

E2SSB 5930 - H AMD TO H AMD (H-3526.3/07) **762**
By Representative Hinkle

FAILED 04/12/2007

1 On page 49, after line 8 of the amendment, 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 ---