
HOUSE BILL 1387

State of Washington

55th Legislature

1997 Regular Session

By Representatives Zellinsky, K. Schmidt, L. Thomas, Johnson, Huff and Dyer

Read first time 01/24/97. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to mandatory offering of basic health plan
2 benefits; and amending RCW 48.44.023.

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

4 **Sec. 1.** RCW 48.44.023 and 1995 c 265 s 16 are each amended to read
5 as follows:

6 (1)(a) A health care services contractor offering any health
7 benefit plan to a small employer shall offer and actively market to the
8 small employer a health benefit plan providing benefits identical to
9 the schedule of covered health services that are required to be
10 delivered to an individual enrolled in the basic health plan. Nothing
11 in this subsection shall preclude a contractor from offering, or a
12 small employer from purchasing, other health benefit plans that may
13 have more or less comprehensive benefits than the basic health plan,
14 provided such plans are in accordance with this chapter. A contractor
15 offering a health benefit plan that does not include benefits in the
16 basic health plan shall clearly disclose these differences to the small
17 employer in a brochure approved by the commissioner.

18 (b) A health benefit plan shall provide coverage for hospital
19 expenses and services rendered by a physician licensed under chapter

1 18.57 or 18.71 RCW but is not subject to the requirements of RCW
2 48.44.225, 48.44.240, 48.44.245, 48.44.290, 48.44.300, 48.44.310,
3 48.44.320, 48.44.325, 48.44.330, 48.44.335, 48.44.340, 48.44.344,
4 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460 if: (i) The
5 health benefit plan is the mandatory offering under (a) of this
6 subsection that provides benefits identical to the basic health plan,
7 to the extent these requirements differ from the basic health plan; or
8 (ii) the health benefit plan is offered to employers with not more than
9 twenty-five employees.

10 (2) Nothing in this section shall prohibit a health care service
11 contractor from offering, or a purchaser from seeking, benefits in
12 excess of the basic health plan services. All forms, policies, and
13 contracts shall be submitted for approval to the commissioner, and the
14 rates of any plan offered under this section shall be reasonable in
15 relation to the benefits thereto.

16 (3) Premium rates for health benefit plans for small employers as
17 defined in this section shall be subject to the following provisions:

18 (a) The contractor shall develop its rates based on an adjusted
19 community rate and may only vary the adjusted community rate for:

- 20 (i) Geographic area;
- 21 (ii) Family size;
- 22 (iii) Age; and
- 23 (iv) Wellness activities.

24 (b) The adjustment for age in (a)(iii) of this subsection may not
25 use age brackets smaller than five-year increments, which shall begin
26 with age twenty and end with age sixty-five. Employees under the age
27 of twenty shall be treated as those age twenty.

28 (c) The contractor shall be permitted to develop separate rates for
29 individuals age sixty-five or older for coverage for which medicare is
30 the primary payer and coverage for which medicare is not the primary
31 payer. Both rates shall be subject to the requirements of this
32 subsection (3).

33 (d) The permitted rates for any age group shall be no more than
34 four hundred twenty-five percent of the lowest rate for all age groups
35 on January 1, 1996, four hundred percent on January 1, 1997, and three
36 hundred seventy-five percent on January 1, 2000, and thereafter.

37 (e) A discount for wellness activities shall be permitted to
38 reflect actuarially justified differences in utilization or cost
39 attributed to such programs not to exceed twenty percent.

1 (f) The rate charged for a health benefit plan offered under this
2 section may not be adjusted more frequently than annually except that
3 the premium may be changed to reflect:

4 (i) Changes to the enrollment of the small employer;

5 (ii) Changes to the family composition of the employee;

6 (iii) Changes to the health benefit plan requested by the small
7 employer; or

8 (iv) Changes in government requirements affecting the health
9 benefit plan. This subsection does not limit the frequency of filing
10 of rate adjustments.

11 (g) Rating factors shall produce premiums for identical groups that
12 differ only by the amounts attributable to plan design, with the
13 exception of discounts for health improvement programs.

14 (h) For the purposes of this section, a health benefit plan that
15 contains a restricted network provision shall not be considered similar
16 coverage to a health benefit plan that does not contain such a
17 provision, provided that the restrictions of benefits to network
18 providers result in substantial differences in claims costs. This
19 subsection does not restrict or enhance the portability of benefits as
20 provided in RCW 48.43.015.

21 (i) Adjusted community rates established under this section shall
22 pool the medical experience of all groups purchasing coverage.

23 (4) The health benefit plans authorized by this section that are
24 lower than the required offering shall not supplant or supersede any
25 existing policy for the benefit of employees in this state. Nothing in
26 this section shall restrict the right of employees to collectively
27 bargain for insurance providing benefits in excess of those provided
28 herein.

29 (5)(a) Except as provided in this subsection, requirements used by
30 a contractor in determining whether to provide coverage to a small
31 employer shall be applied uniformly among all small employers applying
32 for coverage or receiving coverage from the carrier.

33 (b) A contractor shall not require a minimum participation level
34 greater than:

35 (i) One hundred percent of eligible employees working for groups
36 with three or less employees; and

37 (ii) Seventy-five percent of eligible employees working for groups
38 with more than three employees.

1 (c) In applying minimum participation requirements with respect to
2 a small employer, a small employer shall not consider employees or
3 dependents who have similar existing coverage in determining whether
4 the applicable percentage of participation is met.

5 (d) A contractor may not increase any requirement for minimum
6 employee participation or modify any requirement for minimum employer
7 contribution applicable to a small employer at any time after the small
8 employer has been accepted for coverage.

9 (6) A contractor must offer coverage to all eligible employees of
10 a small employer and their dependents. A contractor may not offer
11 coverage to only certain individuals or dependents in a small employer
12 group or to only part of the group. A contractor may not modify a
13 health plan with respect to a small employer or any eligible employee
14 or dependent, through riders, endorsements or otherwise, to restrict or
15 exclude coverage or benefits for specific diseases, medical conditions,
16 or services otherwise covered by the plan.

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