

SSB 5521 - H COMM AMD  
By Committee on Health Care

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 48.21.045 and 1995 c 265 s 14 are each amended to  
4 read as follows:

5 (1)(a) By January 1, 2004, an insurer offering any health benefit  
6 plan to a small employer shall offer and actively market to the small  
7 employer a single health benefit plan ((providing benefits identical to  
8 the schedule of covered health services that are required to be  
9 delivered to an individual enrolled in the basic health plan))  
10 featuring a limited schedule of covered health services. Nothing in  
11 this subsection shall preclude an insurer from offering, or a small  
12 employer from purchasing, other health benefit plans that may have more  
13 ((or less)) comprehensive benefits than ((the basic health plan,  
14 provided such plans are in accordance with this chapter)) those  
15 included in the product offered under this subsection. Any health  
16 benefit plan offered by an insurer in addition to the plan offered  
17 under this subsection is subject to all requirements applicable to  
18 health benefit plans offered under this chapter. An insurer offering  
19 a health benefit plan ((that does not include benefits in the basic  
20 health plan)) under this subsection shall clearly disclose ((these  
21 differences)) all covered benefits to the small employer in a brochure  
22 approved by the commissioner.

23 (b) A health benefit plan offered under this subsection shall  
24 provide coverage for hospital expenses and services rendered by a  
25 physician licensed under chapter ((18.57 or 18.71 RCW but)) 18.22,  
26 18.57, or 18.71 RCW, a naturopath licensed under chapter 18.36A RCW, or  
27 a nurse licensed under chapter 18.79 RCW. The insurer may require that  
28 persons covered under this health benefit plan choose a single primary  
29 care practitioner for receipt of primary care services. The health  
30 benefit plan offered under this subsection is not subject to the

1 requirements of RCW 48.21.130, (~~((48.21.140, 48.21.141,))~~) 48.21.142,  
2 48.21.144, 48.21.146, (~~((48.21.160 through 48.21.197,))~~) 48.21.200,  
3 48.21.220, (~~((48.21.225, 48.21.230, 48.21.235,))~~) 48.21.240, 48.21.244,  
4 48.21.250, (~~((48.21.300,))~~) 48.21.310, (~~((or))~~) 48.21.320 (~~((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))~~), or 48.43.045. If a health benefit plan offered under this  
9 subsection does not adhere to the requirements of RCW 48.43.045, the  
10 plan cannot offer services that would be within the permitted scope of  
11 practice of providers whose services would be covered but for the  
12 insurer's decision not to adhere to the requirements of RCW 48.43.045.  
13 The health benefit plan ((is)) authorized in this section may be  
14 offered to employers with not more than ((twenty-five)) fifty  
15 employees.

16 (2) Nothing in this section shall prohibit an insurer from  
17 offering, or a purchaser from seeking, health benefit plans with  
18 benefits in excess of the ((basic health plan services)) health benefit  
19 plan offered under subsection (1) of this section. All forms,  
20 policies, and contracts shall be submitted for approval to the  
21 commissioner, and the rates of any plan offered under this section  
22 shall be reasonable in relation to the benefits thereto.

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

25 (a) The insurer shall develop its rates based on an adjusted  
26 community rate and may only vary the adjusted community rate for:

- 27 (i) Geographic area;
- 28 (ii) Family size;
- 29 (iii) Age; and
- 30 (iv) Wellness activities.

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

35 (c) The insurer shall be permitted to develop separate rates for  
36 individuals age sixty-five or older for coverage for which medicare is

1 the primary payer and coverage for which medicare is not the primary  
2 payer. Both rates shall be subject to the requirements of this  
3 subsection (3).

4 (d) The permitted rates for any age group shall be no more than  
5 (~~four hundred twenty five percent of the lowest rate for all age~~  
6 ~~groups on January 1, 1996, four hundred percent on January 1, 1997,~~  
7 ~~and~~) three hundred seventy-five percent of the lowest rate for all age  
8 groups on January 1, 2000, and five hundred percent on January 1, 2004,  
9 and thereafter.

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

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

- 16 (i) Changes to the enrollment of the small employer;
- 17 (ii) Changes to the family composition of the employee;
- 18 (iii) Changes to the health benefit plan requested by the small  
19 employer; or
- 20 (iv) Changes in government requirements affecting the health  
21 benefit plan.

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

25 (h) For the purposes of this section, a health benefit plan that  
26 contains a restricted network provision shall not be considered similar  
27 coverage to a health benefit plan that does not contain such a  
28 provision, provided that the restrictions of benefits to network  
29 providers result in substantial differences in claims costs. This  
30 subsection does not restrict or enhance the portability of benefits as  
31 provided in RCW 48.43.015.

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

34 (4) (~~The health benefit plans authorized by this section that are~~  
35 ~~lower than the required offering shall not supplant or supersede any~~  
36 ~~existing policy for the benefit of employees in this state.~~) Nothing

1 in this section shall restrict the right of employees to collectively  
2 bargain for insurance providing benefits in excess of those provided  
3 herein.

4 (5)(a) Except as provided in this subsection, requirements used by  
5 an insurer in determining whether to provide coverage to a small  
6 employer shall be applied uniformly among all small employers applying  
7 for coverage or receiving coverage from the carrier.

8 (b) An insurer shall not require a minimum participation level  
9 greater than:

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

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

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

18 (d) An insurer may not increase any requirement for minimum  
19 employee participation or modify any requirement for minimum employer  
20 contribution applicable to a small employer at any time after the small  
21 employer has been accepted for coverage.

22 (6) An insurer must offer coverage to all eligible employees of a  
23 small employer and their dependents. An insurer may not offer coverage  
24 to only certain individuals or dependents in a small employer group or  
25 to only part of the group. An insurer may not modify a health plan  
26 with respect to a small employer or any eligible employee or dependent,  
27 through riders, endorsements or otherwise, to restrict or exclude  
28 coverage or benefits for specific diseases, medical conditions, or  
29 services otherwise covered by the plan.

30 (7) As used in this section, "health benefit plan," "small  
31 employer," "basic health plan," "adjusted community rate," and  
32 "wellness activities" mean the same as defined in RCW 48.43.005.

33 **Sec. 2.** RCW 48.44.023 and 1995 c 265 s 16 are each amended to read  
34 as follows:

35 (1)(a) By January 1, 2004, a health care services contractor  
36 offering any health benefit plan to a small employer shall offer and

1 actively market to the small employer a single health benefit plan  
2 (~~providing benefits identical to the schedule of covered health~~  
3 ~~services that are required to be delivered to an individual enrolled in~~  
4 ~~the basic health plan~~) featuring a limited schedule of covered health  
5 services. Nothing in this subsection shall preclude a contractor from  
6 offering, or a small employer from purchasing, other health benefit  
7 plans that may have more (~~or less~~) comprehensive benefits than (~~the~~  
8 ~~basic health plan, provided such plans are in accordance with this~~  
9 ~~chapter~~) those included in the product offered under this subsection.  
10 Any health benefit plan offered by a contractor in addition to the plan  
11 offered under this subsection is subject to all requirements applicable  
12 to health benefit plans offered under this chapter. A contractor  
13 offering a health benefit plan (~~that does not include benefits in the~~  
14 ~~basic health plan~~) under this subsection shall clearly disclose  
15 (~~these differences~~) all covered benefits to the small employer in a  
16 brochure approved by the commissioner.

17 (b) A health benefit plan offered under this subsection shall  
18 provide coverage for hospital expenses and services rendered by a  
19 physician licensed under chapter (~~18.57 or 18.71 RCW but~~) 18.22,  
20 18.57, or 18.71 RCW, a naturopath licensed under chapter 18.36A RCW, or  
21 a nurse licensed under chapter 18.79 RCW. The insurer may require that  
22 persons covered under this health benefit plan choose a single primary  
23 care practitioner for receipt of primary care services. The health  
24 benefit plan offered under this subsection is not subject to the  
25 requirements of RCW (~~48.44.225,~~) 48.44.240, 48.44.245, (~~48.44.290,~~  
26 ~~48.44.300,~~) 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335,  
27 48.44.340, 48.44.344, 48.44.360, 48.44.400, (~~48.44.440,~~) 48.44.450,  
28 (~~and~~) 48.44.460 (~~if: (i) The health benefit plan is the mandatory~~  
29 ~~offering under (a) of this subsection that provides benefits identical~~  
30 ~~to the basic health plan, to the extent these requirements differ from~~  
31 ~~the basic health plan; or (ii)), or 48.43.045~~). If a health benefit  
32 plan offered under this subsection does not adhere to the requirements  
33 of RCW 48.43.045, the plan cannot offer services that would be within  
34 the permitted scope of practice of providers whose services would be  
35 covered but for the contractor's decision not to adhere to the  
36 requirements of RCW 48.43.045. The health benefit plan (~~is~~)

1 authorized in this subsection may be offered to employers with not more  
2 than (~~twenty-five~~) fifty employees.

3 (2) Nothing in this section shall prohibit a health care service  
4 contractor from offering, or a purchaser from seeking, health benefits  
5 plans with benefits in excess of the (~~basic health plan services~~)  
6 health benefit plan offered under subsection (1) of this section. All  
7 forms, policies, and contracts shall be submitted for approval to the  
8 commissioner, and the rates of any plan offered under this section  
9 shall be reasonable in relation to the benefits thereto.

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

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

- 14 (i) Geographic area;
- 15 (ii) Family size;
- 16 (iii) Age; and
- 17 (iv) Wellness activities.

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

22 (c) The contractor shall be permitted to develop separate rates for  
23 individuals age sixty-five or older for coverage for which medicare is  
24 the primary payer and coverage for which medicare is not the primary  
25 payer. Both rates shall be subject to the requirements of this  
26 subsection (3).

27 (d) The permitted rates for any age group shall be no more than  
28 (~~four hundred twenty five percent of the lowest rate for all age~~  
29 ~~groups on January 1, 1996, four hundred percent on January 1, 1997,~~  
30 ~~and~~) three hundred seventy-five percent of the lowest rate for all age  
31 groups on January 1, 2000, and five hundred percent on January 1, 2004,  
32 and thereafter.

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

36 (f) The rate charged for a health benefit plan offered under this

1 section may not be adjusted more frequently than annually except that  
2 the premium may be changed to reflect:

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

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

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

7 (iv) Changes in government requirements affecting the health  
8 benefit plan.

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

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

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

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

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

31 (b) A contractor shall not require a minimum participation level  
32 greater than:

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

35 (ii) Seventy-five percent of eligible employees working for groups  
36 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.

17 **Sec. 3.** RCW 48.46.066 and 1995 c 265 s 18 are each amended to read  
18 as follows:

19 (1)(a) Beginning January 1, 2004, a health maintenance organization  
20 offering any health benefit plan to a small employer shall offer and  
21 actively market to the small employer a single health benefit plan  
22 ((~~providing benefits identical to the schedule of covered health~~  
23 ~~services that are required to be delivered to an individual enrolled in~~  
24 ~~the basic health plan)) featuring a limited schedule of covered health~~  
25 services. Nothing in this subsection shall preclude a health  
26 maintenance organization from offering, or a small employer from  
27 purchasing, other health benefit plans that may have more ((~~or less~~))  
28 comprehensive benefits than ((~~the basic health plan, provided such~~  
29 ~~plans are in accordance with this chapter~~)) those included in the  
30 product offered under this subsection. Any health benefit plan offered  
31 by a health maintenance organization in addition to the plan offered  
32 under this subsection is subject to all requirements applicable to  
33 health benefit plans offered under this chapter. A health maintenance  
34 organization offering a health benefit plan ((~~that does not include~~  
35 ~~benefits in the basic health plan~~)) under this subsection shall clearly



1 disclose (~~these differences~~) all covered benefits to the small  
2 employer in a brochure approved by the commissioner.

3 (b) A health benefit plan offered under this subsection shall  
4 provide coverage for hospital expenses and services rendered by a  
5 physician licensed under chapter (~~18.57 or 18.71 RCW but~~) 18.22,  
6 18.57, or 18.71 RCW, a naturopath licensed under chapter 18.36A RCW, or  
7 a nurse licensed under chapter 18.79 RCW. The health maintenance  
8 organization may require that persons covered under this health benefit  
9 plan choose a single primary care practitioner for receipt of primary  
10 care services. The health benefit plan offered under this subsection  
11 is not subject to the requirements of RCW (~~48.46.275, 48.46.280,~~  
12 ~~48.46.285,~~) 48.46.290, (~~48.46.350, 48.46.355,~~) 48.46.375, 48.46.440,  
13 48.46.480, (~~48.46.510,~~) 48.46.520, (~~and~~) 48.46.530 (~~if: (i) The~~  
14 ~~health benefit plan is the mandatory offering under (a) of this~~  
15 ~~subsection that provides benefits identical to the basic health plan,~~  
16 ~~to the extent these requirements differ from the basic health plan; or~~  
17 ~~(ii)), or 48.43.045. If a health benefit plan offered under this~~  
18 subsection does not adhere to the requirements of RCW 48.43.045, the  
19 plan cannot offer services that would be within the permitted scope of  
20 practice of providers whose services would be covered but for the  
21 health maintenance organization's decision not to adhere to the  
22 requirements of RCW 48.43.045. The health benefit plan (~~is~~)  
23 authorized in this section may be offered to employers with not more  
24 than (~~twenty-five~~) fifty employees.

25 (2) Nothing in this section shall prohibit a health maintenance  
26 organization from offering, or a purchaser from seeking, health benefit  
27 plans with benefits in excess of the (~~basic health plan services~~)  
28 health benefit plan offered under subsection (1) of this section. All  
29 forms, policies, and contracts shall be submitted for approval to the  
30 commissioner, and the rates of any plan offered under this section  
31 shall be reasonable in relation to the benefits thereto.

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

34 (a) The health maintenance organization shall develop its rates  
35 based on an adjusted community rate and may only vary the adjusted  
36 community rate for:

37 (i) Geographic area;

- 1 (ii) Family size;  
2 (iii) Age; and  
3 (iv) Wellness activities.

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

8 (c) The health maintenance organization shall be permitted to  
9 develop separate rates for individuals age sixty-five or older for  
10 coverage for which medicare is the primary payer and coverage for which  
11 medicare is not the primary payer. Both rates shall be subject to the  
12 requirements of this subsection (3).

13 (d) The permitted rates for any age group shall be no more than  
14 (~~four hundred twenty five percent of the lowest rate for all age~~  
15 ~~groups on January 1, 1996, four hundred percent on January 1, 1997,~~  
16 ~~and~~) three hundred seventy-five percent of the lowest rate for all age  
17 groups on January 1, 2000, and five hundred percent on January 1, 2004,  
18 and thereafter.

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

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

- 25 (i) Changes to the enrollment of the small employer;  
26 (ii) Changes to the family composition of the employee;  
27 (iii) Changes to the health benefit plan requested by the small  
28 employer; or  
29 (iv) Changes in government requirements affecting the health  
30 benefit plan.

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

34 (h) For the purposes of this section, a health benefit plan that  
35 contains a restricted network provision shall not be considered similar  
36 coverage to a health benefit plan that does not contain such a  
37 provision, provided that the restrictions of benefits to network

1 providers result in substantial differences in claims costs. This  
2 subsection does not restrict or enhance the portability of benefits as  
3 provided in RCW 48.43.015.

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

6 ~~(4) ((The health benefit plans authorized by this section that are  
7 lower than the required offering shall not supplant or supersede any  
8 existing policy for the benefit of employees in this state.))~~ Nothing  
9 in this section shall restrict the right of employees to collectively  
10 bargain for insurance providing benefits in excess of those provided  
11 herein.

12 (5)(a) Except as provided in this subsection, requirements used by  
13 a health maintenance organization in determining whether to provide  
14 coverage to a small employer shall be applied uniformly among all small  
15 employers applying for coverage or receiving coverage from the carrier.

16 (b) A health maintenance organization shall not require a minimum  
17 participation level greater than:

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

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

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

26 (d) A health maintenance organization may not increase any  
27 requirement for minimum employee participation or modify any  
28 requirement for minimum employer contribution applicable to a small  
29 employer at any time after the small employer has been accepted for  
30 coverage.

31 (6) A health maintenance organization must offer coverage to all  
32 eligible employees of a small employer and their dependents. A health  
33 maintenance organization may not offer coverage to only certain  
34 individuals or dependents in a small employer group or to only part of  
35 the group. A health maintenance organization may not modify a health  
36 plan with respect to a small employer or any eligible employee or

1 dependent, through riders, endorsements or otherwise, to restrict or  
2 exclude coverage or benefits for specific diseases, medical conditions,  
3 or services otherwise covered by the plan.

4 **Sec. 4.** RCW 48.43.035 and 2000 c 79 s 24 are each amended to read  
5 as follows:

6 For group health benefit plans, the following shall apply:

7 (1) Except as provided in subsection (2) of this section, all  
8 health carriers shall accept for enrollment any state resident within  
9 the group to whom the plan is offered and within the carrier's service  
10 area and provide or assure the provision of all covered services  
11 regardless of age, sex, family structure, ethnicity, race, health  
12 condition, geographic location, employment status, socioeconomic  
13 status, other condition or situation, or the provisions of RCW  
14 49.60.174(2). The insurance commissioner may grant a temporary  
15 exemption from this subsection, if, upon application by a health  
16 carrier the commissioner finds that the clinical, financial, or  
17 administrative capacity to serve existing enrollees will be impaired if  
18 a health carrier is required to continue enrollment of additional  
19 eligible individuals.

20 (2) A health carrier may require any sole proprietor or self-  
21 employed individual applying for a group health benefit plan to  
22 complete the standard health questionnaire designated under chapter  
23 48.41 RCW. The exceptions to the health benefit questionnaire  
24 requirement provided in RCW 48.43.018(1) (a) through (c) apply to  
25 applications by sole proprietors or self-employed individuals for group  
26 health benefit plans.

27 (a) If, based upon the results of the standard health  
28 questionnaire, the sole proprietor or self-employed individual  
29 qualifies for coverage under the Washington state health insurance  
30 pool, the following apply:

31 (i) The carrier may decide not to accept the sole proprietor or  
32 self-employed individual's application for enrollment in its group  
33 health benefit plan; and

34 (ii) Within fifteen business days of receipt of a completed  
35 application, the carrier shall provide written notice of the decision  
36 not to accept the sole proprietor or self-employed individual's

1 application for enrollment to both the sole proprietor or self-employed  
2 individual and the administrator of the Washington state health  
3 insurance pool. The notice to the sole proprietor or self-employed  
4 individual must state that the individual is eligible for health  
5 insurance provided by the Washington state health insurance pool, and  
6 must include information about the Washington state health insurance  
7 pool and an application for such coverage. If the carrier does not  
8 provide or postmark the notice within fifteen business days, the  
9 application is deemed approved.

10 (b) If the sole proprietor or self-employed individual applying for  
11 a group health benefit plan: (i) Does not qualify for coverage under  
12 the Washington state health insurance pool based upon the results of  
13 the standard health questionnaire; (ii) does qualify for coverage under  
14 the Washington state health insurance pool based upon the results of  
15 the standard health questionnaire and the carrier elects to accept the  
16 person for enrollment; or (iii) is not required to complete the  
17 standard health questionnaire under this subsection, the carrier shall  
18 accept the sole proprietor or self-employed individual for enrollment  
19 if he or she resides within the carrier's service area and provide or  
20 ensure the provision of all covered services regardless of age, sex,  
21 family structure, ethnicity, race, health condition, geographic  
22 location, employment status, socioeconomic status, other condition or  
23 situation, or the provisions of RCW 49.60.174(2).

24 (3) Except as provided in subsection (~~(+5)~~) (6) of this section,  
25 all health plans shall contain or incorporate by endorsement a  
26 guarantee of the continuity of coverage of the plan. For the purposes  
27 of this section, a plan is "renewed" when it is continued beyond the  
28 earliest date upon which, at the carrier's sole option, the plan could  
29 have been terminated for other than nonpayment of premium. The carrier  
30 may consider the group's anniversary date as the renewal date for  
31 purposes of complying with the provisions of this section.

32 (~~(+3)~~) (4) The guarantee of continuity of coverage required in  
33 health plans shall not prevent a carrier from canceling or nonrenewing  
34 a health plan for:

35 (a) Nonpayment of premium;

36 (b) Violation of published policies of the carrier approved by the  
37 insurance commissioner;

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

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

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

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

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

12 ~~((4) The provisions of))~~ (5) This section ~~((do))~~ does not apply in  
13 the following cases:

14 (a) A carrier has zero enrollment on a product; or

15 (b) For group health plans sold to groups other than small employer  
16 groups, a carrier replaces a product and the replacement product is  
17 provided to all covered persons within that class or line of business,  
18 includes all of the services covered under the replaced product, and  
19 does not significantly limit access to the kind of services covered  
20 under the replaced product. The health plan may also allow  
21 unrestricted conversion to a fully comparable product; or

22 (c) For group health plans offered to small employer groups, no  
23 sooner than October 1, 2003, a carrier discontinues offering a  
24 particular type of health benefit plan if: (i) The carrier provides  
25 notice to each group provided coverage of this type of the  
26 discontinuation at least ninety days prior to the date of the  
27 discontinuation; (ii) the carrier offers to each group provided  
28 coverage of this type the option to enroll in any other small employer  
29 group health benefit plan currently being offered by the carrier; and  
30 (iii) in exercising the option to discontinue coverage of this type and  
31 in offering the option of coverage under (c)(ii) of this subsection,  
32 the carrier acts uniformly without regard to any health status-related  
33 factor of individuals enrolled through the small employer group,  
34 individuals who may become eligible for such coverage, or the  
35 collective health status of groups enrolled in coverage of this type;  
36 or

1       (d) A carrier discontinues offering all small employer group health  
2 coverage in the state and discontinues coverage under all existing  
3 small employer group health benefit plans if: (i) The carrier provides  
4 notice to the commissioner of its intent to discontinue offering all  
5 small employer group health coverage in the state and its intent to  
6 discontinue coverage under all existing health benefit plans at least  
7 one hundred eighty days prior to the date of the discontinuation of  
8 coverage under all existing health benefit plans; and (ii) the carrier  
9 provides notice to each covered small employer group of the intent to  
10 discontinue his or her existing health benefit plan at least one  
11 hundred eighty days prior to the date of the discontinuation and  
12 includes information in the notice that can help the small employer  
13 group identify alternative sources of coverage. In the case of  
14 discontinuation under this subsection, the carrier may not issue any  
15 small employer group health coverage in this state for a five-year  
16 period beginning on the date of the discontinuation of the last health  
17 plan not so renewed. Nothing in this subsection (5) may be construed  
18 to require a carrier to provide notice to the commissioner of its  
19 intent to discontinue offering a health benefit plan to new applicants  
20 where the carrier does not discontinue coverage of existing enrollees  
21 under that health benefit plan; or

22       (e) A carrier is withdrawing from a service area or from a segment  
23 of its service area because the carrier has demonstrated to the  
24 insurance commissioner that the carrier's clinical, financial, or  
25 administrative capacity to serve enrollees would be exceeded.

26       ~~((+5))~~ (6) The provisions of this section do not apply to health  
27 plans deemed by the insurance commissioner to be unique or limited or  
28 have a short-term purpose, after a written request for such  
29 classification by the carrier and subsequent written approval by the  
30 insurance commissioner.

31       NEW SECTION. Sec. 5. A new section is added to chapter 48.43 RCW  
32 to read as follows:

33       Beginning January 1, 2004, any carrier offering health benefit  
34 plans to small employers in addition to the single benefit plan  
35 authorized under RCW 48.21.045(1), 48.44.023(1), and 48.46.066(1) must  
36 offer and actively market to small employers at least three other plans

1 of the carrier's choosing. Nothing in this section limits the ability  
2 of a carrier to offer small employer group health benefit plans subject  
3 to all requirements applicable to health benefit plans offered under  
4 this chapter in addition to those that must be offered under this  
5 section.

6 NEW SECTION. **Sec. 6.** A new section is added to chapter 48.21 RCW  
7 to read as follows:

8 (1) As used in this section, "loss ratio" means incurred claims  
9 expense as a percentage of earned premiums.

10 (2) By the last day of May each year any health insurer issuing or  
11 renewing small employer group health benefit plans in this state during  
12 the preceding calendar year shall file for review by the commissioner  
13 supporting documentation of its actual loss ratio for its small  
14 employer group health benefit plans offered or renewed in this state in  
15 aggregate for the preceding calendar year. The filing shall include  
16 aggregate earned premiums, aggregate incurred claims, and a  
17 certification by a member of the American academy of actuaries, or  
18 other person approved by the commissioner, that the actual loss ratio  
19 has been calculated in accordance with accepted actuarial principles.

20 (a) At the expiration of a thirty-day period beginning with the  
21 date the filing is received by the commissioner, the filing is deemed  
22 approved unless prior thereto the commissioner contests the calculation  
23 of the actual loss ratio.

24 (b) If the commissioner contests the calculation of the actual loss  
25 ratio, the commissioner shall state in writing the grounds for  
26 contesting the calculation to the health insurer.

27 (c) Any dispute regarding the calculation of the actual loss ratio  
28 shall upon written demand of either the commissioner or the health  
29 insurer be submitted to hearing under chapters 48.04 and 34.05 RCW.

30 (3) If the actual loss ratio for the preceding calendar year is  
31 less than the loss ratio standard established in subsection (4) of this  
32 section, a remittance is due and the following apply:

33 (a) The health insurer shall calculate a percentage of premium to  
34 be remitted to the Washington state health insurance pool by  
35 subtracting the actual loss ratio for the preceding year from the loss  
36 ratio established in subsection (4) of this section.



1 (b) The remittance to the Washington state health insurance pool is  
2 the percentage calculated in (a) of this subsection, multiplied by the  
3 premium earned from each enrollee in the previous calendar year.  
4 Interest must be added to the remittance due at a five percent annual  
5 rate calculated from the end of the calendar year for which the  
6 remittance is due to the date the remittance is made.

7 (c) All remittances must be aggregated and such amounts must be  
8 remitted to the Washington state high risk pool to be used as directed  
9 by the pool board of directors.

10 (d) Any remittance required to be issued under this section must be  
11 issued within thirty days after the actual loss ratio is deemed  
12 approved under subsection (2)(a) of this section or the determination  
13 by an administrative law judge under subsection (2)(c) of this section.

14 (4) The loss ratio applicable to this section is eighty-two percent  
15 minus the premium tax rate applicable to the health insurer's small  
16 employer group health benefit plans under RCW 48.14.0201.

17 NEW SECTION. **Sec. 7.** A new section is added to chapter 48.44 RCW  
18 to read as follows:

19 (1) As used in this section, "loss ratio" means incurred claims  
20 expense as a percentage of earned premiums.

21 (2) By the last day of May each year any health care service  
22 contractor issuing or renewing small employer group health benefit  
23 plans in this state during the preceding calendar year shall file for  
24 review by the commissioner supporting documentation of its actual loss  
25 ratio for its small employer group health benefit plans offered or  
26 renewed in this state in aggregate for the preceding calendar year.  
27 The filing shall include aggregate earned premiums, aggregate incurred  
28 claims, and a certification by a member of the American academy of  
29 actuaries, or other person approved by the commissioner, that the  
30 actual loss ratio has been calculated in accordance with accepted  
31 actuarial principles.

32 (a) At the expiration of a thirty-day period beginning with the  
33 date the filing is received by the commissioner, the filing is deemed  
34 approved unless prior thereto the commissioner contests the calculation  
35 of the actual loss ratio.

1 (b) If the commissioner contests the calculation of the actual loss  
2 ratio, the commissioner shall state in writing the grounds for  
3 contesting the calculation to the health care service contractor.

4 (c) Any dispute regarding the calculation of the actual loss ratio  
5 shall upon written demand of either the commissioner or the health care  
6 service contractor be submitted to hearing under chapters 48.04 and  
7 34.05 RCW.

8 (3) If the actual loss ratio for the preceding calendar year is  
9 less than the loss ratio standard established in subsection (4) of this  
10 section, a remittance is due and the following apply:

11 (a) The health care service contractor shall calculate a percentage  
12 of premium to be remitted to the Washington state health insurance pool  
13 by subtracting the actual loss ratio for the preceding year from the  
14 loss ratio established in subsection (4) of this section.

15 (b) The remittance to the Washington state health insurance pool is  
16 the percentage calculated in (a) of this subsection, multiplied by the  
17 premium earned from each enrollee in the previous calendar year.  
18 Interest must be added to the remittance due at a five percent annual  
19 rate calculated from the end of the calendar year for which the  
20 remittance is due to the date the remittance is made.

21 (c) All remittances must be aggregated and such amounts must be  
22 remitted to the Washington state high risk pool to be used as directed  
23 by the pool board of directors.

24 (d) Any remittance required to be issued under this section must be  
25 issued within thirty days after the actual loss ratio is deemed  
26 approved under subsection (2)(a) of this section or the determination  
27 by an administrative law judge under subsection (2)(c) of this section.

28 (4) The loss ratio applicable to this section is eighty-two percent  
29 minus the premium tax rate applicable to the health care service  
30 contractor's small employer group health benefit plans under RCW  
31 48.14.0201.

32 NEW SECTION. **Sec. 8.** A new section is added to chapter 48.46 RCW  
33 to read as follows:

34 (1) As used in this section, "loss ratio" means incurred claims  
35 expense as a percentage of earned premiums.

1           (2) By the last day of May each year any health maintenance  
2 organization issuing or renewing small employer group health benefit  
3 plans in this state during the preceding calendar year shall file for  
4 review by the commissioner supporting documentation of its actual loss  
5 ratio for its small employer group health benefit plans offered or  
6 renewed in this state in aggregate for the preceding calendar year.  
7 The filing shall include aggregate earned premiums, aggregate incurred  
8 claims, and a certification by a member of the American academy of  
9 actuaries, or other person approved by the commissioner, that the  
10 actual loss ratio has been calculated in accordance with accepted  
11 actuarial principles.

12           (a) At the expiration of a thirty-day period beginning with the  
13 date the filing is received by the commissioner, the filing is deemed  
14 approved unless prior thereto the commissioner contests the calculation  
15 of the actual loss ratio.

16           (b) If the commissioner contests the calculation of the actual loss  
17 ratio, the commissioner shall state in writing the grounds for  
18 contesting the calculation to the health maintenance organization.

19           (c) Any dispute regarding the calculation of the actual loss ratio  
20 shall upon written demand of either the commissioner or the health  
21 maintenance organization be submitted to hearing under chapters 48.04  
22 and 34.05 RCW.

23           (3) If the actual loss ratio for the preceding calendar year is  
24 less than the loss ratio standard established in subsection (4) of this  
25 section, a remittance is due and the following apply:

26           (a) The health maintenance organization shall calculate a  
27 percentage of premium to be remitted to the Washington state health  
28 insurance pool by subtracting the actual loss ratio for the preceding  
29 year from the loss ratio established in subsection (4) of this section.

30           (b) The remittance to the Washington state health insurance pool is  
31 the percentage calculated in (a) of this subsection, multiplied by the  
32 premium earned from each enrollee in the previous calendar year.  
33 Interest must be added to the remittance due at a five percent annual  
34 rate calculated from the end of the calendar year for which the  
35 remittance is due to the date the remittance is made.

36           (c) All remittances must be aggregated and such amounts must be

1 remitted to the Washington state high risk pool to be used as directed  
2 by the pool board of directors.

3 (d) Any remittance required to be issued under this section must be  
4 issued within thirty days after the actual loss ratio is deemed  
5 approved under subsection (2)(a) of this section or the determination  
6 by an administrative law judge under subsection (2)(c) of this section.

7 (4) The loss ratio applicable to this section is eighty-two percent  
8 minus the premium tax rate applicable to the health maintenance  
9 organization's small employer group health benefit plans under RCW  
10 48.14.0201.

11 NEW SECTION. **Sec. 9.** (1) The insurance commissioner shall submit  
12 a report to the legislature by December 2006 on the extent to which the  
13 health benefits plans authorized under RCW 48.21.045(1), 48.44.023(1),  
14 and 48.46.066(1) have been marketed and sold, and the extent to which  
15 those plans are being offered by carriers that are new entrants into  
16 the small group market, and the impact of those plans, RCW 48.43.035,  
17 and section 5 of this act on the small group health insurance market.

18 (2) To facilitate preparation of the report required in subsection  
19 (1) of this section, each carrier shall submit the following  
20 information to the commissioner annually, beginning on a date set by  
21 the commissioner:

22 (a) For each small employer group health benefit plan sold in  
23 Washington state, including the health benefits plans authorized under  
24 RCW 48.21.045(1), 48.44.023(1), and 48.46.066(1):

25 (i) Benefits covered;

26 (ii) Enrollment, including the number of sole proprietors or self-  
27 employed individuals, the number of small employer groups by size of  
28 the group and the number of covered lives;

29 (iii) Premiums charged; and

30 (iv) The number of sole proprietors or self-employed individuals  
31 who have qualified in the past twelve-month period for coverage through  
32 the Washington state health insurance pool due to the results of the  
33 standard health questionnaire.

34 NEW SECTION. **Sec. 10.** Section 4 of this act takes effect January

1 1, 2004."

2 Correct the title.

--- END ---