

2SHB 2572 - H AMD 723

By Representative Bailey

SCOPED 02/08/2006

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

3 "Sec. 1. RCW 48.21.045 and 2004 c 244 s 1 are each amended to read
4 as follows:

5 (1)((+a)) An insurer offering any health benefit plan to a small
6 employer, either directly or through an association or member-governed
7 group formed specifically for the purpose of purchasing health care,
8 may offer and actively market to the small employer ((a)) no more than
9 one health benefit plan featuring a limited schedule of covered health
10 care services. ~~((Nothing in this subsection shall preclude an insurer~~
11 ~~from offering, or a small employer from purchasing, other health~~
12 ~~benefit plans that may have more comprehensive benefits than those~~
13 ~~included in the product offered under this subsection. An insurer~~
14 ~~offering a health benefit plan under this subsection shall clearly~~
15 ~~disclose all covered benefits to the small employer in a brochure filed~~
16 ~~with 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 is not subject~~
20 ~~to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142,~~
21 ~~48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200,~~
22 ~~48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244,~~
23 ~~48.21.250, 48.21.300, 48.21.310, or 48.21.320.~~

24 ~~(2+))~~ (a) The plan offered under this subsection may be offered
25 with a choice of cost-sharing arrangements, and may, but is not
26 required to, comply with: RCW 48.21.130 through 48.21.240, 48.21.244
27 through 48.21.280, 48.21.300 through 48.21.320, 48.43.045(1) except as
28 required in (b) of this subsection, 48.43.093, 48.43.115 through
29 48.43.185, 48.43.515(5), or 48.42.100.

1 (b) In offering the plan under this subsection, the insurer must
2 offer the small employer the option of permitting every category of
3 health care provider to provide health services or care for conditions
4 covered by the plan pursuant to RCW 48.43.045(1).

5 (2) An insurer offering the plan under subsection (1) of this
6 section must also offer and actively market to the small employer at
7 least one additional health benefit plan.

8 (3) Nothing in this section shall prohibit an insurer from
9 offering, or a purchaser from seeking, health benefit plans with
10 benefits in excess of the health benefit plan offered under subsection
11 (1) of this section. All forms, policies, and contracts shall be
12 submitted for approval to the commissioner, and the rates of any plan
13 offered under this section shall be reasonable in relation to the
14 benefits thereto.

15 ~~((+3+))~~ (4) Premium rates for health benefit plans for small
16 employers as defined in this section shall be subject to the following
17 provisions:

18 (a) The insurer 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 insurer 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+))~~ (4).

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

1 reflect actuarially justified differences in utilization or cost
2 attributed to such programs.

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

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

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

8 (iii) Changes to the health benefit plan requested by the small
9 employer; or

10 (iv) Changes in government requirements affecting the health
11 benefit plan.

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

15 (h) For the purposes of this section, a health benefit plan that
16 contains a restricted network provision shall not be considered similar
17 coverage to a health benefit plan that does not contain such a
18 provision, provided that the restrictions of benefits to network
19 providers result in substantial differences in claims costs. A carrier
20 may develop its rates based on claims costs (~~(due to network provider~~
21 ~~reimbursement schedules or type of network)) for a plan. This
22 subsection does not restrict or enhance the portability of benefits as
23 provided in RCW 48.43.015.~~

24 (i) Except for small group health benefit plans that qualify as
25 insurance coverage combined with a health savings account as defined by
26 the United States internal revenue service, adjusted community rates
27 established under this section shall pool the medical experience of all
28 small groups purchasing coverage. However, annual rate adjustments for
29 each small group health benefit plan may vary by up to plus or minus
30 (~~four~~) eight percentage points from the overall adjustment of a
31 carrier's entire small group pool(~~(, such overall adjustment to be~~
32 ~~approved by the commissioner, upon a showing by the carrier, certified~~
33 ~~by a member of the American academy of actuaries that: (i) The~~
34 ~~variation is a result of deductible leverage, benefit design, or~~
35 ~~provider network characteristics; and (ii) for a rate renewal period,~~
36 ~~the projected weighted average of all small group benefit plans will~~
37 ~~have a revenue neutral effect on the carrier's small group pool.~~
38 ~~Variations of greater than four percentage points are subject to review~~

1 ~~by the commissioner, and must be approved or denied within sixty days~~
2 ~~of submittal~~) if certified by a member of the American academy of
3 actuaries, that: (i) The variation is a result of deductible leverage,
4 benefit design, claims cost trend for the plan, or provider network
5 characteristics; and (ii) for a rate renewal period, the projected
6 weighted average of all small group benefit plans will have a revenue
7 neutral effect on the carrier's small group pool. Variations of
8 greater than eight percentage points are subject to review by the
9 commissioner, and must be approved or denied within thirty days of
10 submittal. A variation that is not denied within (~~sixty~~) thirty days
11 shall be deemed approved. The commissioner must provide to the carrier
12 a detailed actuarial justification for any denial (~~within thirty~~
13 ~~days~~) at the time of the denial.

14 (~~(4)~~) (5) Nothing in this section shall restrict the right of
15 employees to collectively bargain for insurance providing benefits in
16 excess of those provided herein.

17 (~~(5)~~) (6)(a) Except as provided in this subsection, requirements
18 used by an insurer in determining whether to provide coverage to a
19 small employer shall be applied uniformly among all small employers
20 applying for coverage or receiving coverage from the carrier.

21 (b) An insurer shall not require a minimum participation level
22 greater than:

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

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

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

31 (d) An insurer may not increase any requirement for minimum
32 employee participation or modify any requirement for minimum employer
33 contribution applicable to a small employer at any time after the small
34 employer has been accepted for coverage.

35 (~~(6)~~) (7) An insurer must offer coverage to all eligible
36 employees of a small employer and their dependents. An insurer may not
37 offer coverage to only certain individuals or dependents in a small
38 employer group or to only part of the group. An insurer may not modify

1 a health plan with respect to a small employer or any eligible employee
2 or dependent, through riders, endorsements or otherwise, to restrict or
3 exclude coverage or benefits for specific diseases, medical conditions,
4 or services otherwise covered by the plan.

5 ((+7)) (8) As used in this section, "health benefit plan," "small
6 employer," "adjusted community rate," and "wellness activities" mean
7 the same as defined in RCW 48.43.005.

8 **Sec. 2.** RCW 48.44.023 and 2004 c 244 s 7 are each amended to read
9 as follows:

10 (1)((+a)) A health care services contractor offering any health
11 benefit plan to a small employer, either directly or through an
12 association or member-governed group formed specifically for the
13 purpose of purchasing health care, may offer and actively market to the
14 small employer ((a)) no more than one health benefit plan featuring a
15 limited schedule of covered health care services. ~~((Nothing in this
16 subsection shall preclude a contractor from offering, or a small
17 employer from purchasing, other health benefit plans that may have more
18 comprehensive benefits than those included in the product offered under
19 this subsection. A contractor offering a health benefit plan under
20 this subsection shall clearly disclose all covered benefits to the
21 small employer in a brochure filed with the commissioner.~~

22 ~~(b) A health benefit plan offered under this subsection shall
23 provide coverage for hospital expenses and services rendered by a
24 physician licensed under chapter 18.57 or 18.71 RCW but is not subject
25 to the 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, and
28 48.44.460.~~

29 (+2)) (a) The plan offered under this subsection may be offered
30 with a choice of cost-sharing arrangements, and may, but is not
31 required to, comply with: RCW 48.44.210, 48.44.212, 48.44.225,
32 48.44.240 through 48.44.245, 48.44.290 through 48.44.340, 48.44.344,
33 48.44.360 through 48.44.380, 48.44.400, 48.44.420, 48.44.440 through
34 48.44.460, 48.44.500, 48.43.045(1) except as required in (b) of this
35 subsection, 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or
36 48.42.100.

1 (b) In offering the plan under this subsection, the health care
2 service contractor must offer the small employer the option of
3 permitting every category of health care provider to provide health
4 services or care for conditions covered by the plan pursuant to RCW
5 48.43.045(1).

6 (2) A health care service contractor offering the plan under
7 subsection (1) of this section must also offer and actively market to
8 the small employer at least one additional health benefit plan.

9 (3) Nothing in this section shall prohibit a health care service
10 contractor from offering, or a purchaser from seeking, health benefit
11 plans with benefits in excess of the health benefit plan offered under
12 subsection (1) of this section. All forms, policies, and contracts
13 shall be submitted for approval to the commissioner, and the rates of
14 any plan offered under this section shall be reasonable in relation to
15 the benefits thereto.

16 ~~((3))~~ (4) Premium rates for health benefit plans for small
17 employers as defined in this section shall be subject to the following
18 provisions:

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

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

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

29 (c) The contractor shall be permitted to develop separate rates for
30 individuals age sixty-five or older for coverage for which medicare is
31 the primary payer and coverage for which medicare is not the primary
32 payer. Both rates shall be subject to the requirements of this
33 subsection ~~((3))~~ (4).

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

1 (e) A discount for wellness activities shall be permitted to
2 reflect actuarially justified differences in utilization or cost
3 attributed to such programs.

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

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

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

9 (iii) Changes to the health benefit plan requested by the small
10 employer; or

11 (iv) Changes in government requirements affecting the health
12 benefit plan.

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

16 (h) For the purposes of this section, a health benefit plan that
17 contains a restricted network provision shall not be considered similar
18 coverage to a health benefit plan that does not contain such a
19 provision, provided that the restrictions of benefits to network
20 providers result in substantial differences in claims costs. A carrier
21 may develop its rates based on claims costs (~~(due to network provider~~
22 ~~reimbursement schedules or type of network)) for a plan. This
23 subsection does not restrict or enhance the portability of benefits as
24 provided in RCW 48.43.015.~~

25 (i) Except for small group health benefit plans that qualify as
26 insurance coverage combined with a health savings account as defined by
27 the United States internal revenue service, adjusted community rates
28 established under this section shall pool the medical experience of all
29 groups purchasing coverage. However, annual rate adjustments for each
30 small group health benefit plan may vary by up to plus or minus
31 (~~four~~) eight percentage points from the overall adjustment of a
32 carrier's entire small group pool(~~(, such overall adjustment to be~~
33 ~~approved by the commissioner, upon a showing by the carrier, certified~~
34 ~~by a member of the American academy of actuaries that: (i) The~~
35 ~~variation is a result of deductible leverage, benefit design, or~~
36 ~~provider network characteristics; and (ii) for a rate renewal period,~~
37 ~~the projected weighted average of all small group benefit plans will~~
38 ~~have a revenue neutral effect on the carrier's small group pool.~~

1 Variations of greater than four percentage points are subject to review
2 by the commissioner, and must be approved or denied within sixty days
3 of submittal)) if certified by a member of the American academy of
4 actuaries, that: (i) The variation is a result of deductible leverage,
5 benefit design, claims cost trend for the plan, or provider network
6 characteristics; and (ii) for a rate renewal period, the projected
7 weighted average of all small group benefit plans will have a revenue
8 neutral effect on the carrier's small group pool. Variations of
9 greater than eight percentage points are subject to review by the
10 commissioner, and must be approved or denied within thirty days of
11 submittal. A variation that is not denied within ((sixty)) thirty days
12 shall be deemed approved. The commissioner must provide to the carrier
13 a detailed actuarial justification for any denial ((within thirty
14 days)) at the time of the denial.

15 ((+4)) (5) Nothing in this section shall restrict the right of
16 employees to collectively bargain for insurance providing benefits in
17 excess of those provided herein.

18 ((+5)) (6)(a) Except as provided in this subsection, requirements
19 used by a contractor in determining whether to provide coverage to a
20 small employer shall be applied uniformly among all small employers
21 applying for coverage or receiving coverage from the carrier.

22 (b) A contractor shall not require a minimum participation level
23 greater than:

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

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

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

32 (d) A contractor may not increase any requirement for minimum
33 employee participation or modify any requirement for minimum employer
34 contribution applicable to a small employer at any time after the small
35 employer has been accepted for coverage.

36 ((+6)) (7) A contractor must offer coverage to all eligible
37 employees of a small employer and their dependents. A contractor may
38 not offer coverage to only certain individuals or dependents in a small

1 employer group or to only part of the group. A contractor may not
2 modify a health plan with respect to a small employer or any eligible
3 employee or dependent, through riders, endorsements or otherwise, to
4 restrict or exclude coverage or benefits for specific diseases, medical
5 conditions, or services otherwise covered by the plan.

6 **Sec. 3.** RCW 48.46.066 and 2004 c 244 s 9 are each amended to read
7 as follows:

8 (1)~~((a))~~ A health maintenance organization offering any health
9 benefit plan to a small employer, either directly or through an
10 association or member-governed group formed specifically for the
11 purpose of purchasing health care, may offer and actively market to the
12 small employer ~~((a))~~ no more than one health benefit plan featuring a
13 limited schedule of covered health care services. ~~((Nothing in this
14 subsection shall preclude a health maintenance organization from
15 offering, or a small employer from purchasing, other health benefit
16 plans that may have more comprehensive benefits than those included in
17 the product offered under this subsection. A health maintenance
18 organization offering a health benefit plan under this subsection shall
19 clearly disclose all the covered benefits to the small employer in a
20 brochure filed with the commissioner.~~

21 ~~(b) A health benefit plan offered under this subsection shall
22 provide coverage for hospital expenses and services rendered by a
23 physician licensed under chapter 18.57 or 18.71 RCW but is not subject
24 to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290,
25 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510,
26 48.46.520, and 48.46.530.~~

27 ~~(2))~~ (a) The plan offered under this subsection may be offered
28 with a choice of cost-sharing arrangements, and may, but is not
29 required to, comply with: RCW 48.46.250, 48.46.272 through 48.46.290,
30 48.46.320, 48.46.350, 48.46.375, 48.46.440 through 48.46.460,
31 48.46.480, 48.46.490, 48.46.510, 48.46.520, 48.46.530, 48.46.565,
32 48.46.570, 48.46.575, 48.43.045(1) except as required in (b) of this
33 subsection, 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or
34 48.42.100.

35 (b) In offering the plan under this subsection, the health
36 maintenance organization must offer the small employer the option of

1 permitting every category of health care provider to provide health
2 services or care for conditions covered by the plan pursuant to RCW
3 48.43.045(1).

4 (2) A health maintenance organization offering the plan under
5 subsection (1) of this section must also offer and actively market to
6 the small employer at least one additional health benefit plan.

7 (3) Nothing in this section shall prohibit a health maintenance
8 organization from offering, or a purchaser from seeking, health benefit
9 plans with benefits in excess of the health benefit plan offered under
10 subsection (1) of this section. All forms, policies, and contracts
11 shall be submitted for approval to the commissioner, and the rates of
12 any plan offered under this section shall be reasonable in relation to
13 the benefits thereto.

14 ~~((3))~~ (4) Premium rates for health benefit plans for small
15 employers as defined in this section shall be subject to the following
16 provisions:

17 (a) The health maintenance organization shall develop its rates
18 based on an adjusted community rate and may only vary the adjusted
19 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 health maintenance organization shall be permitted to
29 develop separate rates for individuals age sixty-five or older for
30 coverage for which medicare is the primary payer and coverage for which
31 medicare is not the primary payer. Both rates shall be subject to the
32 requirements of this subsection ~~((3))~~ (4).

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

1 reflect actuarially justified differences in utilization or cost
2 attributed to such programs.

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

- 6 (i) Changes to the enrollment of the small employer;
- 7 (ii) Changes to the family composition of the employee;
- 8 (iii) Changes to the health benefit plan requested by the small
9 employer; or
- 10 (iv) Changes in government requirements affecting the health
11 benefit plan.

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

15 (h) For the purposes of this section, a health benefit plan that
16 contains a restricted network provision shall not be considered similar
17 coverage to a health benefit plan that does not contain such a
18 provision, provided that the restrictions of benefits to network
19 providers result in substantial differences in claims costs. A carrier
20 may develop its rates based on claims costs (~~(due to network provider~~
21 ~~reimbursement schedules or type of network)) for a plan. This
22 subsection does not restrict or enhance the portability of benefits as
23 provided in RCW 48.43.015.~~

24 (i) Except for small group health benefit plans that qualify as
25 insurance coverage combined with a health savings account as defined by
26 the United States internal revenue service, adjusted community rates
27 established under this section shall pool the medical experience of all
28 groups purchasing coverage. However, annual rate adjustments for each
29 small group health benefit plan may vary by up to plus or minus
30 (~~four~~) eight percentage points from the overall adjustment of a
31 carrier's entire small group pool(~~(, such overall adjustment to be~~
32 ~~approved by the commissioner, upon a showing by the carrier, certified~~
33 ~~by a member of the American academy of actuaries that: (i) The~~
34 ~~variation is a result of deductible leverage, benefit design, or~~
35 ~~provider network characteristics; and (ii) for a rate renewal period,~~
36 ~~the projected weighted average of all small group benefit plans will~~
37 ~~have a revenue neutral effect on the carrier's small group pool.~~
38 ~~Variations of greater than four percentage points are subject to review~~

1 ~~by the commissioner, and must be approved or denied within sixty days~~
2 ~~of submittal))~~ if certified by a member of the American academy of
3 actuaries, that: (i) The variation is a result of deductible leverage,
4 benefit design, claims cost trend for the plan, or provider network
5 characteristics; and (ii) for a rate renewal period, the projected
6 weighted average of all small group benefit plans will have a revenue
7 neutral effect on the health maintenance organization's small group
8 pool. Variations of greater than eight percentage points are subject
9 to review by the commissioner, and must be approved or denied within
10 thirty days of submittal. A variation that is not denied within
11 ~~((sixty))~~ thirty days shall be deemed approved. The commissioner must
12 provide to the carrier a detailed actuarial justification for any
13 denial ~~((within thirty days))~~ at the time of the denial.

14 ~~((+4))~~ (5) Nothing in this section shall restrict the right of
15 employees to collectively bargain for insurance providing benefits in
16 excess of those provided herein.

17 ~~((+5))~~ (6)(a) Except as provided in this subsection, requirements
18 used by a health maintenance organization in determining whether to
19 provide coverage to a small employer shall be applied uniformly among
20 all small employers applying for coverage or receiving coverage from
21 the carrier.

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

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

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

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

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

37 ~~((+6))~~ (7) A health maintenance organization must offer coverage
38 to all eligible employees of a small employer and their dependents. A

1 health maintenance organization may not offer coverage to only certain
2 individuals or dependents in a small employer group or to only part of
3 the group. A health maintenance organization may not modify a health
4 plan with respect to a small employer or any eligible employee or
5 dependent, through riders, endorsements or otherwise, to restrict or
6 exclude coverage or benefits for specific diseases, medical conditions,
7 or services otherwise covered by the plan."

8 Correct the title.

EFFECT: Allows health carriers to offer health plans with a limited set of benefits. Exempts small group health benefit plans that qualify as insurance coverage combined with a health savings account as defined by the United States internal revenue service from being pooled with the medical experience of all groups purchasing coverage.

--- END ---