensed
12 under chapter 18.51 RCW, community mental health centers licensed under
13 chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed
14 under chapter 70.41 RCW, ambulatory diagnostic, treatment or surgical
15 facilities licensed under chapter 70.41 RCW, drug and alcohol treatment
16 facilities licensed under chapter 70.96A RCW, and home health agencies
17 licensed under chapter 70.127 RCW, and includes such facilities if
18 owned and operated by a political subdivision or instrumentality of the
19 state and such other facilities as required by federal law and
20 implementing regulations, but does not include Christian Science
21 sanatoriums operated, listed, or certified by the First Church of
22 Christ Scientist, Boston, Massachusetts.

23 (12) "Health care provider" or "provider" means:

24 (a) A person regulated under Title 18 RCW and chapter 70.127 RCW,
25 to practice health or health-related services or otherwise practicing
26 health care services in this state consistent with state law; or

27 (b) An employee or agent of a person described in (a) of this
28 subsection, acting in the course and scope of his or her employment.

29 (13) "Health insurance purchasing cooperative" or "cooperative"
30 means a member-owned and governed nonprofit organization certified in
31 accordance with sections 425 and 426 of chapter . . . (Engrossed Second
32 Substitute Senate Bill No. 5304), Laws of 1993.

33 (14) "Long-term care" means institutional, residential, outpatient,
34 or community-based services that meet the individual needs of persons
35 of all ages who are limited in their functional capacities or have
36 disabilities and require assistance with performing two or more
37 activities of daily living for an extended or indefinite period of
38 time. These services include case management, protective supervision,

1 in-home care, nursing services, convalescent, custodial, chronic, and
2 terminally ill care.

3 (15) "Major capital expenditure" means any project or expenditure
4 for capital construction, renovations, or acquisition, including
5 medical technological equipment, as defined by the commission, costing
6 more than one million dollars.

7 (16) "Managed care" means an integrated system of insurance,
8 financing, and health services delivery functions that: (a) Assumes
9 financial risk for delivery of health services and uses a defined
10 network of providers; or (b) assumes financial risk for delivery of
11 health services and promotes the efficient delivery of health services
12 through provider assumption of some financial risk including
13 capitation, prospective payment, resource-based relative value scales,
14 fee schedules, or similar method of limiting payments to health care
15 providers.

16 (17) "Maximum enrollee financial participation" means the income-
17 related total annual payments that may be required of an enrollee per
18 family who chooses one of the three lowest priced uniform benefits
19 packages offered by plans in a geographic region including both premium
20 sharing and enrollee point of service cost-sharing.

21 (18) "Persons of color" means Asians/Pacific Islanders, African,
22 Hispanic, and Native Americans.

23 (19) "Premium" means all sums charged, received, or deposited by a
24 certified health plan as consideration for a uniform benefits package
25 or the continuance of a uniform benefits package. Any assessment, or
26 any "membership," "policy," "contract," "service," or similar fee or
27 charge made by the certified health plan in consideration for the
28 uniform benefits package is deemed part of the premium. "Premium"
29 shall not include amounts paid as enrollee point of service cost-
30 sharing.

31 (20) "Qualified employee" means an employee who is employed at
32 least thirty hours during a week or one hundred twenty hours during a
33 calendar month.

34 (21) "Registered employer health plan" means a health plan
35 established by a private employer of more than seven thousand active
36 employees in this state solely for the benefit of such employees and
37 their dependents and that meets the requirements of section 430 of
38 chapter . . . (Engrossed Second Substitute Senate Bill No. 5304), Laws

1 of 1993. Nothing contained in this subsection shall be deemed to
2 preclude the plan from providing benefits to retirees of the employer.

3 (22) "Seasonal employee" means any person who works:

4 (a) For one or more employers during the calendar year;

5 (b) For six months or less, per year; and

6 (c) For at least half-time per month, during a designated season,
7 within the same industry sector, designated by the commission,
8 including food processing, agricultural production, agricultural
9 harvesting, plantation Christmas tree planting, and tree planting on
10 timber land.

11 (23) "Supplemental benefits" means those appropriate and effective
12 health services that are not included in the uniform benefits package
13 or that expand the type or level of health services available under the
14 uniform benefits package and that are offered to all residents in
15 accordance with the provisions of sections 452 and 453 of chapter . . .
16 (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993.

17 (~~(23)~~) (24) "Technology" means the drugs, devices, equipment, and
18 medical or surgical procedures used in the delivery of health services,
19 and the organizational or supportive systems within which such services
20 are provided. It also means sophisticated and complicated machinery
21 developed as a result of ongoing research in the basic biological and
22 physical sciences, clinical medicine, electronics, and computer
23 sciences, as well as specialized professionals, medical equipment,
24 procedures, and chemical formulations used for both diagnostic and
25 therapeutic purposes.

26 (~~(24)~~) (25) "Uniform benefits package" or "package" means those
27 appropriate and effective health services, defined by the commission
28 under section 449 of chapter . . . (Engrossed Second Substitute Senate
29 Bill No. 5304), Laws of 1993, that must be offered to all Washington
30 residents through certified health plans.

31 (~~(25)~~) (26) "Washington resident" or "resident" means a person
32 who intends to reside in the state permanently or indefinitely and who
33 did not move to Washington for the primary purpose of securing health
34 services under sections 427 through 466 of chapter . . . (Engrossed
35 Second Substitute Senate Bill No. 5304), Laws of 1993. "Washington
36 resident" also includes people and their accompanying family members
37 who are residing in the state for the purpose of engaging in employment
38 for at least one month, who did not enter the state for the primary
39 purpose of obtaining health services. The confinement of a person in

1 a nursing home, hospital, or other medical institution in the state
2 shall not by itself be sufficient to qualify such person as a resident.

3 **Sec. 2.** Section 406, chapter . . . (Engrossed Second Substitute
4 Senate Bill No. 5304), Laws of 1993 is amended to read as follows:

5 POWERS AND DUTIES OF THE COMMISSION. The commission has the
6 following powers and duties:

7 (1) Ensure that all residents of Washington state are enrolled in
8 a certified health plan to receive the uniform benefits package,
9 regardless of age, sex, family structure, ethnicity, race, health
10 condition, geographic location, employment, or economic status.

11 (2) Endeavor to ensure that all residents of Washington state have
12 access to appropriate, timely, confidential, and effective health
13 services, and monitor the degree of access to such services. If the
14 commission finds that individuals or populations lack access to
15 certified health plan services, the commission shall:

16 (a) Authorize appropriate state agencies, local health departments,
17 community or migrant health clinics, public hospital districts, or
18 other nonprofit health service entities to take actions necessary to
19 assure such access. This includes authority to contract for or
20 directly deliver services described within the uniform benefits package
21 to special populations; or

22 (b) Notify appropriate certified health plans and the insurance
23 commissioner of such findings. The commission shall adopt by rule
24 standards by which the insurance commissioner may, in such event,
25 require certified health plans in closest proximity to such individuals
26 and populations to extend their catchment areas to those individuals
27 and populations and offer them enrollment.

28 (3) Adopt necessary rules in accordance with chapter 34.05 RCW to
29 carry out the purposes of chapter . . . (Engrossed Second Substitute
30 Senate Bill No. 5304), Laws of 1993. An initial set of draft rules
31 establishing at least the commission's organization structure, the
32 uniform benefits package, and standards for certified health plan
33 certification, must be submitted in draft form to appropriate
34 committees of the legislature by December 1, 1994.

35 (4) Establish and modify as necessary, in consultation with the
36 state board of health and the department of health, and coordination
37 with the planning process set forth in section 467 of chapter . . .
38 (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993 a

1 uniform set of health services based on the recommendations of the
2 health care cost control and access commission established under House
3 Concurrent Resolution No. 4443 adopted by the legislature in 1990.

4 (5) Establish and modify as necessary the uniform benefits package
5 as provided in section 449 of chapter . . . (Engrossed Second
6 Substitute Senate Bill No. 5304), Laws of 1993, which shall be offered
7 to enrollees of a certified health plan. The benefit package shall be
8 provided at no more than the maximum premium specified in subsection
9 (6) of this section.

10 (6)(a) Establish for each year a community-rated maximum premium
11 for the uniform benefits package that shall operate to control overall
12 health care costs. The maximum premium cost of the uniform benefits
13 package in the base year 1995 shall be established upon an actuarial
14 determination of the costs of providing the uniform benefits package
15 and such other cost impacts as may be deemed relevant by the
16 commission. Beginning in 1996, the growth rate of the premium cost of
17 the uniform benefits package for each certified health plan shall be
18 allowed to increase by a rate no greater than the average growth rate
19 in the cost of the package between 1990 and 1993 as actuarially
20 determined, reduced by two percentage points per year until the growth
21 rate is no greater than the five-year rolling average of growth in
22 Washington per capita personal income, as determined by the office of
23 financial management.

24 (b) In establishing the community-rated maximum premium under this
25 subsection, ~~((the commission shall develop a composite rate for
26 employees that provides nominal, if any, variance between the rate for
27 individual employees and employees with dependents to minimize any
28 economic incentive to an employer to discriminate between prospective
29 employees based upon whether or not they have dependents for whom
30 coverage would be required. Nothing in this subsection (6)(b) shall
31 preclude the commission from evaluating other methodologies for
32 establishing the community-rated maximum premium and recommending an
33 alternative methodology to the legislature)) the commission shall
34 review various methods for establishing the community-rated maximum
35 premium and shall recommend such methods to the legislature by December
36 1, 1994.~~

37 The commission may develop and recommend a rate for employees that
38 provides nominal, if any, variance between the rate for individual
39 employees and employees with dependents to minimize any economic

1 incentive to an employer to discriminate between prospective employees
2 based upon whether or not they have dependents for whom coverage would
3 be required.

4 (c) If the commission adds or deletes services or benefits to the
5 uniform benefits package in subsequent years, it may increase or
6 decrease the maximum premium to reflect the actual cost experience of
7 a broad sample of providers of that service in the state, considering
8 the factors enumerated in (a) of this subsection and adjusted
9 actuarially. The addition of services or benefits shall not result in
10 a redetermination of the entire cost of the uniform benefits package.

11 (d) The level of state expenditures for the uniform benefits
12 package shall be limited to the appropriation of funds specifically for
13 this purpose.

14 (7) Determine the need for medical risk adjustment mechanisms to
15 minimize financial incentives for certified health plans to enroll
16 individuals who present lower health risks and avoid enrolling
17 individuals who present higher health risks, and to minimize financial
18 incentives for employer hiring practices that discriminate against
19 individuals who present higher health risks. In the design of medical
20 risk distribution mechanisms under this subsection, the commission
21 shall (a) balance the benefits of price competition with the need to
22 protect certified health plans from any unsustainable negative effects
23 of adverse selection; (b) consider the development of a system that
24 creates a risk profile of each certified health plan's enrollee
25 population that does not create disincentives for a plan to control
26 benefit utilization, that requires contributions from plans that enjoy
27 a low-risk enrollee population to plans that have a high-risk enrollee
28 population, and that does not permit an adjustment of the premium
29 charged for the uniform benefits package or supplemental coverage based
30 upon either receipt or contribution of assessments; and (c) consider
31 whether registered employer health plans should be included in any
32 medical risk adjustment mechanism. Proposed medical risk adjustment
33 mechanisms shall be submitted to the legislature as provided in section
34 454 of chapter . . . (Engrossed Second Substitute Senate Bill No.
35 5304), Laws of 1993.

36 (8) Design a mechanism to assure minors have access to confidential
37 health care services as currently provided in RCW 70.24.110 and
38 71.34.030.

1 (9) Monitor the actual growth in total annual health services
2 costs.

3 (10) Monitor the increased application of technology as required by
4 chapter . . . (Engrossed Second Substitute Senate Bill No. 5304), Laws
5 of 1993 and take necessary action to ensure that such application is
6 made in a cost-effective and efficient manner and consistent with
7 existing laws that protect individual privacy.

8 (11) Establish reporting requirements for certified health plans
9 that own or manage health care facilities, health care facilities, and
10 health care providers to periodically report to the commission
11 regarding major capital expenditures of the plans. The commission
12 shall review and monitor such reports and shall report to the
13 legislature regarding major capital expenditures on at least an annual
14 basis. The Washington health care facilities authority and the
15 commission shall develop standards jointly for evaluating and approving
16 major capital expenditure financing through the Washington health care
17 facilities authority, as authorized pursuant to chapter 70.37 RCW. By
18 December 1, 1994, the commission and the authority shall submit jointly
19 to the legislature such proposed standards. The commission and the
20 authority shall, after legislative review, but no later than June 1,
21 1995, publish such standards. Upon publication, the authority may not
22 approve financing for major capital expenditures unless approved by the
23 commission.

24 (12) Establish maximum enrollee financial participation levels.
25 The levels shall be related to enrollee household income.

26 (13) For health services provided under the uniform benefits
27 package and supplemental benefits, adopt standards for enrollment, and
28 standardized billing and claims processing forms. The standards shall
29 ensure that these procedures minimize administrative burdens on health
30 care providers, health care facilities, certified health plans, and
31 consumers. Subject to federal approval or phase-in schedules whenever
32 necessary or appropriate, the standards also shall apply to state-
33 purchased health services, as defined in RCW 41.05.011.

34 (14) Propose that certified health plans adopt certain practice
35 indicators or risk management protocols for quality assurance,
36 utilization review, or provider payment. The commission may consider
37 indicators or protocols recommended according to section 410 of chapter
38 . . . (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993
39 for these purposes.

1 (15) Propose other guidelines to certified health plans for
2 utilization management, use of technology and methods of payment, such
3 as diagnosis-related groups and a resource-based relative value scale.
4 Such guidelines shall be voluntary and shall be designed to promote
5 improved management of care, and provide incentives for improved
6 efficiency and effectiveness within the delivery system.

7 (16) Adopt standards and oversee and develop policy for personal
8 health data and information system as provided in chapter 70.170 RCW.

9 (17) Adopt standards that prevent conflict of interest by health
10 care providers as provided in section 408 of chapter . . . (Engrossed
11 Second Substitute Senate Bill No. 5304), Laws of 1993.

12 (18) At the appropriate juncture and in the fullness of time,
13 consider the extent to which medical research and health professions
14 training activities should be included within the health service system
15 set forth in this chapter . . . (Engrossed Second Substitute Senate
16 Bill No. 5304), Laws of 1993.

17 (19) Evaluate and monitor the extent to which racial and ethnic
18 minorities have access and to receive health services within the state,
19 and develop strategies to address barriers to access.

20 (20) Develop standards for the certification process to certify
21 health plans and employer health plans to provide the uniform benefits
22 package, according to the provisions for certified health plans and
23 registered employer health plans under chapter . . . (Engrossed Second
24 Substitute Senate Bill No. 5304), Laws of 1993.

25 (21) Develop rules for implementation of individual and employer
26 participation under sections 463 and 464 of chapter . . . (Engrossed
27 Second Substitute Senate Bill No. 5304), Laws of 1993 specifically
28 applicable to persons who work in this state but do not live in the
29 state or persons who live in this state but work outside of the state.
30 The rules shall be designed so that these persons receive coverage and
31 financial requirements that are comparable to that received by persons
32 who both live and work in the state.

33 (22) After receiving advice from the health services effectiveness
34 committee, adopt rules that must be used by certified health plans,
35 disability insurers, health care service contractors, and health
36 maintenance organizations to determine whether a procedure, treatment,
37 drug, or other health service is no longer experimental or
38 investigative.

1 (23) Establish a process for purchase of uniform benefits package
2 services by enrollees when they are out-of-state.

3 (24) Develop recommendations to the legislature as to whether state
4 and school district employees, on whose behalf health benefits are or
5 will be purchased by the health care authority pursuant to chapter
6 41.05 RCW, should have the option to purchase health benefits through
7 health insurance purchasing cooperatives on and after July 1, 1997. In
8 developing its recommendations, the commission shall consider:

9 (a) The impact of state or school district employees purchasing
10 through health insurance purchasing cooperatives on the ability of the
11 state to control its health care costs; and

12 (b) Whether state or school district employees purchasing through
13 health insurance purchasing cooperatives will result in inequities in
14 health benefits between or within groups of state and school district
15 employees.

16 (25) Establish guidelines for providers dealing with terminal or
17 static conditions, taking into consideration the ethics of providers,
18 patient and family wishes, costs, and survival possibilities.

19 (26) Evaluate the extent to which Taft-Hartley health care trusts
20 provide benefits to certain individuals in the state; review the
21 federal laws under which these trusts are organized; and make
22 appropriate recommendations to the governor and the legislature on or
23 before December 1, 1994, as to whether these trusts should be brought
24 under the provisions of chapter . . . (Engrossed Second Substitute
25 Senate Bill No. 5304), Laws of 1993 when it is fully implemented, and
26 if the commission recommends inclusion of the trusts, how to implement
27 such inclusion.

28 (27) Make appropriate recommendations to the governor and the
29 legislature on or before December 1, 1994, as to how seasonal workers
30 and their employers may be brought under the provisions of chapter
31 . . . (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993
32 when it is fully implemented, and with particular attention to the
33 financial impact on seasonal workers and their employers. Until such
34 time this study has been completed and the legislature has taken
35 affirmative action, RCW 43.--.--- (section 464, chapter . . .
36 (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993, as
37 amended by section 3 of this act) shall not apply to seasonal workers
38 or their employers.

1 (28) Evaluate whether Washington is experiencing a higher
2 percentage in in-migration of residents from other states and
3 territories than would be expected by normal trends as a result of the
4 availability of unsubsidized and subsidized health care benefits for
5 all residents and report to the governor and the legislature their
6 findings.

7 (~~(28)~~) (29) In developing the uniform benefits package and other
8 standards pursuant to this section, consider the likelihood of the
9 establishment of a national health services plan adopted by the federal
10 government and its implications.

11 (~~(29)~~) (30) Evaluate the effect of reforms under chapter . . .
12 (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993 on
13 access to care and economic development in rural areas.

14 To the extent that the exercise of any of the powers and duties
15 specified in this section may be inconsistent with the powers and
16 duties of other state agencies, offices, or commissions, the authority
17 of the commission shall supersede that of such other state agency,
18 office, or commission, except in matters of personal health data, where
19 the commission shall have primary data system policymaking authority
20 and the department of health shall have primary responsibility for the
21 maintenance and routine operation of personal health data systems.

22 **Sec. 3.** Section 464, chapter . . . (Engrossed Second Substitute
23 Senate Bill No. 5304), Laws of 1993 is amended to read as follows:

24 (1) The legislature recognizes that small businesses play an
25 essential and increasingly important role in the state's economy. The
26 legislature further recognizes that many of the state's small business
27 owners provide health insurance to their employees through small group
28 policies at a cost that directly affects their profitability. Other
29 small business owners are prevented from providing health benefits to
30 their employees by the lack of access to affordable health insurance
31 coverage. The legislature intends that the provisions of chapter . . .
32 (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993 make
33 health insurance more available and affordable to small businesses in
34 Washington state through strong cost control mechanisms and the option
35 to purchase health benefits through the basic health plan, the
36 Washington state group purchasing association, and health insurance
37 purchasing cooperatives.

1 (2) On July 1, 1995, every employer employing more than five
2 hundred qualified employees shall:

3 (a) Offer a choice of the uniform benefits package as provided by
4 at least three available certified health plans, one of which shall be
5 the lowest cost available package within their geographic region, and
6 for employers who have established a registered employer health plan,
7 one of which may be its own registered employer health plan, to all
8 qualified employees. The employer shall be required to pay no less
9 than fifty percent of the premium cost of the lowest cost available
10 package within their geographic region. On July 1, 1996, all
11 dependents of qualified employees of these firms shall be offered a
12 choice of packages as provided in this section with the employer paying
13 no less than fifty percent of the premium of the lowest cost package
14 within their geographic region.

15 (b) For employees who work fewer than thirty hours during a week or
16 one hundred twenty hours during a calendar month, three hundred sixty
17 hours during a calendar quarter or one thousand four hundred forty
18 hours during a calendar year, and their dependents, pay, for the period
19 of time adopted by the employer under this subsection, the amount
20 resulting from application of the following formula: The number of
21 hours worked by the employee in a month is multiplied by the amount of
22 a qualified employee's premium, and that amount is then divided by one
23 hundred twenty.

24 (c) If an employee under (b) of this subsection is the dependent of
25 a qualified employee, and is therefore covered as a dependent by the
26 qualified employee's employer, then the employer of the employee under
27 (b) of this subsection shall not be required to participate in the cost
28 of the uniform benefits package for that employee.

29 (d) If an employee working on a seasonal basis is a qualified
30 employee of another employer, and therefore has uniform benefits
31 package coverage through that primary employer, then the seasonal
32 employer of the employee shall not be required to participate in the
33 cost of the uniform benefits package for that employee.

34 (3) By July 1, 1996, every employer employing more than one hundred
35 qualified employees shall:

36 (a) Offer a choice of the uniform benefits package as provided by
37 at least three available certified health plans, one of which shall be
38 the lowest cost available package within their geographic region, to
39 all qualified employees. The employer shall be required to pay no less

1 than fifty percent of the premium cost of the lowest cost available
2 package within their geographic region. On July 1, 1997, all
3 dependents of qualified employees in these firms shall be offered a
4 choice of packages as provided in this section with the employer paying
5 no less than fifty percent of the premium of the lowest cost package
6 within their geographic region.

7 (b) For employees who work fewer than thirty hours during a week or
8 one hundred twenty hours during a calendar month, three hundred sixty
9 hours during a calendar quarter or one thousand four hundred forty
10 hours during a calendar year, and their dependents, pay, for the period
11 of time adopted by the employer under this subsection, the amount
12 resulting from application of the following formula: The number of
13 hours worked by the employee in a month is multiplied by the amount of
14 a qualified employee's premium, and that amount is then divided by one
15 hundred twenty.

16 (c) If an employee under (b) of this subsection is the dependent of
17 a qualified employee, and is therefore covered as a dependent by the
18 qualified employee's employer, then the employer of the employee under
19 (b) of this subsection shall not be required to participate in the cost
20 of the uniform benefits package for that employee.

21 (d) If an employee working on a seasonal basis is a qualified
22 employee of another employer, and therefore has uniform benefits
23 package coverage through that primary employer, then the seasonal
24 employer of the employee shall not be required to participate in the
25 cost of the uniform benefits package for that employee.

26 (4) By July 1, 1997, every employer shall:

27 (a) Offer a choice of the uniform benefits package as provided by
28 at least three available certified health plans, one of which shall be
29 the lowest cost available package within their geographic region, to
30 all qualified employees. The employer shall be required to pay no less
31 than fifty percent of the premium cost of the lowest cost available
32 package within their geographic region. On July 1, 1999, all
33 dependents of qualified employees in all firms shall be offered a
34 choice of packages as provided in this section with the employer paying
35 no less than fifty percent of the premium of the lowest cost package
36 within their geographic region.

37 (b) For employees who work fewer than thirty hours during a week or
38 one hundred twenty hours during a calendar month, three hundred sixty
39 hours during a calendar quarter or one thousand four hundred forty

1 hours during a calendar year, and their dependents, pay, for the period
2 of time adopted by the employer under this subsection, the amount
3 resulting from application of the following formula: The number of
4 hours worked by the employee in a month is multiplied by the amount of
5 a qualified employee's premium, and that amount is then divided by one
6 hundred twenty.

7 (c) If an employee under (b) of this subsection is the dependent of
8 a qualified employee, and is therefore covered as a dependent by the
9 qualified employee's employer, then the employer of the employee under
10 (b) of this subsection shall not be required to participate in the cost
11 of the uniform benefits package for that employee.

12 (d) If an employee working on a seasonal basis is a qualified
13 employee of another employer, and therefore has uniform benefits
14 package coverage through that primary employer, then the seasonal
15 employer of the employee shall not be required to participate in the
16 cost of the uniform benefits package for that employee.

17 (5) This employer participation requirement shall be waived if
18 imposition of the requirement would constitute a violation of the
19 freedom of religion provisions of the First Amendment of the United
20 States Constitution or Article I, section 11, of the state
21 Constitution. In such case the employer shall, pursuant to commission
22 rules, set aside an amount equal to the applicable employer
23 contribution level in a manner that would permit his or her employee to
24 fully comply with the requirements of this chapter.

25 (6) In lieu of offering the uniform benefits package to employees
26 and their dependents through direct contracts with certified health
27 plans, an employer may combine the employer contribution with that of
28 the employee's contribution and enroll in the basic health plan as
29 provided in chapter 70.47 RCW or a health insurance purchasing
30 cooperative established under sections 425 and 426 of chapter . . .
31 (Engrossed Second Substitute Senate Bill No. 5304), Laws of 1993. Any
32 subsidy that may be provided according to the provisions of chapter
33 70.47 RCW shall not lessen the employer's obligation to pay a minimum
34 of fifty percent of the premium and the full amount of the direct
35 subsidy shall be for the benefit of the employee or the dependent.

36 (7) For purposes of determining the financial obligation of an
37 employer who enrolls employees or employees and their adult dependents
38 in the basic health plan, the premium shall be the per adult, per
39 month, cost of coverage in the plan, including administration.

1 NEW SECTION. Sec. 4. Section 466, chapter . . . (Engrossed Second
2 Substitute Senate Bill No. 5304), Laws of 1993 is amended to read as
3 follows:

4 SMALL FIRM FINANCIAL ASSISTANCE. (1) Beginning July 1, 1997, firms
5 with fewer than twenty-five workers that face barriers to providing
6 health insurance for their employees may, upon application, be eligible
7 to receive financial assistance with funds set aside from the health
8 services account. Firms with the following characteristics shall be
9 given preference in the distribution of funds: (a) New firms, (b)
10 employers with low average wages, (c) employers with low profits, and
11 (d) firms in economically distressed areas.

12 (2) All employers in existence on or before July 1, 1997, who meet
13 the criteria set forth in this section, and rules adopted under this
14 section, may apply to the health services commission for assistance.
15 Such employers may not receive premium assistance beyond July 1, 2001.
16 New employers, who come into existence after July 1, 1997, may apply
17 for and receive premium assistance for a limited period of time, as
18 determined by the commission.

19 (3) The total funds available for small business assistance shall
20 ~~((not exceed))~~ be the lesser of (a) one hundred fifty million dollars
21 or (b) twenty-five percent of the cost of the uniform benefits package
22 per the eligible applicants' insured employee or dependents as the case
23 may be, for the biennium beginning July 1, 1997. Thereafter, the
24 amount of total funds available for premium assistance shall be
25 determined by the office of financial management, based on a forecast
26 of inflation, employment, and the number of eligible firms.

27 (4) By July 1, 1997, the health services commission, with
28 assistance from the small business advisory committee established in
29 section 404 of chapter . . . (Engrossed Second Substitute Senate Bill
30 No. 5304), Laws of 1993, shall develop specific definitions, rules, and
31 procedures governing all aspects of the small business assistance
32 program, including application procedures, thresholds regarding firm
33 size, wages, profits, and age of firm, and rules governing duration of
34 assistance. The health services commission will endeavor to design a
35 system for the distribution of assistance that will create minimal
36 burdens on businesses seeking financial assistance.

37 (5) Final determination of the amount of the premium assistance to
38 be dispensed to an employer shall be made by the commission based on
39 rules, definitions, and procedures developed under this section. If

1 total claims for assistance are above the amount of total funds
2 available for such purposes, the commission shall have the authority to
3 prorate employer claims so that the amount of available funds is not
4 exceeded.

5 (6) The office of financial management, in consultation with the
6 commission, shall establish appropriate criteria for monitoring and
7 evaluating the economic and labor market impacts of the premium
8 assistance program and report its findings to the commission annually
9 through July 1, 2001.

10 NEW SECTION. **Sec. 5.** No later than January 1, 1997, the
11 commission shall recommend legislation establishing a program for tax
12 credits under chapter 82.04 RCW for employers with fewer than five
13 hundred full-time equivalent employees, that provides a credit against
14 the amount of employer tax. The credit shall be in an amount equal to
15 a proportion of the cost of premium contributions made by such employer
16 on behalf of dependents of employees under chapter . . . (Engrossed
17 Second Substitute Senate Bill No. 5304), Laws of 1993. The proposed
18 legislation shall limit the tax credit based on the criteria set forth
19 in RCW 43.--.--- (section 466, chapter . . . (Engrossed Second
20 Substitute Senate Bill No. 5304), Laws of 1993, as amended by section
21 4 of this act). The tax credit shall not exceed forty percent of the
22 employer's actual premium paid on behalf of dependents of employees.

23 NEW SECTION. **Sec. 6.** A new section is added to chapter 70.47 RCW
24 to read as follows:

25 The administrator shall continue to use a premium pricing structure
26 substantially equivalent to that used by the plan on January 1, 1993.

27 NEW SECTION. **Sec. 7.** Section 5 of this act is added to chapter
28 43.-- RCW (sections 401 through 407, 409, 425, 427 through 430, and 447
29 through 466 of chapter . . . (Engrossed Second Substitute Senate Bill
30 No. 5304), Laws of 1993.

31 NEW SECTION. **Sec. 8.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the
33 state government and its existing public institutions, and shall take
34 effect July 1, 1993.

1 **SB 5076** - S AMD - 001017
2 By Senators Talmadge, Gaspard and Snyder

ADOPTED 4/23/93

3
4 On page 1, line 1 of the title, after "reform;" strike the
5 remainder of the title and insert "amending sections 402, 406, 464, and
6 466 of chapter . . . (Engrossed Second Substitute Senate Bill No.
7 5304), Laws of 1993; adding a new section to chapter 43.--.--- RCW;
8 adding a new section to chapter 70.47 RCW; providing an effective date;
9 and declaring an emergency."

--- END ---