
SENATE BILL 6030

State of Washington

60th Legislature

2007 Regular Session

By Senators Parlette and Schoesler

Read first time 02/14/2007. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to health insurance options for young adults;
2 amending RCW 48.43.041, 48.44.022, 48.46.064, and 48.20.029; and adding
3 a new section to chapter 48.43 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 48.43.041 and 2000 c 79 s 26 are each amended to read
6 as follows:

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

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

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

3 (2) If a carrier offers a health benefit plan that is not a
4 catastrophic health plan to groups, and it chooses to offer a health
5 benefit plan to individuals, it must offer at least one health benefit
6 plan to individuals that is not a catastrophic health plan.

7 (3) Carriers may design and offer a separate health plan targeted
8 at young adults between nineteen and thirty-four years of age. The
9 plan may include the benefits required under subsections (1) and (2) of
10 this section but is not required to include these benefits. The health
11 plan designed for young adults may be exempt from the requirements of
12 RCW 48.43.045(1), 48.43.515(5), 48.44.327, 48.20.392, and 48.46.277.

13 **Sec. 2.** RCW 48.44.022 and 2006 c 100 s 3 are each amended to read
14 as follows:

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

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

- 21 (i) Geographic area;
- 22 (ii) Family size;
- 23 (iii) Age;
- 24 (iv) Tenure discounts; and
- 25 (v) Wellness activities.

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

30 (c) The health care service contractor shall be permitted to
31 develop separate rates for individuals age sixty-five or older for
32 coverage for which medicare is the primary payer and coverage for which
33 medicare is not the primary payer. Both rates shall be subject to the
34 requirements of this subsection.

35 (d) Except as provided in subsection (2) of this section, the
36 permitted rates for any age group shall be no more than four hundred

1 twenty-five percent of the lowest rate for all age groups on January 1,
2 1996, four hundred percent on January 1, 1997, and three hundred
3 seventy-five percent on January 1, 2000, and thereafter.

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

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

10 (i) Changes to the family composition;

11 (ii) Changes to the health benefit plan requested by the
12 individual; or

13 (iii) Changes in government requirements affecting the health
14 benefit plan.

15 (g) For the purposes of this section, a health benefit plan that
16 contains a restricted network provision shall not be considered similar
17 coverage to a health benefit plan that does not contain such a
18 provision, provided that the restrictions of benefits to network
19 providers result in substantial differences in claims costs. This
20 subsection does not restrict or enhance the portability of benefits as
21 provided in RCW 48.43.015.

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

24 (2) Adjusted community rates established under this section shall
25 pool the medical experience of all individuals purchasing coverage,
26 except individuals purchasing coverage under RCW 48.44.021, and shall
27 not be required to be pooled with the medical experience of health
28 benefit plans offered to small employers under RCW 48.44.023. Carriers
29 may treat young adults and products developed specifically for them
30 consistent with RCW 48.43.041(3) as a single banded experience pool for
31 purposes of establishing rates. The rates established for this age
32 group are not subject to subsection (1)(d) of this section.

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

36 **Sec. 3.** RCW 48.46.064 and 2006 c 100 s 5 are each amended to read
37 as follows:

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

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

- 7 (i) Geographic area;
- 8 (ii) Family size;
- 9 (iii) Age;
- 10 (iv) Tenure discounts; and
- 11 (v) 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. Individuals under the age
15 of twenty shall be treated as those age twenty.

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

21 (d) Except as provided in subsection (2) of this section, the
22 permitted rates for any age group shall be no more than four hundred
23 twenty-five percent of the lowest rate for all age groups on January 1,
24 1996, four hundred percent on January 1, 1997, and three hundred
25 seventy-five percent on January 1, 2000, and thereafter.

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

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

- 32 (i) Changes to the family composition;
- 33 (ii) Changes to the health benefit plan requested by the
34 individual; or
- 35 (iii) Changes in government requirements affecting the health
36 benefit plan.

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

1 coverage to a health benefit plan that does not contain such a
2 provision, provided that the restrictions of benefits to network
3 providers result in substantial differences in claims costs. This
4 subsection does not restrict or enhance the portability of benefits as
5 provided in RCW 48.43.015.

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

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

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

20 **Sec. 4.** RCW 48.20.029 and 2006 c 100 s 2 are each amended to read
21 as follows:

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

24 (a) Consisting of five hundred or more individuals affiliated with
25 a particular industry;

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

28 (c) Which allows contributions from more than one employer to be
29 used towards the purchase of an individual's health benefit plan;
30 shall be calculated using the adjusted community rating method that
31 spreads financial risk across the entire purchasing pool of which the
32 individual is a member. All such rates shall conform to the following:

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

35 (A) Geographic area;

36 (B) Family size;

37 (C) Age;

1 (D) Tenure discounts; and

2 (E) Wellness activities.

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

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

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

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

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

22 (A) Changes to the family composition;

23 (B) Changes to the health benefit plan requested by the individual;

24 or

25 (C) Changes in government requirements affecting the health benefit
26 plan.

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

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

36 (2) Adjusted community rates established under this section shall
37 not be required to be pooled with the medical experience of health
38 benefit plans offered to small employers under RCW 48.21.045. Carriers

1 may treat young adults and products developed specifically for them
2 consistent with RCW 48.43.041(3) as a single banded experience pool for
3 purposes of establishing rates. The rates established for this age
4 group are not subject to subsection (1)(c)(iv) of this section.

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

8 NEW SECTION. Sec. 5. A new section is added to chapter 48.43 RCW
9 to read as follows:

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

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