

**E2SSB 5930** - H AMD TO APP COMM AMD (H-3302.1/07) **643**  
By Representative Hinkle

OUT OF ORDER 04/12/2007

1 On page 49, after line 10, insert the following:

2 "Sec. 39. RCW 48.21.045 and 2004 c 244 s 1 are each amended to  
3 read as follows:

4 (1)((+a)) An insurer offering any health benefit plan to a small  
5 employer, either directly or through an association or member-governed  
6 group formed specifically for the purpose of purchasing health care,  
7 may offer and actively market to the small employer ((a)) no more than  
8 one health benefit plan featuring a limited schedule of covered health  
9 care services. ~~((Nothing in this subsection shall preclude an insurer~~  
10 ~~from offering, or a small employer from purchasing, other health~~  
11 ~~benefit plans that may have more comprehensive benefits than those~~  
12 ~~included in the product offered under this subsection. An insurer~~  
13 ~~offering a health benefit plan under this subsection shall clearly~~  
14 ~~disclose all covered benefits to the small employer in a brochure filed~~  
15 ~~with 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 licensed under chapter 18.57 or 18.71 RCW but is not subject~~  
19 ~~to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142,~~  
20 ~~48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200,~~  
21 ~~48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244,~~  
22 ~~48.21.250, 48.21.300, 48.21.310, or 48.21.320.~~

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

29 (b) In offering the plan under this subsection, the insurer must

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

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

7 (3) Nothing in this section shall prohibit an insurer from  
8 offering, or a purchaser from seeking, health benefit plans with  
9 benefits in excess of the health benefit plan offered under subsection  
10 (1) of this section. All forms, policies, and contracts shall be  
11 submitted for approval to the commissioner, and the rates of any plan  
12 offered under this section shall be reasonable in relation to the  
13 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 insurer shall develop its rates based on an adjusted  
18 community rate and may only vary the adjusted community rate for:

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

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

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

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

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

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

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

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

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

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

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

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

22 (i) Adjusted community rates established under this section shall  
23 pool the medical experience of all small groups purchasing coverage.  
24 However, annual rate adjustments for each small group health benefit  
25 plan may vary by up to plus or minus four percentage points from the  
26 overall adjustment of a carrier's entire small group pool, such overall  
27 adjustment to be approved by the commissioner, upon a showing by the  
28 carrier, certified by a member of the American academy of actuaries  
29 that: (i) The variation is a result of deductible leverage, benefit  
30 design, or provider network characteristics; and (ii) for a rate  
31 renewal period, the projected weighted average of all small group  
32 benefit plans will have a revenue neutral effect on the carrier's small  
33 group pool. Variations of greater than four percentage points are  
34 subject to review by the commissioner, and must be approved or denied  
35 within sixty days of submittal. A variation that is not denied within  
36 sixty days shall be deemed approved. The commissioner must provide to  
37 the carrier a detailed actuarial justification for any denial within  
38 thirty days of the denial.

1       (~~(4)~~) (5) Nothing in this section shall restrict the right of  
2 employees to collectively bargain for insurance providing benefits in  
3 excess of those provided herein.

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

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

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

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

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

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

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

30       (~~(7)~~) (8) As used in this section, "health benefit plan," "small  
31 employer," "adjusted community rate," and "wellness activities" mean  
32 the same as defined in RCW 48.43.005.

33       **Sec. 40.** RCW 48.44.023 and 2004 c 244 s 7 are each amended to read  
34 as follows:

35       (1)(~~(a)~~) A health care services contractor offering any health  
36 benefit plan to a small employer, either directly or through an  
37 association or member-governed group formed specifically for the

1 purpose of purchasing health care, may offer and actively market to the  
2 small employer ((a)) no more than one health benefit plan featuring a  
3 limited schedule of covered health care services. ((Nothing in this  
4 subsection shall preclude a contractor from offering, or a small  
5 employer from purchasing, other health benefit plans that may have more  
6 comprehensive benefits than those included in the product offered under  
7 this subsection. A contractor offering a health benefit plan under  
8 this subsection shall clearly disclose all covered benefits to the  
9 small employer in a brochure filed with the commissioner.

10 (b) ~~A health benefit plan offered under this subsection shall~~  
11 ~~provide coverage for hospital expenses and services rendered by a~~  
12 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~  
13 ~~to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290,~~  
14 ~~48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335,~~  
15 ~~48.44.340, 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and~~  
16 ~~48.44.460.~~

17 ~~(2))~~ (a) The plan offered under this subsection may be offered  
18 with a choice of cost-sharing arrangements, and may, but is not  
19 required to, comply with: RCW 48.44.210, 48.44.212, 48.44.225,  
20 48.44.240 through 48.44.245, 48.44.290 through 48.44.340, 48.44.344,  
21 48.44.360 through 48.44.380, 48.44.400, 48.44.420, 48.44.440 through  
22 48.44.460, 48.44.500, 48.43.045(1) except as required in (b) of this  
23 subsection, 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or  
24 48.42.100.

25 (b) In offering the plan under this subsection, the health care  
26 service contractor must offer the small employer the option of  
27 permitting every category of health care provider to provide health  
28 services or care for conditions covered by the plan pursuant to RCW  
29 48.43.045(1).

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

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

1 any plan offered under this section shall be reasonable in relation to  
2 the benefits thereto.

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

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

- 8 (i) Geographic area;
- 9 (ii) Family size;
- 10 (iii) Age; and
- 11 (iv) Wellness activities.

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

16 (c) The contractor shall be permitted to develop separate rates for  
17 individuals age sixty-five or older for coverage for which medicare is  
18 the primary payer and coverage for which medicare is not the primary  
19 payer. Both rates shall be subject to the requirements of this  
20 subsection ~~((3))~~ (4).

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

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

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

- 31 (i) Changes to the enrollment of the small employer;
- 32 (ii) Changes to the family composition of the employee;
- 33 (iii) Changes to the health benefit plan requested by the small  
34 employer; or

35 (iv) Changes in government requirements affecting the health  
36 benefit plan.

37 (g) Rating factors shall produce premiums for identical groups that

1 differ only by the amounts attributable to plan design, with the  
2 exception of discounts for health improvement programs.

3 (h) For the purposes of this section, a health benefit plan that  
4 contains a restricted network provision shall not be considered similar  
5 coverage to a health benefit plan that does not contain such a  
6 provision, provided that the restrictions of benefits to network  
7 providers result in substantial differences in claims costs. A carrier  
8 may develop its rates based on claims costs due to network provider  
9 reimbursement schedules or type of network. This subsection does not  
10 restrict or enhance the portability of benefits as provided in RCW  
11 48.43.015.

12 (i) Adjusted community rates established under this section shall  
13 pool the medical experience of all groups purchasing coverage.  
14 However, annual rate adjustments for each small group health benefit  
15 plan may vary by up to plus or minus four percentage points from the  
16 overall adjustment of a carrier's entire small group pool, such overall  
17 adjustment to be approved by the commissioner, upon a showing by the  
18 carrier, certified by a member of the American academy of actuaries  
19 that: (i) The variation is a result of deductible leverage, benefit  
20 design, or provider network characteristics; and (ii) for a rate  
21 renewal period, the projected weighted average of all small group  
22 benefit plans will have a revenue neutral effect on the carrier's small  
23 group pool. Variations of greater than four percentage points are  
24 subject to review by the commissioner, and must be approved or denied  
25 within sixty days of submittal. A variation that is not denied within  
26 sixty days shall be deemed approved. The commissioner must provide to  
27 the carrier a detailed actuarial justification for any denial within  
28 thirty days of the denial.

29 ~~((+4))~~ (5) Nothing in this section shall restrict the right of  
30 employees to collectively bargain for insurance providing benefits in  
31 excess of those provided herein.

32 ~~((+5))~~ (6)(a) Except as provided in this subsection, requirements  
33 used by a contractor in determining whether to provide coverage to a  
34 small employer shall be applied uniformly among all small employers  
35 applying for coverage or receiving coverage from the carrier.

36 (b) A contractor shall not require a minimum participation level  
37 greater than:

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

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

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

9 (d) A contractor may not increase any requirement for minimum  
10 employee participation or modify any requirement for minimum employer  
11 contribution applicable to a small employer at any time after the small  
12 employer has been accepted for coverage.

13 ~~((+6+))~~ (7) A contractor must offer coverage to all eligible  
14 employees of a small employer and their dependents. A contractor may  
15 not offer coverage to only certain individuals or dependents in a small  
16 employer group or to only part of the group. A contractor may not  
17 modify a health plan with respect to a small employer or any eligible  
18 employee or dependent, through riders, endorsements or otherwise, to  
19 restrict or exclude coverage or benefits for specific diseases, medical  
20 conditions, or services otherwise covered by the plan.

21 **Sec. 41.** RCW 48.46.066 and 2004 c 244 s 9 are each amended to read  
22 as follows:

23 (1)~~((+a+))~~ A health maintenance organization offering any health  
24 benefit plan to a small employer, either directly or through an  
25 association or member-governed group formed specifically for the  
26 purpose of purchasing health care, may offer and actively market to the  
27 small employer ~~((a))~~ no more than one health benefit plan featuring a  
28 limited schedule of covered health care services. ~~((Nothing in this  
29 subsection shall preclude a health maintenance organization from  
30 offering, or a small employer from purchasing, other health benefit  
31 plans that may have more comprehensive benefits than those included in  
32 the product offered under this subsection. A health maintenance  
33 organization offering a health benefit plan under this subsection shall  
34 clearly disclose all the covered benefits to the small employer in a  
35 brochure filed with the commissioner.~~

36 ~~(b) A health benefit plan offered under this subsection shall  
37 provide coverage for hospital expenses and services rendered by a~~



1 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~  
2 ~~to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290,~~  
3 ~~48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510,~~  
4 ~~48.46.520, and 48.46.530.~~

5 ~~(2))~~ (a) The plan offered under this subsection may be offered  
6 with a choice of cost-sharing arrangements, and may, but is not  
7 required to, comply with: RCW 48.46.250, 48.46.272 through 48.46.290,  
8 48.46.320, 48.46.350, 48.46.375, 48.46.440 through 48.46.460,  
9 48.46.480. 48.46.490, 48.46.510, 48.46.520, 48.46.530, 48.46.565,  
10 48.46.570, 48.46.575, 48.43.045(1) except as required in (b) of this  
11 subsection, 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or  
12 48.42.100.

13 (b) In offering the plan under this subsection, the health  
14 maintenance organization must offer the small employer the option of  
15 permitting every category of health care provider to provide health  
16 services or care for conditions covered by the plan pursuant to RCW  
17 48.43.045(1).

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

21 (3) Nothing in this section shall prohibit a health maintenance  
22 organization from offering, or a purchaser from seeking, health benefit  
23 plans with benefits in excess of the health benefit plan offered under  
24 subsection (1) of this section. All forms, policies, and contracts  
25 shall be submitted for approval to the commissioner, and the rates of  
26 any plan offered under this section shall be reasonable in relation to  
27 the benefits thereto.

28 ~~((3))~~ (4) Premium rates for health benefit plans for small  
29 employers as defined in this section shall be subject to the following  
30 provisions:

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

- 34 (i) Geographic area;
- 35 (ii) Family size;
- 36 (iii) Age; and
- 37 (iv) Wellness activities.

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

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

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

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

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

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

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

22 (iii) Changes to the health benefit plan requested by the small  
23 employer; or

24 (iv) Changes in government requirements affecting the health  
25 benefit plan.

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

29 (h) For the purposes of this section, a health benefit plan that  
30 contains a restricted network provision shall not be considered similar  
31 coverage to a health benefit plan that does not contain such a  
32 provision, provided that the restrictions of benefits to network  
33 providers result in substantial differences in claims costs. A carrier  
34 may develop its rates based on claims costs due to network provider  
35 reimbursement schedules or type of network. This subsection does not  
36 restrict or enhance the portability of benefits as provided in RCW  
37 48.43.015.

1 (i) Adjusted community rates established under this section shall  
2 pool the medical experience of all groups purchasing coverage.  
3 However, annual rate adjustments for each small group health benefit  
4 plan may vary by up to plus or minus four percentage points from the  
5 overall adjustment of a carrier's entire small group pool, such overall  
6 adjustment to be approved by the commissioner, upon a showing by the  
7 carrier, certified by a member of the American academy of actuaries  
8 that: (i) The variation is a result of deductible leverage, benefit  
9 design, or provider network characteristics; and (ii) for a rate  
10 renewal period, the projected weighted average of all small group  
11 benefit plans will have a revenue neutral effect on the carrier's small  
12 group pool. Variations of greater than four percentage points are  
13 subject to review by the commissioner, and must be approved or denied  
14 within sixty days of submittal. A variation that is not denied within  
15 sixty days shall be deemed approved. The commissioner must provide to  
16 the carrier a detailed actuarial justification for any denial within  
17 thirty days of the denial.

18 ~~((4))~~ (5) Nothing in this section shall restrict the right of  
19 employees to collectively bargain for insurance providing benefits in  
20 excess of those provided herein.

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

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

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

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

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

36 (d) A health maintenance organization may not increase any  
37 requirement for minimum employee participation or modify any

1 requirement for minimum employer contribution applicable to a small  
2 employer at any time after the small employer has been accepted for  
3 coverage.

4 ((+6+)) (7) A health maintenance organization must offer coverage  
5 to all eligible employees of a small employer and their dependents. A  
6 health maintenance organization may not offer coverage to only certain  
7 individuals or dependents in a small employer group or to only part of  
8 the group. A health maintenance organization may not modify a health  
9 plan with respect to a small employer or any eligible employee or  
10 dependent, through riders, endorsements or otherwise, to restrict or  
11 exclude coverage or benefits for specific diseases, medical conditions,  
12 or services otherwise covered by the plan."

13 Renumber the remaining sections consecutively and correct internal  
14 references accordingly.

EFFECT: Authorizes health carriers to offer a health plan with a  
limited schedule of covered health care services in the small group  
market.

--- END ---