

1 **SHB 1046 - H AMD FAILED 2/10/95 051**

2 By Representatives Dellwo and others

3 On page 1, strike everything after the enacting clause and
4 insert

5 "NEW SECTION. **Sec. 1.** A new section is added to chapter
6 70.47 RCW to read as follows:

7 BASIC HEALTH PLAN--EXPANDED ENROLLMENT. (1) The legislature
8 finds that the basic health plan has been an effective program in
9 providing health coverage for uninsured residents. Further, since
10 1993, substantial amounts of public funds have been allocated for
11 subsidized basic health plan enrollment.

12 (2) It is the intent of the legislature that the basic health
13 plan enrollment be expanded expeditiously, consistent with funds
14 available in the health services account, with the goal of one
15 hundred thirty thousand subsidized enrollees by June 30, 1997, with
16 the priority of providing needed health services to children in
17 conjunction with other public programs.

18 (3) Effective January 1, 1996, basic health plan enrollees
19 whose income is less than one hundred twenty-five percent of the
20 federal poverty level shall pay no premium share.

21 (4) No later than July 1, 1996, the administrator shall
22 implement procedures whereby hospitals licensed under chapters
23 70.41 and 71.12 RCW, rural health care facilities regulated under
24 chapter 70.175 RCW, and community and migrant health centers funded
25 under RCW 41.05.220, may, at no remuneration, expeditiously assist
26 patients and their families in applying for basic health plan or
27 medical assistance coverage, and in submitting such applications
28 directly to the health care authority or the department of social
29 and health services. The health care authority and the department
30 of social and health services shall make every effort to simplify
31 and expedite the application and enrollment process.

1 (5) No later than July 1, 1996, the administrator shall
2 implement procedures whereby health insurance agents and brokers,
3 licensed under chapter 48.17 RCW, may, at no remuneration,
4 expeditiously assist patients and their families in applying for
5 basic health plan or medical assistance coverage, and in submitting
6 such applications directly to the health care authority or the
7 department of social and health services. The health care
8 authority and the department of social and health services shall
9 make every effort to simplify and expedite the application and
10 enrollment process.

11 NEW SECTION. **Sec. 2.** HEALTH CARE SAVINGS ACCOUNTS. (1) This
12 chapter shall be known as the health care savings account act.

13 (2) The legislature recognizes that the costs of health care
14 are increasing rapidly and most individuals are removed from
15 participating in the purchase of their health care.

16 As a result, it becomes critical to encourage and support
17 solutions to alleviate the demand for diminishing state resources.
18 In response to these increasing costs in health care spending, the
19 legislature intends to clarify that health care savings accounts
20 may be offered as health benefit options to all residents as
21 incentives to reduce unnecessary health services utilization,
22 administration, and paperwork, and to encourage individuals to be
23 in charge of and participate directly in their use of service and
24 health care spending. To alleviate the possible impoverishment of
25 residents requiring long-term care, health care savings accounts
26 may promote savings for long-term care and provide incentives for
27 individuals to protect themselves from financial hardship due to a
28 long-term health care need.

29 (3) Health care savings accounts are authorized in Washington
30 state as options to employers and residents.

31 NEW SECTION. **Sec. 3.** HEALTH CARE SAVINGS ACCOUNTS--REQUEST
32 FOR TAX EXEMPTION. The governor and responsible agencies shall:

1 (1) Request that the United States congress amend the internal
2 revenue code to treat premiums and contributions to health benefits
3 plans, such as health care savings account programs, basic health
4 plans, conventional and standard health plans offered through a
5 health carrier, by employers, self-employed persons, and
6 individuals, as fully excluded employer expenses and deductible
7 from individual adjusted gross income for federal tax purposes.

8 (2) Request that the United States congress amend the internal
9 revenue code to exempt from federal income tax interest that
10 accrues in health care savings accounts until such money is
11 withdrawn for expenditures other than eligible health expenses as
12 defined in law.

13 (3) If all federal statute or regulatory waivers necessary to
14 fully implement this chapter have not been obtained by the
15 effective date of this section, this act shall remain in effect.

16 NEW SECTION. **Sec. 4.** INSURANCE REFORM--DEFINITIONS. Unless
17 otherwise specifically provided, the definitions in this section
18 apply throughout this chapter.

19 (1) "Health carrier" or "carrier" means a disability insurer
20 regulated under chapter 48.20 or 48.21 RCW, fraternal benefit
21 societies regulated under chapter 48.36A RCW, a health care service
22 contractor as defined in RCW 48.44.010 or a health maintenance
23 organization as defined in RCW 48.46.020.

24 (2) "Health care service" means that service offered or
25 provided by health care facilities and health care providers
26 relating to the prevention, cure, or treatment of illness, injury,
27 or disease.

28 (3) "Health plan" means any policy, contract, or agreement
29 offered by a health carrier to provide, arrange, reimburse, or pay
30 for health care service except the following:

- 31 (a) Long-term care insurance governed by chapter 48.84 RCW;
32 (b) Medicare supplemental health insurance governed by chapter
33 48.66 RCW;

1 (c) Limited health care service offered by limited health care
2 service contractors in accordance with RCW 48.44.035;

3 (d) Disability income;

4 (e) Coverage incidental to a property/casualty liability
5 insurance policy such as automobile personal injury protection
6 coverage and homeowner guest medical;

7 (f) Workers' compensation coverage; and

8 (g) Accident only coverage.

9 (4) "Covered person" means a person covered by a health plan
10 including an enrollee, subscriber, policyholder, beneficiary of a
11 group plan, or individual covered by any other health plan.

12 (5) "Preexisting condition" means any medical condition,
13 illness, or injury that existed any time prior to the effective
14 date of coverage.

15 NEW SECTION. **Sec. 5.** INSURANCE REFORM--PORTABILITY. (1)
16 Every health carrier shall waive any preexisting condition
17 exclusion or limitation for persons or groups who had similar
18 health coverage under a different health plan at any time during
19 the three-month period immediately preceding the date of
20 application for the new health plan if such person was
21 continuously covered under the immediately preceding health plan.
22 If the person was continuously covered for at least three months
23 under the immediately preceding health plan, the carrier may not
24 impose a waiting period for coverage of preexisting conditions. If
25 the person was continuously covered for less than three months
26 under the immediately preceding health plan, the carrier must
27 credit any waiting period under the immediately preceding health
28 plan toward the new health plan. For the purposes of this
29 subsection, a health plan includes an employer provided self-funded
30 health plan.

31 (2) Nothing contained in this section requires a health
32 carrier to amend a health plan to provide new benefits in its
33 existing health plans. In addition, nothing in this section

1 requires a carrier to waive benefit limitations not related to an
2 individual or group's preexisting conditions or health history. A
3 waiting period may be applied for use of a particular benefit
4 imposed equally upon all covered persons without regard to health
5 condition.

6 NEW SECTION. **Sec. 6.** INSURANCE REFORM--PREEXISTING
7 CONDITIONS. (1) No carrier may reject an individual for health
8 plan coverage based upon preexisting conditions of the individual
9 and no carrier may deny, exclude, or otherwise limit coverage for
10 an individual's preexisting health conditions; except that a
11 carrier may impose a three-month benefit waiting period for
12 preexisting conditions for which medical advice was given, or for
13 which a health care provider recommended or provided treatment
14 within three months before the effective date of coverage.

15 (2) No carrier may avoid the requirements of this section
16 through the creation of a new rate classification or the
17 modification of an existing rate classification. A new or changed
18 rate classification will be deemed an attempt to avoid the
19 provisions of this section if the new or changed classification
20 would substantially discourage applications for coverage from
21 individuals or groups who are higher than average health risks.
22 These provisions apply only to individuals who are Washington
23 residents as defined in law.

24 NEW SECTION. **Sec. 7.** INSURANCE REFORM--GUARANTEED ISSUE.
25 (1) Except as provided in subsection (4) of this section, all
26 health plans shall contain or incorporate by endorsement, a
27 guarantee of the continuity of coverage of the plan.

28 (2) For the purposes of this section, a plan is "renewed" when
29 it is continued beyond the earliest date upon which, at the
30 carrier's sole option, the plan could have been terminated for
31 other than nonpayment of premium. In the case of group plans, the
32 carrier may consider the group's anniversary date as the renewal
33 date for purposes of complying with the provisions of this section.

1 (3) The guarantee of continuity of coverage required in health
2 plans shall not prevent a carrier from canceling or nonrenewing a
3 health plan for:

4 (a) Nonpayment of premium;

5 (b) Violation of published policies of the carrier approved by
6 the insurance commissioner;

7 (c) Covered persons entitled to become eligible for medicare
8 benefits by reason of age who fail to apply for a medicare
9 supplement plan or medicare cost, risk, or other plan offered by
10 the carrier pursuant to federal laws and regulations;

11 (d) Covered persons who fail to pay any deductible or
12 copayment amount owed to the carrier and not the provider of health
13 care services;

14 (e) Covered persons committing fraudulent acts as to the
15 carrier;

16 (f) Covered persons who materially breach the health plan; or

17 (g) Change or implementation of federal or state laws that no
18 longer permit the continued offering of such coverage.

19 (4) The provisions of this section do not apply to health
20 plans deemed by the insurance commissioner to be unique or limited
21 or have a short-term purpose, after a written request for such
22 classification by the carrier and subsequent written approval by
23 the insurance commissioner.

24 NEW SECTION. **Sec. 8.** CODIFICATION DIRECTION. Sections 2 and
25 3 of this act shall constitute a new chapter in Title 48 RCW.

26 NEW SECTION. **Sec. 9.** CODIFICATION DIRECTION. Sections 4
27 through 7 of this act are each added to chapter 48.43 RCW.

28 NEW SECTION. **Sec. 10.** CAPTIONS NOT LAW. Captions as used in
29 this act constitute no part of the law.

30 NEW SECTION. **Sec. 11.** EFFECTIVE DATE. This act shall take
31 effect January 1, 1996.

32 NEW SECTION. **Sec. 12.** SAVINGS CLAUSE. This act shall not be
33 construed as affecting any existing right acquired or liability or

1 obligation incurred under the sections amended or repealed in this
2 act or under any rule or order adopted under those sections, nor as
3 affecting any proceeding instituted under those sections.

4 NEW SECTION. **Sec. 13.** SEVERABILITY CLAUSE. If any provision
5 of this act or its application to any person or circumstance is
6 held invalid, the remainder of the act or the application of the
7 provision to other persons or circumstances is not affected.

8 NEW SECTION. **Sec. 14.** ACT TITLE. This act shall be known as
9 the health reform simplification act.

10 NEW SECTION. **Sec. 15.** REFERENDUM. This act shall be
11 submitted to the people for their adoption and ratification, or
12 rejection, at the next succeeding general election to be held in
13 this state, in accordance with Article II, section 1 of the state
14 Constitution, as amended, and the laws adopted to facilitate the
15 operation thereof.

16 NEW SECTION. **Sec. 16.** REPEALERS. The following acts or
17 parts of acts are each repealed:

- 18 (1) RCW 43.72.210 and 1993 c 492 s 463;
- 19 (2) RCW 43.72.220 and 1993 c 494 s 3 & 1993 c 492 s 464;
- 20 (3) RCW 48.20.540 and 1993 c 492 s 283;
- 21 (4) RCW 48.21.340 and 1993 c 492 s 284;
- 22 (5) RCW 48.44.480 and 1993 c 492 s 285; and
- 23 (6) RCW 48.46.550 and 1993 c 492 s 286."

24
25
26 Renumber the remaining subsections consecutively and correct the
27 title accordingly.

EFFECT: Strikes entire bill and reinserts complete text
except for the "employer and individual mandate" statutes and
redundant "pre-existing condition exclusions and limitations"
provision. If adopted, the effect would be to maintain in
law all of the the Washington Health Services Act, except for
the employer and individual mandates.