

**SHB 2098 - H AMD 125**  
By Representative Condotta

1           On page 8, beginning on line 5, strike all material through  
2 "institution." on page 9, line 18 and insert the following:

3           "**Sec. 10.** RCW 48.43.041 and 2000 c 79 s 26 are each amended to  
4 read as follows:

5           (1) All individual health benefit plans, other than  
6 catastrophic health plans (~~(, offered or renewed on or after October~~  
7 ~~1, 2000))~~ and plans for young adults as described in subsection (3)  
8 of this section, shall include benefits described in this section.  
9 Nothing in this section shall be construed to require a carrier to  
10 offer an individual health benefit plan.

11           (a) Maternity services that include, with no enrollee cost-  
12 sharing requirements beyond those generally applicable cost-sharing  
13 requirements: Diagnosis of pregnancy; prenatal care; delivery;  
14 care for complications of pregnancy; physician services; hospital  
15 services; operating or other special procedure rooms; radiology and  
16 laboratory services; appropriate medications; anesthesia; and  
17 services required under RCW 48.43.115; and

18           (b) Prescription drug benefits with at least a two thousand  
19 dollar benefit payable by the carrier annually.

20           (2) If a carrier offers a health benefit plan that is not a  
21 catastrophic health plan to groups, and it chooses to offer a  
22 health benefit plan to individuals, it must offer at least one  
23 health benefit plan to individuals that is not a catastrophic  
24 health plan.

25           (3) Carriers may design and offer a separate health plan  
26 targeted at young adults between nineteen and thirty-four years of  
27 age. The plan may include the benefits required under subsections  
28 (1) and (2) of this section but is not required to include these  
29 benefits. The health plan designed for young adults may be exempt

1 from the requirements of RCW 48.43.045(1), 48.43.515(5), 48.44.327,  
2 48.20.392, and 48.46.277.

3 **Sec. 11.** RCW 48.44.022 and 2006 c 100 s 3 are each amended to  
4 read as follows:

5 (1) Except for health benefit plans covered under RCW  
6 48.44.021, premium rates for health benefit plans for individuals  
7 shall be subject to the following provisions:

8 (a) The health care service contractor shall develop its rates  
9 based on an adjusted community rate and may only vary the adjusted  
10 community rate for:

- 11 (i) Geographic area;
- 12 (ii) Family size;
- 13 (iii) Age;
- 14 (iv) Tenure discounts; and
- 15 (v) Wellness activities.

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

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

25 (d) Except as provided in subsection (2) of this section, the  
26 permitted rates for any age group shall be no more than four  
27 hundred twenty-five percent of the lowest rate for all age groups  
28 on January 1, 1996, four hundred percent on January 1, 1997, and  
29 three hundred seventy-five percent on January 1, 2000, and  
30 thereafter.

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

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

- 37 (i) Changes to the family composition;

1 (ii) Changes to the health benefit plan requested by the  
2 individual; or

3 (iii) Changes in government requirements affecting the health  
4 benefit plan.

5 (g) For the purposes of this section, a health benefit plan  
6 that contains a restricted network provision shall not be  
7 considered similar coverage to a health benefit plan that does not  
8 contain such a provision, provided that the restrictions of  
9 benefits to network providers result in substantial differences in  
10 claims costs. This subsection does not restrict or enhance the  
11 portability of benefits as provided in RCW 48.43.015.

12 (h) A tenure discount for continuous enrollment in the health  
13 plan of two years or more may be offered, not to exceed ten  
14 percent.

15 (2) Adjusted community rates established under this section  
16 shall pool the medical experience of all individuals purchasing  
17 coverage, except individuals purchasing coverage under RCW  
18 48.44.021, and shall not be required to be pooled with the medical  
19 experience of health benefit plans offered to small employers under  
20 RCW 48.44.023. Carriers may treat young adults and products  
21 developed specifically for them consistent with RCW 48.43.041(3) as  
22 a single banded experience pool for purposes of establishing rates.  
23 The rates established for this age group are not subject to  
24 subsection (1)(d) of this section.

25 (3) As used in this section and RCW 48.44.023 "health benefit  
26 plan," "small employer," "adjusted community rates," and "wellness  
27 activities" mean the same as defined in RCW 48.43.005.

28 **Sec. 12.** RCW 48.46.064 and 2006 c 100 s 5 are each amended to  
29 read as follows:

30 (1) Except for health benefit plans covered under RCW  
31 48.46.063, premium rates for health benefit plans for individuals  
32 shall be subject to the following provisions:

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

36 (i) Geographic area;

37 (ii) Family size;

38 (iii) Age;

1 (iv) Tenure discounts; and

2 (v) Wellness activities.

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

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

12 (d) Except as provided in subsection (2) of this section, the  
13 permitted rates for any age group shall be no more than four  
14 hundred twenty-five percent of the lowest rate for all age groups  
15 on January 1, 1996, four hundred percent on January 1, 1997, and  
16 three hundred seventy-five percent on January 1, 2000, and  
17 thereafter.

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

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

24 (i) Changes to the family composition;

25 (ii) Changes to the health benefit plan requested by the  
26 individual; or

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

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

36 (h) A tenure discount for continuous enrollment in the health  
37 plan of two years or more may be offered, not to exceed ten  
38 percent.

1 (2) Adjusted community rates established under this section  
2 shall pool the medical experience of all individuals purchasing  
3 coverage, except individuals purchasing coverage under RCW  
4 48.46.063, and shall not be required to be pooled with the medical  
5 experience of health benefit plans offered to small employers under  
6 RCW 48.46.066. Carriers may treat young adults and products  
7 developed specifically for them consistent with RCW 48.43.041(3) as  
8 a single banded experience pool for purposes of establishing rates.  
9 The rates established for this age group are not subject to  
10 subsection (1)(d) of this section.

11 (3) As used in this section and RCW 48.46.066, "health benefit  
12 plan," "adjusted community rate," "small employer," and "wellness  
13 activities" mean the same as defined in RCW 48.43.005.

14 **Sec. 13.** RCW 48.20.029 and 2006 c 100 s 2 are each amended to  
15 read as follows:

16 (1) Premiums for health benefit plans for individuals who  
17 purchase the plan as a member of a purchasing pool:

18 (a) Consisting of five hundred or more individuals affiliated  
19 with a particular industry;

20 (b) To whom care management services are provided as a benefit  
21 of pool membership; and

22 (c) Which allows contributions from more than one employer to  
23 be used towards the purchase of an individual's health benefit  
24 plan;

25 shall be calculated using the adjusted community rating method that  
26 spreads financial risk across the entire purchasing pool of which  
27 the individual is a member. All such rates shall conform to the  
28 following:

29 (i) The insurer shall develop its rates based on an adjusted  
30 community rate and may only vary the adjusted community rate for:

31 (A) Geographic area;

32 (B) Family size;

33 (C) Age;

34 (D) Tenure discounts; and

35 (E) Wellness activities.

36 (ii) The adjustment for age in (c)(i)(C) of this subsection may  
37 not use age brackets smaller than five-year increments which shall

1 begin with age twenty and end with age sixty-five. Individuals  
2 under the age of twenty shall be treated as those age twenty.

3 (iii) The insurer shall be permitted to develop separate rates  
4 for individuals age sixty-five or older for coverage for which  
5 medicare is the primary payer, and coverage for which medicare is  
6 not the primary payer. Both rates are subject to the requirements  
7 of this subsection.

8 (iv) Except as provided in subsection (2) of this section, the  
9 permitted rates for any age group shall be no more than four  
10 hundred twenty-five percent of the lowest rate for all age groups  
11 on January 1, 1996, four hundred percent on January 1, 1997, and  
12 three hundred seventy-five percent on January 1, 2000, and  
13 thereafter.

14 (v) A discount for wellness activities shall be permitted to  
15 reflect actuarially justified differences in utilization or cost  
16 attributed to such programs not to exceed twenty percent.

17 (vi) The rate charged for a health benefit plan offered under  
18 this section may not be adjusted more frequently than annually  
19 except that the premium may be changed to reflect:

20 (A) Changes to the family composition;

21 (B) Changes to the health benefit plan requested by the  
22 individual; or

23 (C) Changes in government requirements affecting the health  
24 benefit plan.

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

32 (viii) A tenure discount for continuous enrollment in the  
33 health plan of two years or more may be offered, not to exceed ten  
34 percent.

35 (2) Adjusted community rates established under this section  
36 shall not be required to be pooled with the medical experience of  
37 health benefit plans offered to small employers under RCW  
38 48.21.045. Carriers may treat young adults and products developed  
39 specifically for them consistent with RCW 48.43.041(3) as a single

1 banded experience pool for purposes of establishing rates. The  
2 rates established for this age group are not subject to subsection  
3 (1)(c)(iv) of this section.

4 (3) As used in this section, "health benefit plan," "adjusted  
5 community rates," and "wellness activities" mean the same as  
6 defined in RCW 48.43.005.

7 NEW SECTION. Sec. 14. A new section is added to chapter 48.43  
8 RCW to read as follows:

9 The office of the insurance commissioner shall make available  
10 educational and outreach materials targeted to young adults aged  
11 nineteen to thirty-four, as funding becomes available. Education  
12 and outreach efforts shall focus on educating young consumers on  
13 the importance and value of health insurance, including educational  
14 materials, public service messages, and other outreach activities.  
15 The commissioner is authorized to fund these activities with  
16 grants, donations, in-kind contributions, or other funding that may  
17 be available."

18 Renumber the remaining sections consecutively and correct  
19 internal references accordingly.

20 Correct the title.

**EFFECT:** Deletes the expansion of dependent coverage to age 25,  
and authorizes health carriers to offer separate health plans  
for young adults between 19 and 34 that do not have to meet all  
existing mandated services. Authorizes health carriers to  
establish a separate experience pool for the purpose of setting  
rates. Directs the Insurance Commissioner to develop  
educational and outreach information for this population.