

2SHB 1569 - H AMD 269

By Representative Condotta

WITHDRAWN 3/10/2007

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

3 "NEW SECTION. **Sec. 1.** The legislature finds that many small
4 employers struggle with the cost of providing employer-sponsored
5 health insurance coverage to their employees, while others are
6 unable to offer coverage due to its high cost. It is the intent of
7 the legislature to encourage the availability of less expensive
8 health insurance plans, and expand the flexibility of small
9 employers to purchase less expensive products.

10 **Sec. 2.** RCW 70.47A.040 and 2006 c 255 s 4 are each amended to
11 read as follows:

12 (1) Beginning July 1, 2007, the administrator shall accept
13 applications from eligible employees, on behalf of themselves,
14 their spouses, and their dependent children, to receive premium
15 subsidies through the small employer health insurance partnership
16 program.

17 (2) Premium subsidy payments may be provided to eligible
18 employees ~~((if+))~~ or participating carriers on behalf of employees.

19 (a) The eligible employee ~~((is))~~ must be employed by a small
20 employer~~((+))~~.

21 (b) ~~((The actuarial value of the health benefit plan offered by
22 the small employer is at least equivalent to that of the basic
23 health plan benefit offered under chapter 70.47 RCW. The office of
24 the insurance commissioner under Title 48 RCW shall certify those
25 small employer health benefit plans that are at least actuarially
26 equivalent to the basic health plan benefit; and))~~ Small employers
27 may offer any available health benefit plan including health
28 savings accounts. Health savings account subsidy payments may be
29 provided to eligible employees if the eligible employee

1 participates in an employer-sponsored high deductible health plan
2 and health savings account that conforms to the requirements of the
3 United States internal revenue service.

4 (c) The small employer will pay at least forty percent of the
5 monthly premium cost for health benefit plan coverage of the
6 eligible employee.

7 (3) The amount of an eligible employee's premium subsidy shall
8 be determined by applying the sliding scale subsidy schedule
9 developed for subsidized basic health plan enrollees under RCW
10 70.47.060 to the employee's premium obligation for his or her
11 employer's health benefit plan.

12 (4) After an eligible individual has enrolled in the program,
13 the program shall issue subsidies in an amount determined pursuant
14 to subsection (3) of this section to either the eligible employee
15 or to the carrier designated by the eligible employee.

16 (5) An eligible employee must agree to provide verification of
17 continued enrollment in his or her small employer's health benefit
18 plan on a semiannual basis or to notify the administrator whenever
19 his or her enrollment status changes, whichever is earlier.
20 Verification or notification may be made directly by the employee,
21 or through his or her employer or the carrier providing the small
22 employer health benefit plan. When necessary, the administrator
23 has the authority to perform retrospective audits on premium
24 subsidy accounts. The administrator may suspend or terminate an
25 employee's participation in the program and seek repayment of any
26 subsidy amounts paid due to the omission or misrepresentation of an
27 applicant or enrolled employee. The administrator shall adopt
28 rules to define the appropriate application of these sanctions and
29 the processes to implement the sanctions provided in this
30 subsection, within available resources.

31 **Sec. 3.** RCW 48.21.045 and 2004 c 244 s 1 are each amended to
32 read as follows:

33 (1)((~~α~~)) An insurer offering any health benefit plan to a
34 small employer, either directly or through an association or
35 member-governed group formed specifically for the purpose of
36 purchasing health care, may offer and actively market to the small
37 employer ((~~α~~)) no more than one health benefit plan featuring a
38 limited schedule of covered health care services. ((~~Nothing in~~

1 ~~this subsection shall preclude an insurer from offering, or a small~~
2 ~~employer from purchasing, other health benefit plans that may have~~
3 ~~more comprehensive benefits than those included in the product~~
4 ~~offered under this subsection. An insurer offering a health~~
5 ~~benefit plan under this subsection shall clearly disclose all~~
6 ~~covered benefits to the small employer in a brochure filed with the~~
7 ~~commissioner.~~

8 ~~— (b) A health benefit plan offered under this subsection shall~~
9 ~~provide coverage for hospital expenses and services rendered by a~~
10 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not~~
11 ~~subject to the requirements of RCW 48.21.130, 48.21.140, 48.21.141,~~
12 ~~48.21.142, 48.21.144, 48.21.146, 48.21.160 through 48.21.197,~~
13 ~~48.21.200, 48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240,~~
14 ~~48.21.244, 48.21.250, 48.21.300, 48.21.310, or 48.21.320.~~

15 ~~— (2))~~ (a) The plan offered under this subsection may be offered
16 with a choice of cost-sharing arrangements, and may, but is not
17 required to, comply with: RCW 48.21.130 through 48.21.240,
18 48.21.244 through 48.21.280, 48.21.300 through 48.21.320,
19 48.43.045(1) except as required in (b) of this subsection,
20 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or 48.42.100.

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

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

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

35 ~~((+3+))~~ (4) Premium rates for health benefit plans for small
36 employers as defined in this section shall be subject to the
37 following provisions:

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

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

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

9 (c) The insurer shall be permitted to develop separate rates
10 for individuals age sixty-five or older for coverage for which
11 medicare is the primary payer and coverage for which medicare is
12 not the primary payer. Both rates shall be subject to the
13 requirements of this subsection (~~((3))~~) (4).

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

22 (f) The rate charged for a health benefit plan offered under
23 this section may not be adjusted more frequently than annually
24 except that 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
32 that differ only by the amounts attributable to plan design, with
33 the exception of discounts for health improvement programs.

34 (h) For the purposes of this section, a health benefit plan
35 that contains a restricted network provision shall not be
36 considered similar coverage to a health benefit plan that does not
37 contain such a provision, provided that the restrictions of
38 benefits to network providers result in substantial differences in
39 claims costs. A carrier may develop its rates based on claims

1 costs (~~due to network provider reimbursement schedules or type of~~
2 ~~network~~) for a plan. This subsection does not restrict or enhance
3 the portability of benefits as provided in RCW 48.43.015.

4 (i) Except for small group health benefit plans that qualify as
5 insurance coverage combined with a health savings account defined
6 by the United States internal revenue service, adjusted community
7 rates established under this section shall pool the medical
8 experience of all small groups purchasing coverage. However,
9 annual rate adjustments for each small group health benefit plan
10 may vary by up to plus or minus (~~four~~) eight percentage points
11 from the overall adjustment of a carrier's entire small group pool,
12 (~~such overall adjustment to be approved by the commissioner, upon~~
13 ~~a showing by the carrier, certified by a member of the American~~
14 ~~academy of actuaries that: (i) The variation is a result of~~
15 ~~deductible leverage, benefit design, or provider network~~
16 ~~characteristics; and (ii) for a rate renewal period, the projected~~
17 ~~weighted average of all small group benefit plans will have a~~
18 ~~revenue neutral effect on the carrier's small group pool.~~
19 ~~Variations of greater than four percentage points are subject to~~
20 ~~review by the commissioner, and must be approved or denied within~~
21 ~~sixty days of submittal~~) if certified by a member of the American
22 academy of actuaries, that: (i) The variation is a result of
23 deductible leverage, benefit design, claims cost trend for the
24 plan, or provider network characteristics; and (ii) for a rate
25 renewal period, the projected weighted average of all small group
26 benefit plans will have a revenue neutral effect on the carrier's
27 small group pool. Variations of greater than eight percentage
28 points are subject to review by the commissioner and must be
29 approved or denied within thirty days of submittal. A variation
30 that is not denied within (~~sixty~~) thirty days shall be deemed
31 approved. The commissioner must provide to the carrier a detailed
32 actuarial justification for any denial (~~within thirty days~~) at
33 the time of the denial.

34 (~~(4)~~) (5) Nothing in this section shall restrict the right of
35 employees to collectively bargain for insurance providing benefits
36 in excess of those provided herein.

37 (~~(5)~~) (6)(a) Except as provided in this subsection,
38 requirements used by an insurer in determining whether to provide
39 coverage to a small employer shall be applied uniformly among all

1 small employers applying for coverage or receiving coverage from
2 the carrier.

3 (b) An insurer shall not require a minimum participation level
4 greater than:

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

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

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

13 (d) An insurer may not increase any requirement for minimum
14 employee participation or modify any requirement for minimum
15 employer contribution applicable to a small employer at any time
16 after the small employer has been accepted for coverage.

17 ~~((6))~~ (7) An insurer must offer coverage to all eligible
18 employees of a small employer and their dependents. An insurer may
19 not offer coverage to only certain individuals or dependents in a
20 small employer group or to only part of the group. An insurer may
21 not modify a health plan with respect to a small employer or any
22 eligible employee or dependent, through riders, endorsements or
23 otherwise, to restrict or exclude coverage or benefits for specific
24 diseases, medical conditions, or services otherwise covered by the
25 plan.

26 ~~((7))~~ (8) As used in this section, "health benefit plan,"
27 "small employer," "adjusted community rate," and "wellness
28 activities" mean the same as defined in RCW 48.43.005.

29 **Sec. 4.** RCW 48.44.023 and 2004 c 244 s 7 are each amended to
30 read as follows:

31 ~~(1)((a))~~ A health care services contractor offering any
32 health benefit plan to a small employer, either directly or through
33 an association or member-governed group formed specifically for the
34 purpose of purchasing health care, may offer and actively market to
35 the small employer ~~((a))~~ no more than one health benefit plan
36 featuring a limited schedule of covered health care services.

37 ~~((Nothing in this subsection shall preclude a contractor from
38 offering, or a small employer from purchasing, other health benefit~~

1 ~~plans that may have more comprehensive benefits than those included~~
2 ~~in the product offered under this subsection. A contractor~~
3 ~~offering a health benefit plan under this subsection shall clearly~~
4 ~~disclose all covered benefits to the small employer in a brochure~~
5 ~~filed with the commissioner.~~

6 ~~(b) A health benefit plan offered under this subsection shall~~
7 ~~provide coverage for hospital expenses and services rendered by a~~
8 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not~~
9 ~~subject to the requirements of RCW 48.44.225, 48.44.240, 48.44.245,~~
10 ~~48.44.290, 48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330,~~
11 ~~48.44.335, 48.44.340, 48.44.344, 48.44.360, 48.44.400, 48.44.440,~~
12 ~~48.44.450, and 48.44.460.~~

13 ~~(2))~~ (a) The plan offered under this subsection may be offered
14 with a choice of cost-sharing arrangements, and may, but is not
15 required to, comply with: RCW 48.44.210, 48.44.212, 48.44.225,
16 48.44.240 through 48.44.245, 48.44.290 through 48.44.340,
17 48.44.344, 48.44.360 through 48.44.380, 48.44.400, 48.44.420,
18 48.44.440 through 48.44.460, 48.44.500, 48.43.045(1) except as
19 required in (b) of this subsection, 48.43.093, 48.43.115 through
20 48.43.185, 48.43.515(5), or 48.42.100.

21 (b) In offering the plan under this subsection, the health care
22 service contractor must offer the small employer the option of
23 permitting every category of health care provider to provide health
24 services or care for conditions covered by the plan pursuant to RCW
25 48.43.045(1).

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

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

36 ~~((+3))~~ (4) Premium rates for health benefit plans for small
37 employers as defined in this section shall be subject to the
38 following provisions:

1 (a) The contractor shall develop its rates based on an adjusted
2 community rate and may only vary the adjusted 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
8 not use age brackets smaller than five-year increments, which shall
9 begin with age twenty and end with age sixty-five. Employees under
10 the age of twenty shall be treated as those age twenty.

11 (c) The contractor shall be permitted to develop separate rates
12 for individuals age sixty-five or older for coverage for which
13 medicare is the primary payer and coverage for which medicare is
14 not the primary payer. Both rates shall be subject to the
15 requirements of this subsection (~~((3))~~) (4).

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 on January 1, 2000, and
20 thereafter.

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

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

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

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

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

1 benefits to network providers result in substantial differences in
2 claims costs. A carrier may develop its rates based on claims
3 costs (~~(due to network provider reimbursement schedules or type of~~
4 ~~network)) for a plan. This subsection does not restrict or enhance
5 the portability of benefits as provided in RCW 48.43.015.~~

6 (i) Except for small group health benefit plans that qualify as
7 insurance coverage combined with a health savings account as
8 defined by the United States internal revenue service, a djusted
9 community rates established under this section shall pool the
10 medical experience of all groups purchasing coverage. However,
11 annual rate adjustments for each small group health benefit plan
12 may vary by up to plus or minus ((four)) eight percentage points
13 from the overall adjustment of a carrier's entire small group
14 pool(, such overall adjustment to be approved by the commissioner,
15 upon a showing by the carrier, certified by a member of the
16 American academy of actuaries that: (i) The variation is a result
17 of deductible leverage, benefit design, or provider network
18 characteristics; and (ii) for a rate renewal period, the projected
19 weighted average of all small group benefit plans will have a
20 revenue neutral effect on the carrier's small group pool.
21 Variations of greater than four percentage points are subject to
22 review by the commissioner, and must be approved or denied within
23 sixty days of submittal)) if certified by a member of the American
24 academy of actuaries, that: (i) The variation is a result of
25 deductible leverage, benefit design, claims cost trend for the
26 plan, or provider network characteristics; and (ii) for a rate
27 renewal period, the projected weighted average of all small group
28 benefit plans will have a revenue neutral effect on the carrier's
29 small group pool. Variations of greater than eight percentage
30 points are subject to review by the commissioner and must be
31 approved or denied within thirty days of submittal. A variation
32 that is not denied within ((sixty)) thirty days shall be deemed
33 approved. The commissioner must provide to the carrier a detailed
34 actuarial justification for any denial ((within thirty days)) at
35 the time of the denial.

36 ((+4)) (5) Nothing in this section shall restrict the right of
37 employees to collectively bargain for insurance providing benefits
38 in excess of those provided herein.

1 ~~((5))~~ (6)(a) Except as provided in this subsection,
2 requirements used by a contractor in determining whether to provide
3 coverage to a small employer shall be applied uniformly among all
4 small employers applying for coverage or receiving coverage from
5 the carrier.

6 (b) A contractor shall not require a minimum participation
7 level greater than:

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

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

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

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

20 ~~((6))~~ (7) A contractor must offer coverage to all eligible
21 employees of a small employer and their dependents. A contractor
22 may not offer coverage to only certain individuals or dependents in
23 a small employer group or to only part of the group. A contractor
24 may not modify a health plan with respect to a small employer or
25 any eligible employee or dependent, through riders, endorsements or
26 otherwise, to restrict or exclude coverage or benefits for specific
27 diseases, medical conditions, or services otherwise covered by the
28 plan.

29 **Sec. 5.** RCW 48.46.066 and 2004 c 244 s 9 are each amended to
30 read as follows:

31 (1)~~((a))~~ A health maintenance organization offering any
32 health benefit plan to a small employer, either directly or through
33 an association or member-governed group formed specifically for the
34 purpose of purchasing health care, may offer and actively market to
35 the small employer ~~((a))~~ no more than one health benefit plan
36 featuring a limited schedule of covered health care services.

37 ~~((Nothing in this subsection shall preclude a health maintenance
38 organization from offering, or a small employer from purchasing,~~

1 ~~other health benefit plans that may have more comprehensive~~
2 ~~benefits than those included in the product offered under this~~
3 ~~subsection. A health maintenance organization offering a health~~
4 ~~benefit plan under this subsection shall clearly disclose all the~~
5 ~~covered benefits to the small employer in a brochure filed with the~~
6 ~~commissioner.~~

7 ~~— (b) A health benefit plan offered under this subsection shall~~
8 ~~provide coverage for hospital expenses and services rendered by a~~
9 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not~~
10 ~~subject to the requirements of RCW 48.46.275, 48.46.280, 48.46.285,~~
11 ~~48.46.290, 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480,~~
12 ~~48.46.510, 48.46.520, and 48.46.530.~~

13 ~~— (2))~~ (a) The plan offered under this subsection may be offered
14 with a choice of cost-sharing arrangements, and may, but is not
15 required to, comply with: RCW 48.46.250, 48.46.272 through
16 48.46.290, 48.46.320, 48.46.350, 48.46.375, 48.46.440 through
17 48.46.460, 48.46.480, 48.46.490, 48.46.510, 48.46.520, 48.46.530,
18 48.46.565, 48.46.570, 48.46.575, 48.43.045(1) except as required in
19 (b) of this subsection, 48.43.093, 48.43.115 through 48.43.185,
20 48.43.515(5), or 48.42.100.

21 (b) In offering the plan under this subsection, the health
22 maintenance organization must offer the small employer the option
23 of permitting every category of health care provider to provide
24 health services or care for conditions covered by the plan pursuant
25 to RCW 48.43.045(1).

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

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

36 ~~((+3))~~ (4) Premium rates for health benefit plans for small
37 employers as defined in this section shall be subject to the
38 following provisions:

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

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

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

12 (c) The health maintenance organization shall be permitted to
13 develop separate rates for individuals age sixty-five or older for
14 coverage for which medicare is the primary payer and coverage for
15 which medicare is not the primary payer. Both rates shall be
16 subject to the requirements of this subsection (~~((+3))~~) (4).

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

25 (f) The rate charged for a health benefit plan offered under
26 this section may not be adjusted more frequently than annually
27 except that 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
35 that differ only by the amounts attributable to plan design, with
36 the exception of discounts for health improvement programs.

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

1 contain such a provision, provided that the restrictions of
2 benefits to network providers result in substantial differences in
3 claims costs. A carrier may develop its rates based on claims
4 costs (~~((due to network provider reimbursement schedules or type of~~
5 ~~network))~~ for a plan. This subsection does not restrict or enhance
6 the portability of benefits as provided in RCW 48.43.015.

7 (i) Except for small group health benefit plans that qualify as
8 insurance coverage combined with a health savings account as
9 defined by the United States internal revenue service, adjusted
10 community rates established under this section shall pool the
11 medical experience of all groups purchasing coverage. However,
12 annual rate adjustments for each small group health benefit plan
13 may vary by up to plus or minus ((four)) eight percentage points
14 from the overall adjustment of a carrier's entire small group
15 pool(, such overall adjustment to be approved by the commissioner,
16 upon a showing by the carrier, certified by a member of the
17 American academy of actuaries that: (i) The variation is a result
18 of deductible leverage, benefit design, or provider network
19 characteristics; and (ii) for a rate renewal period, the projected
20 weighted average of all small group benefit plans will have a
21 revenue neutral effect on the carrier's small group pool.
22 Variations of greater than four percentage points are subject to
23 review by the commissioner, and must be approved or denied within
24 sixty days of submittal)) if certified by a member of the American
25 academy of actuaries, that: (i) The variation is a result of
26 deductible leverage, benefit design, claims cost trend for the
27 plan, or provider network characteristics; and (ii) for a rate
28 renewal period, the projected weighted average of all small group
29 benefit plans will have a revenue neutral effect on the health
30 maintenance organization's small group pool. Variations of greater
31 than eight percentage points are subject to review by the
32 commissioner and must be approved or denied within thirty days of
33 submittal. A variation that is not denied within ((sixty)) thirty
34 days shall be deemed approved. The commissioner must provide to
35 the carrier a detailed actuarial justification for any denial
36 ((within thirty days)) at the time of the denial.

37 ((+4)) (5) Nothing in this section shall restrict the right of
38 employees to collectively bargain for insurance providing benefits
39 in excess of those provided herein.

1 (~~(5)~~) (6)(a) Except as provided in this subsection,
2 requirements used by a health maintenance organization in
3 determining whether to provide coverage to a small employer shall
4 be applied uniformly among all small employers applying for
5 coverage or receiving coverage from the carrier.

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

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

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

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

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

21 (~~(6)~~) (7) A health maintenance organization must offer
22 coverage to all eligible employees of a small employer and their
23 dependents. A health maintenance organization may not offer
24 coverage to only certain individuals or dependents in a small
25 employer group or to only part of the group. A health maintenance
26 organization may not modify a health plan with respect to a small
27 employer or any eligible employee or dependent, through riders,
28 endorsements or otherwise, to restrict or exclude coverage or
29 benefits for specific diseases, medical conditions, or services
30 otherwise covered by the plan.

31 **Sec. 6.** RCW 48.21.047 and 2005 c 223 s 11 are each amended to
32 read as follows:

33 (1) An insurer may not offer any health benefit plan to any
34 small employer without complying with RCW 48.21.045(~~(3)~~) (4).

35 (2) Employers purchasing health plans provided through
36 associations or through member-governed groups formed specifically
37 for the purpose of purchasing health care are not small employers
38 and the plans are not subject to RCW 48.21.045(~~(3)~~) (4).

1 (3) For purposes of this section, "health benefit plan,"
2 "health plan," and "small employer" mean the same as defined in RCW
3 48.43.005.

4 **Sec. 7.** RCW 48.43.028 and 2001 c 196 s 10 are each amended to
5 read as follows:

6 To the extent required of the federal health insurance
7 portability and accountability act of 1996, the eligibility of an
8 employer or group to purchase a health benefit plan set forth in
9 RCW 48.21.045(1)((~~(b)~~)), 48.44.023(1)((~~(b)~~)), and
10 48.46.066(1)((~~(b)~~)) must be extended to all small employers and
11 small groups as defined in RCW 48.43.005.

12 **Sec. 8.** RCW 48.44.024 and 2003 c 248 s 15 are each amended to
13 read as follows:

14 (1) A health care service contractor may not offer any health
15 benefit plan to any small employer without complying with RCW
16 48.44.023((~~(3)~~)) (4).

17 (2) Employers purchasing health plans provided through
18 associations or through member-governed groups formed specifically
19 for the purpose of purchasing health care are not small employers
20 and the plans are not subject to RCW 48.44.023((~~(3)~~)) (4).

21 (3) For purposes of this section, "health benefit plan,"
22 "health plan," and "small employer" mean the same as defined in RCW
23 48.43.005.

24 **Sec. 9.** RCW 48.46.068 and 2003 c 248 s 16 are each amended to
25 read as follows:

26 (1) A health maintenance organization may not offer any health
27 benefit plan to any small employer without complying with RCW
28 48.46.066((~~(3)~~)) (4).

29 (2) Employers purchasing health plans provided through
30 associations or through member-governed groups formed specifically
31 for the purpose of purchasing health care are not small employers
32 and are not subject to RCW 48.46.066((~~(3)~~)) (4).

33 (3) For purposes of this section, "health benefit plan,"
34 "health plan," and "small employer" mean the same as defined in RCW
35 48.43.005."

1

2 Correct the title.

EFFECT: Removes the requirement that health plans eligible for a premium subsidy under the small employer health insurance program be at least equivalent to the basic health plan. Premium subsidies are available for any plan offered in the small group market. Health carriers are authorized to offer limited benefit plans and given greater flexibility in applying rating rules when determining annual rate adjustments.