
HOUSE BILL 1112

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Van Luven, Scott, Fuhrman, Dellwo, Reams, Mielke, Schmidt, Zellinsky, Franklin, Foreman, Wood, Brough and Miller

Read first time 01/15/93. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to cancellation and nonrenewal of individual health
2 insurance policies; adding a new section to chapter 48.20 RCW; adding
3 a new section to chapter 48.44 RCW; adding a new section to chapter
4 48.46 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.20 RCW
7 to read as follows:

8 (1) No disability insurer may decline to renew an individual
9 disability insurance policy except for nonpayment of premium or cost
10 sharing amounts owed to the insurer, misrepresentation, fraud,
11 discontinuance of all such policies in this state, or for cause as
12 authorized by the commissioner. The insurer may modify an individual
13 policy form issued to the insured if such modifications are made on a
14 class basis. The insurer may terminate an individual policy form if
15 the insurer offers all policyholders having such coverage its most
16 equivalent alternative coverage without health screening or, upon
17 obtaining the written approval of the commissioner, it obtains for the
18 persons covered under the policy, coverage with another health

1 maintenance organization, health care service contractor, or insurer
2 which coverage provides equivalent benefits for value paid.

3 (2) The commissioner shall adopt rules prohibiting insurers from
4 engaging in a pattern or practice of subjecting high risk persons to
5 substantial rate increases by discontinuing issuance of individual
6 policy forms and requiring the high risk insured with such coverage to
7 undergo health screening to qualify for coverage under new, lower cost
8 individual policy forms. The insurer may limit issuance of coverage
9 without health screening under the new policy form to a period of not
10 less than thirty days from the date such coverage is offered to the
11 insured.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.44 RCW
13 to read as follows:

14 (1) No health care service contractor may decline to renew an
15 individual health care service contract except for nonpayment of
16 premium or cost sharing amounts owed to the contractor,
17 misrepresentation, fraud, discontinuance of all such policies in this
18 state, or for cause as authorized by the commissioner. The health care
19 service contractor may modify an individual contract issued to the
20 insured or subscriber if such modifications are made on a class basis.
21 The health care service contractor may terminate an individual health
22 care service contract form if the contractor offers all insureds or
23 subscribers having such coverage its most equivalent alternative
24 coverage without health screening or, upon obtaining the written
25 approval of the commissioner, it obtains for the persons covered under
26 the contract, coverage with another health care service contractor,
27 health maintenance organization, or insurer which coverage provides
28 equivalent benefits for value paid.

29 (2) The commissioner shall adopt rules prohibiting health care
30 service contractors from engaging in a pattern or practice of
31 subjecting high risk persons to substantial rate increases by
32 discontinuing issuance of individual health care service contract forms
33 and requiring the high risk insured or subscriber with such coverage to
34 undergo health screening to qualify for coverage under new, lower cost
35 individual health care service contract forms. The health care service
36 contractor may limit issuance of coverage without health screening
37 under the new contract form to a period of not less than thirty days
38 from the date such coverage is offered to the covered person.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.46 RCW
2 to read as follows:

3 (1) No health maintenance organization may decline to renew an
4 individual health maintenance agreement except for nonpayment of
5 premium or cost sharing amounts owed to the health maintenance
6 organization, misrepresentation, fraud, discontinuance of all such
7 policies in this state, or for cause as authorized by the commissioner.
8 The health maintenance organization may modify an individual agreement
9 issued to the enrolled participant or subscriber if such modifications
10 are made on a class basis. The health maintenance organization may
11 terminate an individual health maintenance agreement form if the
12 organization offers all enrolled participants having such coverage its
13 most equivalent alternative coverage without health screening or, upon
14 obtaining the written approval of the commissioner, it obtains for the
15 persons covered under the agreement, coverage with another health
16 maintenance organization, health care service contractor, or insurer
17 which coverage provides equivalent benefits for value paid.

18 (2) The commissioner shall adopt rules prohibiting health
19 maintenance organizations from engaging in a pattern or practice of
20 subjecting high risk persons to substantial rate increases by
21 discontinuing issuance of individual health maintenance agreement forms
22 and requiring the high risk enrolled participants with such coverage to
23 undergo health screening to qualify for coverage under new, lower cost
24 individual health maintenance agreement forms. The health maintenance
25 organization may limit enrollment without health screening under the
26 new contract form to a period of not less than thirty days from the
27 date such form is offered to the subscriber.

28 NEW SECTION. **Sec. 4.** The provisions of this act apply to all
29 individual policies, contracts, and agreements issued, amended, or
30 renewed after December 31, 1993.

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