

2SHB 2537 - S AMD TO WM COMM AMD (S-5911.2/08) 313  
By Senator Parlette

NOT ADOPTED 03/07/2008

1 On page 1, line 10 of the amendment, strike "established in RCW  
2 70.47A.100" and insert "~~((established in RCW 70.47A.100))~~"

3 On page 1, line 13 of the amendment, strike "and"

4 On page 1, beginning on line 16 of the amendment, after "services"  
5 strike all material through "~~or~~" on line 17, and insert "; and  
6 (c) Is employed by a (~~(participating)~~) small employer (~~(or~~"

7 On page 1, line 22 of the amendment, after "48.43.005" insert "or  
8 any plan provided by a self-funded multiple employer welfare  
9 arrangement as defined in RCW 48.125.010 or by another benefit  
10 arrangement defined in the federal employee retirement income security  
11 act of 1974, as amended"

12 Beginning on page 1, line 23 of the amendment, after "(5)" strike  
13 all material through "(6)" on page 2, line 4, and insert  
14 "~~((\"Participating small employer\" means a small employer that employs~~  
15 ~~at least one eligible partnership participant and has entered into an~~  
16 ~~agreement with the partnership for the partnership to offer and~~  
17 ~~administer the small employer's group health benefit plan, as defined~~  
18 ~~in federal law, Sec. 706 of ERISA (29 U.S.C. Sec. 1167), for enrollees~~  
19 ~~in the plan.~~

20 ~~(6))~~"

21 Renumber the remaining subsections consecutively and correct any  
22 internal references accordingly.

23 On page 2, beginning on line 6 of the amendment, strike all  
24 material through "employment." on line 11, and insert "~~((7)~~  
25 ~~\"Partnership participant\" means an employee of a participating small~~

1 ~~employer, or a former employee of a participating small employer who~~  
2 ~~chooses to continue receiving coverage through the partnership~~  
3 ~~following separation from employment.) )"~~

4 Renumber the remaining subsections consecutively and correct any  
5 internal references accordingly.

6 On page 2, beginning on line 25 of the amendment, after "eligible"  
7 strike "partnership participants" and insert "((partnership  
8 participants)) employees"

9 Beginning on page 2, line 28 of the amendment, strike all material  
10 through "(3)" on page 4, line 16, and insert the following:

11 "~~(2) ((Consistent with policies adopted by the board under section~~  
12 ~~59 of this act, the administrator shall, directly or by contract:~~

13 ~~(a) Establish and administer procedures for enrolling small~~  
14 ~~employers in the partnership, including publicizing the existence of~~  
15 ~~the partnership and disseminating information on enrollment, and~~  
16 ~~establishing rules related to minimum participation of employees in~~  
17 ~~small groups purchasing health insurance through the partnership.~~  
18 ~~Opportunities to publicize the program for outreach and education of~~  
19 ~~small employers on the value of insurance shall explore the use of~~  
20 ~~online employer guides. As a condition of participating in the~~  
21 ~~partnership, a small employer must agree to establish a cafeteria plan~~  
22 ~~under section 125 of the federal internal revenue code that will enable~~  
23 ~~employees to use pretax dollars to pay their share of their health~~  
24 ~~benefit plan premium. The partnership shall provide technical~~  
25 ~~assistance to small employers for this purpose;~~

26 ~~(b) Establish and administer procedures for health benefit plan~~  
27 ~~enrollment by employees of small employers during open enrollment~~  
28 ~~periods and outside of open enrollment periods upon the occurrence of~~  
29 ~~any qualifying event specified in the federal health insurance~~  
30 ~~portability and accountability act of 1996 or applicable state law.~~  
31 ~~Neither the employer nor the partnership shall limit an employee's~~  
32 ~~choice of coverage from among all the health benefit plans offered;~~

33 ~~(c) Establish and manage a system for the partnership to be~~  
34 ~~designated as the sponsor or administrator of a participating small~~

1 ~~employer health benefit plan and to undertake the obligations required~~  
2 ~~of a plan administrator under federal law;~~

3 ~~(d) Establish and manage a system of collecting and transmitting to~~  
4 ~~the applicable carriers all premium payments or contributions made by~~  
5 ~~or on behalf of partnership participants, including employer~~  
6 ~~contributions, automatic payroll deductions for partnership~~  
7 ~~participants, premium subsidy payments, and contributions from~~  
8 ~~philanthropies;~~

9 ~~(e) Establish and manage a system for determining eligibility for~~  
10 ~~and making premium subsidy payments under chapter 259, Laws of 2007;~~

11 ~~(f) Establish a mechanism to apply a surcharge to all health~~  
12 ~~benefit plans, which shall be used only to pay for administrative and~~  
13 ~~operational expenses of the partnership. The surcharge must be applied~~  
14 ~~uniformly to all health benefit plans offered through the partnership~~  
15 ~~and must be included in the premium for each health benefit plan.~~  
16 ~~Surcharges may not be used to pay any premium assistance payments under~~  
17 ~~this chapter;~~

18 ~~(g) Design a schedule of premium subsidies that is based upon gross~~  
19 ~~family income, giving appropriate consideration to family size and the~~  
20 ~~ages of all family members based on a benchmark health benefit plan~~  
21 ~~designated by the board. The amount of an eligible partnership~~  
22 ~~participant's premium subsidy shall be determined by applying a sliding~~  
23 ~~scale subsidy schedule with the percentage of premium similar to that~~  
24 ~~developed for subsidized basic health plan enrollees under RCW~~  
25 ~~70.47.060. The subsidy shall be applied to the employee's premium~~  
26 ~~obligation for his or her health benefit plan, so that employees~~  
27 ~~benefit financially from any employer contribution to the cost of their~~  
28 ~~coverage through the partnership.~~

29 ~~(3)) )"~~

30 On page 4, at the beginning of line 22 of the amendment, insert  
31 "(1)"

32 On page 4, line 23 of the amendment, after "eligible" strike  
33 "partnership participants" and insert "~~((partnership participants))~~  
34 employees"

35 On page 4, after line 25 of the amendment, insert the following:

1       "(2) Premium subsidy payments may be provided to eligible employees  
2 if:  
3       (a) The eligible employee is employed by a small employer;  
4       (b) The actuarial value of the health benefit plan offered by the  
5 small employer is at least substantially equivalent to that of the  
6 basic health plan benefit offered under chapter 70.47 RCW. The office  
7 of the insurance commissioner under Title 48 RCW shall certify those  
8 small employer health benefit plans that are at least ninety percent  
9 actuarially equivalent to the basic health plan benefit; and  
10       (c) The small employer will pay at least forty percent of the  
11 monthly premium cost for health benefit plan coverage of the eligible  
12 employee.  
13       (3) The amount of an eligible employee's premium subsidy shall be  
14 determined by applying the sliding scale subsidy schedule similar to  
15 the subsidy scale used for subsidized basic health plan enrollees under  
16 RCW 70.47.060.  
17       (4) After an eligible individual has enrolled in the program, the  
18 program shall issue subsidies in an amount determined pursuant to  
19 subsection (3) of this section to either the eligible employee or to  
20 the carrier designated by the eligible employee.  
21       (5) An eligible employee must agree to provide verification of  
22 continued enrollment in his or her small employer's health benefit plan  
23 on a semiannual basis or to notify the administrator whenever his or  
24 her enrollment status changes, whichever is earlier. Verification or  
25 notification may be made directly by the employee, or through his or  
26 her employer or the carrier providing the small employer health benefit  
27 plan. When necessary, the administrator has the authority to perform  
28 retrospective audits on premium subsidy accounts. The administrator  
29 may suspend or terminate an employee's participation in the program and  
30 seek repayment of any subsidy amounts paid due to the omission or  
31 misrepresentation of an applicant or enrolled employee. The  
32 administrator shall adopt rules to define the appropriate application  
33 of these sanctions and the processes to implement the sanctions  
34 provided in this subsection, within available resources."

35       Beginning on page 4, line 34 of the amendment, strike all material  
36 through "void." on page 18, line 6, and insert the following:

1        "NEW SECTION.   **Sec. 5.**  The joint legislative audit and review  
2 committee shall conduct a program and fiscal review of the small  
3 employer health insurance partnership program and report their findings  
4 and recommendation to the appropriate committees of the legislature no  
5 later than December 1, 2010.

6        NEW SECTION.   **Sec. 6.**  The following acts or parts of acts are each  
7 repealed:

8           (1) RCW 70.47A.100 (Health insurance partnership board) and 2007 c  
9 260 s 4;

10          (2) RCW 70.47A.110 (Health insurance partnership board--Duties) and  
11 2007 c 260 s 5;

12          (3) 2007 c 260 s 10 (uncodified); and

13          (4) 2007 c 260 s 11 (uncodified)."

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14        On page 18, beginning on line 9 of the title amendment, after  
15 "70.47A.040," strike the remainder of the title amendment and insert  
16 "and 70.47A.070; repealing RCW 70.47A.100 and 70.47A.110; repealing  
17 2007 c 260 s 10 (uncodified); repealing 2007 c 260 s 11 (uncodified);  
18 and creating a new section."

**EFFECT:**  Allows benefit plans offered by small employers including self-funded MEWAs and other ERISA plans; Employer benefit products must be certified by the OIC as meeting 90% equivalency with BH. Premium assistance will be developed on a similar scale used for the Basic Health program. Eliminates the HIP Board and the purchasing program. The HIP studies are eliminated. JLARC must conduct a review of the program by December 1, 2010.

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