
HOUSE BILL 2015

State of Washington

58th Legislature

2003 Regular Session

By Representatives Kessler, Cody, Grant, Kenney, Ruderman, Edwards and Santos

Read first time 02/19/2003. Referred to Committee on Health Care.

1 AN ACT Relating to access to health insurance for small employers
2 and their employees; amending RCW 48.21.045, 48.44.023, 48.46.066,
3 48.43.035, and 70.47.020; adding a new section to chapter 48.43 RCW;
4 adding a new section to chapter 70.47 RCW; creating a new section; and
5 providing an effective date.

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

7 **Sec. 1.** RCW 48.21.045 and 1995 c 265 s 14 are each amended to read
8 as follows:

9 (1)(a) An insurer offering any health benefit plan to a small
10 employer shall offer and actively market to the small employer a health
11 benefit plan (~~(providing benefits identical to the schedule of covered~~
12 ~~health services that are required to be delivered to an individual~~
13 ~~enrolled in the basic health plan)) featuring a limited schedule of
14 covered health services. Nothing in this subsection shall preclude an
15 insurer from offering, or a small employer from purchasing, other
16 health benefit plans that may have more (~~(or less))~~ comprehensive
17 benefits than (~~(the basic health plan, provided such plans are in~~
18 ~~accordance with this chapter)) those included in the product offered
19 under this subsection. An insurer offering a health benefit plan~~~~

1 (~~that does not include benefits in the basic health plan~~) under this
2 subsection shall clearly disclose (~~these differences~~) all covered
3 benefits to the small employer in a brochure approved by the
4 commissioner.

5 (b) A health benefit plan offered under this subsection shall
6 provide coverage for hospital expenses and services rendered by a
7 (~~physician~~) health care professional licensed under chapter 18.22,
8 18.57 (~~or~~), 18.71, or 18.79 RCW but is not subject to the
9 requirements of RCW 48.21.130, 48.21.140, (~~48.21.141,~~) 48.21.142,
10 48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200,
11 48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244,
12 48.21.250, (~~48.21.300,~~) 48.21.310, (~~or~~) 48.21.320 (~~if: (i) The~~
13 ~~health benefit plan is the mandatory offering under (a) of this~~
14 ~~subsection that provides benefits identical to the basic health plan,~~
15 ~~to the extent these requirements differ from the basic health plan; or~~
16 ~~(ii) the health benefit plan is offered to employers with not more than~~
17 ~~twenty five employees~~), and 48.43.045(1).

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

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

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

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

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

37 (c) The insurer shall be permitted to develop separate rates for
38 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
37 in this section shall restrict the right of employees to collectively

1 bargain for insurance providing benefits in excess of those provided
2 herein.

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

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

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

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

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

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

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

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

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

34 (1)(a) A health care services contractor offering any health
35 benefit plan to a small employer, as that term is defined in RCW
36 48.43.005, shall offer and actively market to the small employer a
37 health benefit plan (~~providing benefits identical to the schedule of~~

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

13 (b) A health benefit plan offered under this subsection shall
14 provide coverage for hospital expenses and services rendered by a
15 ((~~physician~~)) health care professional licensed under chapter 18.22,
16 18.57 ((~~or~~)), 18.71, or 18.79 RCW but is not subject to the
17 requirements of RCW 48.44.225, 48.44.240, 48.44.245, ((~~48.44.290,~~

18 ~~48.44.300,~~)) 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335,
19 48.44.340, 48.44.344, 48.44.360, 48.44.400, ((~~48.44.440,~~)) 48.44.450,
20 ((and)) 48.44.460 ((if: (i) ~~The health benefit plan is the mandatory~~

21 ~~offering under (a) of this subsection that provides benefits identical~~

22 ~~to the basic health plan, to the extent these requirements differ from~~

23 ~~the basic health plan; or (ii) the health benefit plan is offered to~~

24 ~~employers with not more than twenty five employees)), and 48.43.045(1).~~

25 (2) Nothing in this section shall prohibit a health care service
26 contractor from offering, or a purchaser from seeking, health benefits
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 subsection (1) of
31 this section 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 contractor shall develop its rates based on an adjusted
35 community rate and may only vary the adjusted community rate for:

36 (i) Geographic area;

37 (ii) Family size;

38 (iii) Age; and

1 (iv) Wellness activities.

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

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

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

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

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

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

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

25 (iii) Changes to the health benefit plan requested by the small
26 employer; or

27 (iv) Changes in government requirements affecting the health
28 benefit plan.

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

32 (h) For the purposes of this section, a health benefit plan that
33 contains a restricted network provision shall not be considered similar
34 coverage to a health benefit plan that does not contain such a
35 provision, provided that the restrictions of benefits to network
36 providers result in substantial differences in claims costs. This
37 subsection does not restrict or enhance the portability of benefits as
38 provided in RCW 48.43.015.

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

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

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

13 (b) A contractor shall not require a minimum participation level
14 greater than:

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

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

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

23 (d) A contractor may not increase any requirement for minimum
24 employee participation or modify any requirement for minimum employer
25 contribution applicable to a small employer at any time after the small
26 employer has been accepted for coverage.

27 (6) A contractor must offer coverage to all eligible employees of
28 a small employer and their dependents. A contractor may not offer
29 coverage to only certain individuals or dependents in a small employer
30 group or to only part of the group. A contractor may not modify a
31 health plan with respect to a small employer or any eligible employee
32 or dependent, through riders, endorsements or otherwise, to restrict or
33 exclude coverage or benefits for specific diseases, medical conditions,
34 or services otherwise covered by the plan.

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

37 (1)(a) A health maintenance organization offering any health

1 benefit plan to a small employer, as that term is defined in RCW
2 48.43.005, shall offer and actively market to the small employer a
3 health benefit plan (~~((providing benefits identical to the schedule of~~
4 ~~covered health services that are required to be delivered to an~~
5 ~~individual enrolled in the basic health plan))~~ featuring a limited
6 schedule of covered health services. Nothing in this subsection shall
7 preclude a health maintenance organization from offering, or a small
8 employer from purchasing, other health benefit plans that may have more
9 (~~(or less)~~) comprehensive benefits than (~~(the basic health plan,~~
10 ~~provided such plans are in accordance with this chapter)~~) those
11 included in the product offered under this subsection. A health
12 maintenance organization offering a health benefit plan (~~(that does not~~
13 ~~include benefits in the basic health plan)~~) under this subsection shall
14 clearly disclose (~~(these differences)~~) all covered benefits to the
15 small employer in a brochure approved by the commissioner.

16 (b) A health benefit plan offered under this subsection shall
17 provide coverage for hospital expenses and services rendered by a
18 (~~(physician)~~) health care professional licensed under chapter 18.22,
19 18.57 (~~(or)~~), 18.71, or 18.79 RCW but is not subject to the
20 requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290,
21 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, (~~(48.46.510,~~)
22 48.46.520, (~~(and)~~) 48.46.530 (~~(if: (i) The health benefit plan is the~~
23 ~~mandatory offering under (a) of this subsection that provides benefits~~
24 ~~identical to the basic health plan, to the extent these requirements~~
25 ~~differ from the basic health plan; or (ii) the health benefit plan is~~
26 ~~offered to employers with not more than twenty five employees)~~), and
27 48.43.045(1).

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

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

37 (a) The health maintenance organization shall develop its rates

1 based on an adjusted community rate and may only vary the adjusted
2 community rate for:

- 3 (i) Geographic area;
- 4 (ii) Family size;
- 5 (iii) Age; and
- 6 (iv) Wellness activities.

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

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

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

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

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

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

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

37 (h) For the purposes of this section, a health benefit plan that
38 contains a restricted network provision shall not be considered similar

1 coverage to a health benefit plan that does not contain such a
2 provision, provided that the restrictions of benefits to network
3 providers result in substantial differences in claims costs. This
4 subsection does not restrict or enhance the portability of benefits as
5 provided in RCW 48.43.015.

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

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

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

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

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

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

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

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

33 (6) A health maintenance organization must offer coverage to all
34 eligible employees of a small employer and their dependents. A health
35 maintenance organization may not offer coverage to only certain
36 individuals or dependents in a small employer group or to only part of
37 the group. A health maintenance organization may not modify a health
38 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) All health carriers shall accept for enrollment any state
8 resident within the group to whom the plan is offered and within the
9 carrier's service area and provide or assure the provision of all
10 covered services regardless of age, sex, family structure, ethnicity,
11 race, health condition, geographic location, employment status,
12 socioeconomic status, other condition or situation, or the provisions
13 of RCW 49.60.174(2). The insurance commissioner may grant a temporary
14 exemption from this subsection, if, upon application by a health
15 carrier the commissioner finds that the clinical, financial, or
16 administrative capacity to serve existing enrollees will be impaired if
17 a health carrier is required to continue enrollment of additional
18 eligible individuals.

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

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

- 30 (a) Nonpayment of premium;
- 31 (b) Violation of published policies of the carrier approved by the
32 insurance commissioner;
- 33 (c) Covered persons entitled to become eligible for medicare
34 benefits by reason of age who fail to apply for a medicare supplement
35 plan or medicare cost, risk, or other plan offered by the carrier
36 pursuant to federal laws and regulations;

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

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

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

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

8 (4) (~~The provisions of~~) This section (~~do~~) does not apply in the
9 following cases:

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

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

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

33 (d) A carrier discontinues offering all small employer group health
34 coverage in the state and discontinues coverage under all existing
35 small employer group health benefit plans if: (i) The carrier provides
36 notice to the commissioner of its intent to discontinue offering all
37 small employer group health coverage in the state and its intent to
38 discontinue coverage under all existing health benefit plans at least

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

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

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

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

27 Beginning January 1, 2004, any carrier offering health benefit
28 plans to small employers in addition to the benefit plan authorized
29 under RCW 48.21.045(1), 48.44.023(1), and 48.46.066(1) must offer and
30 actively market to small employers at least three other plans of the
31 carrier's choosing. Nothing in this section limits the ability of a
32 carrier to offer small employer group health benefit plans in addition
33 to those that must be offered under this section.

34 NEW SECTION. Sec. 6. A new section is added to chapter 70.47 RCW
35 to read as follows:

36 (1) In coordination with the department of social and health

1 services medical assistance administration and interested entities, the
2 administrator will identify and design pilot projects to improve health
3 care coverage access, including review of proposals by entities that
4 have received funding through the federal health resources and services
5 administration community access program. The administrator may approve
6 pilot projects that are found to be feasible. Pilot projects may
7 include applying basic health plan or medical assistance subsidy
8 payments toward employer-sponsored health insurance or other health
9 insurance premium shares, rather than as direct payments to managed
10 health care systems participating in the basic health plan or medical
11 assistance program.

12 (2) The schedule of benefits for persons enrolled through an
13 approved pilot project may differ from the benefits offered through the
14 basic health plan, but shall be reasonably comparable in value to those
15 benefits.

16 (3) By November 1, 2003, the administrator and the secretary of the
17 department of social and health services shall jointly report to the
18 health care committees of the senate and the house of representatives
19 on their progress in developing the pilot projects authorized in this
20 act, the anticipated implementation date of any pilot project under
21 development, and the resources needed to implement the pilot project.

22 **Sec. 7.** RCW 70.47.020 and 2000 c 79 s 43 are each amended to read
23 as follows:

24 As used in this chapter:

25 (1) "Washington basic health plan" or "plan" means the system of
26 enrollment and payment for basic health care services, administered by
27 the plan administrator through participating managed health care
28 systems, created by this chapter.

29 (2) "Administrator" means the Washington basic health plan
30 administrator, who also holds the position of administrator of the
31 Washington state health care authority.

32 (3) "Managed health care system" means: (a) Any health care
33 organization, including health care providers, insurers, health care
34 service contractors, health maintenance organizations, or any
35 combination thereof, that provides directly or by contract basic health
36 care services, as defined by the administrator and rendered by duly
37 licensed providers, to a defined patient population enrolled in the

1 plan and in the managed health care system; or (b) a self-funded or
2 self-insured method of providing insurance coverage to subsidized
3 enrollees provided under RCW 41.05.140 and subject to the limitations
4 under RCW 70.47.100(7).

5 (4) "Subsidized enrollee" means an individual, or an individual
6 plus the individual's spouse or dependent children: (a) Who is not
7 eligible for medicare; (b) who is not confined or residing in a
8 government-operated institution, unless he or she meets eligibility
9 criteria adopted by the administrator; (c) who resides in an area of
10 the state served by a managed health care system participating in the
11 plan; (d) whose gross family income at the time of enrollment does not
12 exceed two hundred percent of the federal poverty level as adjusted for
13 family size and determined annually by the federal department of health
14 and human services; and (e) who chooses to obtain basic health care
15 coverage from a particular managed health care system in return for
16 periodic payments to the plan. To the extent that state funds are
17 specifically appropriated for this purpose, with a corresponding
18 federal match, "subsidized enrollee" also means an individual, or an
19 individual's spouse or dependent children, who meets the requirements
20 in (a) through (c) and (e) of this subsection and whose gross family
21 income at the time of enrollment is more than two hundred percent, but
22 less than two hundred fifty-one percent, of the federal poverty level
23 as adjusted for family size and determined annually by the federal
24 department of health and human services. Upon approval of a pilot
25 project under section 6 of this act, "subsidized enrollee" also means
26 an individual, or an individual's spouse or dependent children, who
27 meets the requirements of (a), (b), and (d) of this subsection, who
28 resides within the state of Washington, and who qualifies for a premium
29 subsidy under a pilot project approved under section 6 of this act.

30 (5) "Nonsubsidized enrollee" means an individual, or an individual
31 plus the individual's spouse or dependent children: (a) Who is not
32 eligible for medicare; (b) who is not confined or residing in a
33 government-operated institution, unless he or she meets eligibility
34 criteria adopted by the administrator; (c) who resides in an area of
35 the state served by a managed health care system participating in the
36 plan; (d) who chooses to obtain basic health care coverage from a
37 particular managed health care system; and (e) who pays or on whose

1 behalf is paid the full costs for participation in the plan, without
2 any subsidy from the plan.

3 (6) "Subsidy" means the difference between the amount of periodic
4 payment the administrator makes to a managed health care system or
5 through payments developed as part of a pilot project approved under
6 section 6 of this act on behalf of a subsidized enrollee plus the
7 administrative cost to the plan of providing the plan to that
8 subsidized enrollee, and the amount determined to be the subsidized
9 enrollee's responsibility under RCW 70.47.060(2).

10 (7) "Premium" means a periodic payment, based upon gross family
11 income which an individual, their employer or another financial sponsor
12 makes to the plan as consideration for enrollment in the plan as a
13 subsidized enrollee or a nonsubsidized enrollee.

14 (8) "Rate" means the amount, negotiated by the administrator with
15 and paid to a participating managed health care system, that is based
16 upon the enrollment of subsidized and nonsubsidized enrollees in the
17 plan and in that system.

18 NEW SECTION. **Sec. 8.** The insurance commissioner shall submit a
19 report to the legislature by December 2006 on the extent to which the
20 health benefits plans authorized under RCW 48.21.045(1), 48.44.023(1),
21 and 48.46.066(1) have been marketed and sold, and the extent to which
22 those plans are being offered by carriers that are new entrants into
23 the small group market, and the impact of those plans, RCW 48.43.035,
24 and section 5 of this act on the small group health insurance market.

25 NEW SECTION. **Sec. 9.** Section 4 of this act takes effect January
26 1, 2004.

--- END ---