
HOUSE BILL 1892

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Scott and Zellinsky

Read first time 02/15/93. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to the filing of rates for disability insurance,
2 health care service contracts, and health maintenance agreements; and
3 amending RCW 48.18.110, 48.44.020, and 48.46.060.

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

5 **Sec. 1.** RCW 48.18.110 and 1985 c 264 s 9 are each amended to read
6 as follows:

7 (1) The commissioner shall disapprove any such form of policy,
8 application, rider, or endorsement, or withdraw any previous approval
9 thereof, only:

10 (a) If it is in any respect in violation of or does not comply with
11 this code or any applicable order or regulation of the commissioner
12 issued pursuant to the code; or

13 (b) If it does not comply with any controlling filing theretofore
14 made and approved; or

15 (c) If it contains or incorporates by reference any inconsistent,
16 ambiguous or misleading clauses, or exceptions and conditions which
17 unreasonably or deceptively affect the risk purported to be assumed in
18 the general coverage of the contract; or

1 (d) If it has any title, heading, or other indication of its
2 provisions which is misleading; or

3 (e) If purchase of insurance thereunder is being solicited by
4 deceptive advertising.

5 (2) In addition to the grounds for disapproval of any such form as
6 provided in subsection (1) of this section, the commissioner may
7 disapprove any form of disability insurance policy if the benefits
8 provided therein are unreasonable in relation to the premium charged.
9 For this purpose, the commissioner may establish minimum loss ratio
10 standards, may require the filing of rates for such forms, and may
11 disapprove any rate that would fail to meet such loss ratio standards.

12 **Sec. 2.** RCW 48.44.020 and 1990 c 120 s 5 are each amended to read
13 as follows:

14 (1) Any health care service contractor may enter into contracts
15 with or for the benefit of persons or groups of persons which require
16 prepayment for health care services by or for such persons in
17 consideration of such health care service contractor providing one or
18 more health care services to such persons and such activity shall not
19 be subject to the laws relating to insurance if the health care
20 services are rendered by the health care service contractor or by a
21 participating provider.

22 (2) The commissioner may on examination, subject to the right of
23 the health care service contractor to demand and receive a hearing
24 under chapters 48.04 and 34.05 RCW, disapprove any contract form for
25 any of the following grounds:

26 (a) If it contains or incorporates by reference any inconsistent,
27 ambiguous or misleading clauses, or exceptions and conditions which
28 unreasonably or deceptively affect the risk purported to be assumed in
29 the general coverage of the contract; or

30 (b) If it has any title, heading or other indication of its
31 provisions which is misleading; or

32 (c) If purchase of health care services thereunder is being
33 solicited by deceptive advertising; or

34 (d) If, the benefits provided therein are unreasonable in relation
35 to the amount charged for the contract;

36 (e) If it contains unreasonable restrictions on the treatment of
37 patients;

38 (f) If it violates any provision of this chapter;

1 (g) If it fails to conform to minimum provisions or standards
2 required by regulation made by the commissioner pursuant to chapter
3 34.05 RCW;

4 (h) If any contract for health care services with any state agency,
5 division, subdivision, board or commission or with any political
6 subdivision, municipal corporation, or quasi-municipal corporation
7 fails to comply with state law.

8 (3)(a) Every contract between a health care service contractor and
9 a participating provider of health care services shall be in writing
10 and shall state that in the event the health care service contractor
11 fails to pay for health care services as provided in the contract, the
12 enrolled participant shall not be liable to the provider for sums owed
13 by the health care service contractor. Every such contract shall
14 provide that this requirement shall survive termination of the
15 contract.

16 (b) No participating provider, agent, trustee or assignee may
17 maintain any action against an enrolled participant to collect sums
18 owed by the health care service contractor.

19 (4) The commissioner may establish minimum loss ratio standards for
20 contracts, may require the filing of rates for such contract forms, and
21 may disapprove any rate that would fail to meet such loss ratio
22 standards.

23 **Sec. 3.** RCW 48.46.060 and 1989 c 10 s 10 are each amended to read
24 as follows:

25 (1) Any health maintenance organization may enter into agreements
26 with or for the benefit of persons or groups of persons, which require
27 prepayment for health care services by or for such persons in
28 consideration of the health maintenance organization providing health
29 care services to such persons. Such activity is not subject to the
30 laws relating to insurance if the health care services are rendered
31 directly by the health maintenance organization or by any provider
32 which has a contract or other arrangement with the health maintenance
33 organization to render health services to enrolled participants.

34 (2) All forms of health maintenance agreements issued by the
35 organization to enrolled participants or other marketing documents
36 purporting to describe the organization's comprehensive health care
37 services shall comply with such minimum standards as the commissioner
38 deems reasonable and necessary in order to carry out the purposes and

1 provisions of this chapter, and which fully inform enrolled
2 participants of the health care services to which they are entitled,
3 including any limitations or exclusions thereof, and such other rights,
4 responsibilities and duties required of the contracting health
5 maintenance organization.

6 (3) Subject to the right of the health maintenance organization to
7 demand and receive a hearing under chapters 48.04 and 34.05 RCW, the
8 commissioner may disapprove an agreement form for any of the following
9 grounds:

10 (a) If it contains or incorporates by reference any inconsistent,
11 ambiguous, or misleading clauses, or exceptions or conditions which
12 unreasonably or deceptively affect the risk purported to be assumed in
13 the general coverage of the agreement;

14 (b) If it has any title, heading, or other indication which is
15 misleading;

16 (c) If purchase of health care services thereunder is being
17 solicited by deceptive advertising;

18 (d) If the benefits provided therein are unreasonable in relation
19 to the amount charged for the agreement;

20 (e) If it contains unreasonable restrictions on the treatment of
21 patients;

22 (f) If it is in any respect in violation of this chapter or if it
23 fails to conform to minimum provisions or standards required by the
24 commissioner by rule under chapter 34.05 RCW; or

25 (g) If any agreement for health care services with any state
26 agency, division, subdivision, board or commission or with any
27 political subdivision, municipal corporation, or quasi-municipal
28 corporation fails to comply with state law.

29 (4) No health maintenance organization authorized under this
30 chapter shall cancel or fail to renew the enrollment on any basis of an
31 enrolled participant or refuse to transfer an enrolled participant from
32 a group to an individual basis for reasons relating solely to age, sex,
33 race, or health status: PROVIDED HOWEVER, That nothing contained
34 herein shall prevent cancellation of an agreement with enrolled
35 participants (a) who violate any published policies of the organization
36 which have been approved by the commissioner, or (b) who are entitled
37 to become eligible for medicare benefits and fail to enroll for a
38 medicare supplement plan offered by the health maintenance organization
39 and approved by the commissioner, or (c) for failure of such enrolled

1 participant to pay the approved charge, including cost-sharing,
2 required under such contract, or (d) for a material breach of the
3 health maintenance agreement.

4 (5) No agreement form or amendment to an approved agreement form,
5 rate, or subsequent rate pertaining to such agreement form shall be
6 used unless it is first filed with the commissioner. The commissioner
7 may establish minimum loss ratio standards for agreements and may
8 disapprove any rate that would fail to meet such standards.

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