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ENGROSSED SUBSTITUTE HOUSE BILL 1840

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State of Washington

55th Legislature

1997 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dyer and L. Thomas)

Read first time 03/05/97.

1 AN ACT Relating to agents for health plans; and amending RCW  
2 70.47.120, 70.47.130, and 70.47.015.

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

4 **Sec. 1.** RCW 70.47.120 and 1987 1st ex.s. c 5 s 14 are each amended  
5 to read as follows:

6 In addition to the powers and duties specified in RCW 70.47.040 and  
7 70.47.060, the administrator has the power to enter into contracts for  
8 the following functions and services:

9 (1) With public or private agencies, to assist the administrator in  
10 her or his duties to design or revise the schedule of covered basic  
11 health care services, and/or to monitor or evaluate the performance of  
12 participating managed health care systems.

13 (2) With public or private agencies, to provide technical or  
14 professional assistance to health care providers, particularly public  
15 or private nonprofit organizations and providers serving rural areas,  
16 who show serious intent and apparent capability to participate in the  
17 plan as managed health care systems.

18 (3) With public or private agencies, including health care service  
19 contractors registered under RCW 48.44.015, and doing business in the

1 state, for marketing and administrative services in connection with  
2 participation of managed health care systems, enrollment of enrollees,  
3 billing and collection services to the administrator, and other  
4 administrative functions ordinarily performed by health care service  
5 contractors, other than insurance. Any activities of a health care  
6 service contractor pursuant to a contract with the administrator under  
7 this section shall be exempt from the provisions and requirements of  
8 Title 48 RCW except that persons appointed or authorized to solicit  
9 applications for enrollment in the basic health plan shall comply with  
10 chapter 48.17 RCW.

11 **Sec. 2.** RCW 70.47.130 and 1994 c 309 s 6 are each amended to read  
12 as follows:

13 (1) The activities and operations of the Washington basic health  
14 plan under this chapter, including those of managed health care systems  
15 to the extent of their participation in the plan, are exempt from the  
16 provisions and requirements of Title 48 RCW(~~(, except as provided in~~  
17 ~~RCW 70.47.070 and that the premium and prepayment tax imposed under RCW~~  
18 ~~48.14.0201 shall apply to amounts paid to a managed health care system~~  
19 ~~by the basic health plan for participating in the basic health plan and~~  
20 ~~providing health care services for nonsubsidized enrollees in the basic~~  
21 ~~health plan)) except:~~

22 (a) Benefits as provided in RCW 70.47.070;

23 (b) Persons appointed or authorized to solicit applications for  
24 enrollment in the basic health plan, including employees of the health  
25 care authority, must comply with chapter 48.17 RCW. For purposes of  
26 this subsection (1)(b), "solicit" does not include distributing  
27 information and applications for the basic health plan and responding  
28 to questions; and

29 (c) Amounts paid to a managed health care system by the basic  
30 health plan for participating in the basic health plan and providing  
31 health care services for nonsubsidized enrollees in the basic health  
32 plan must comply with RCW 48.14.0201.

33 (2) The purpose of the 1994 amendatory language to this section in  
34 chapter 309, Laws of 1994 is to clarify the intent of the legislature  
35 that premiums paid on behalf of nonsubsidized enrollees in the basic  
36 health plan are subject to the premium and prepayment tax. The  
37 legislature does not consider this clarifying language to either raise  
38 existing taxes nor to impose a tax that did not exist previously.

1       **Sec. 3.** RCW 70.47.015 and 1995 c 265 s 1 are each amended to read  
2 as follows:

3       (1) The legislature finds that the basic health plan has been an  
4 effective program in providing health coverage for uninsured residents.  
5 Further, since 1993, substantial amounts of public funds have been  
6 allocated for subsidized basic health plan enrollment.

7       (2) It is the intent of the legislature that the basic health plan  
8 enrollment be expanded expeditiously, consistent with funds available  
9 in the health services account, with the goal of two hundred thousand  
10 adult subsidized basic health plan enrollees and one hundred thirty  
11 thousand children covered through expanded medical assistance services  
12 by June 30, 1997, with the priority of providing needed health services  
13 to children in conjunction with other public programs.

14       (3) Effective January 1, 1996, basic health plan enrollees whose  
15 income is less than one hundred twenty-five percent of the federal  
16 poverty level shall pay at least a ten-dollar premium share.

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

28       (5) No later than July 1, 1996, the administrator shall implement  
29 procedures whereby health insurance agents and brokers, licensed under  
30 chapter 48.17 RCW, may expeditiously assist patients and their families  
31 in applying for basic health plan or medical assistance coverage, and  
32 in submitting such applications directly to the health care authority  
33 or the department of social and health services. The administrator may  
34 establish: (a) Minimum educational requirements that must be completed  
35 by the agents or brokers; (b) an appointment process for agents or  
36 brokers marketing the basic health plan; or (c) standards for  
37 revocation of the appointment of an agent or broker to submit  
38 applications for cause, including untrustworthy or incompetent conduct  
39 or harm to the public. Brokers and agents shall be entitled to receive

1 a commission for each individual sale of the basic health plan to  
2 anyone not ((~~at anytime previously~~)) signed up within the previous five  
3 years and a commission for each group sale of the basic health plan.  
4 No commission shall be provided upon a renewal. Commissions shall be  
5 determined based on the estimated annual cost of the basic health plan,  
6 however, commissions shall not result in a reduction in the premium  
7 amount paid to health carriers. For purposes of this section "health  
8 carrier" is as defined in RCW 48.43.005. The health care authority and  
9 the department of social and health services shall make every effort to  
10 simplify and expedite the application and enrollment process.

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