
HOUSE BILL 1714

State of Washington 61st Legislature 2009 Regular Session

By Representatives Cody, Morrell, Green, and Moeller

Read first time 01/27/09. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to association health plans; amending RCW
2 48.21.047, 48.44.024, and 48.46.068; adding a new section to chapter
3 48.21 RCW; adding a new section to chapter 48.44 RCW; and adding a new
4 section to chapter 48.46 RCW.

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

6 **Sec. 1.** RCW 48.21.047 and 2005 c 223 s 11 are each amended to read
7 as follows:

8 (1) An insurer may not offer any health benefit plan to any small
9 employer without complying with RCW 48.21.045(~~(+3)~~)).

10 (2) Employers purchasing health plans provided through associations
11 or through member-governed groups (~~(formed specifically for the purpose~~
12 ~~of purchasing health care)~~) are not small employers and the plans are
13 not subject to RCW 48.21.045(~~(+3)~~), but are subject to section 4 of
14 this act.

15 (3) For purposes of this section, "health benefit plan," "health
16 plan," and "small employer" mean the same as defined in RCW 48.43.005.

17 **Sec. 2.** RCW 48.44.024 and 2003 c 248 s 15 are each amended to read
18 as follows:

1 (1) A health care service contractor may not offer any health
2 benefit plan to any small employer without complying with RCW
3 48.44.023(~~(+3)~~).

4 (2) Employers purchasing health plans provided through associations
5 or through member-governed groups (~~((formed specifically for the purpose~~
6 ~~of purchasing health care))~~) are not small employers and the plans are
7 not subject to RCW 48.44.023(~~(+3)~~), but are subject to section 5 of
8 this act.

9 (3) For purposes of this section, "health benefit plan," "health
10 plan," and "small employer" mean the same as defined in RCW 48.43.005.

11 **Sec. 3.** RCW 48.46.068 and 2003 c 248 s 16 are each amended to read
12 as follows:

13 (1) A health maintenance organization may not offer any health
14 benefit plan to any small employer without complying with RCW
15 48.46.066(~~(+3)~~).

16 (2) Employers purchasing health plans provided through associations
17 or through member-governed groups (~~((formed specifically for the purpose~~
18 ~~of purchasing health care))~~) are not small employers and are not subject
19 to RCW 48.46.066(~~(+3)~~), but are subject to section 6 of this act.

20 (3) For purposes of this section, "health benefit plan," "health
21 plan," and "small employer" mean the same as defined in RCW 48.43.005.

22 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.21 RCW
23 to read as follows:

24 (1) Premium rates for health benefit plans for employers and
25 individuals purchasing health plans provided through associations or
26 through member-governed groups shall be subject to the following
27 provisions:

28 (a) The insurer shall develop the rates for a particular
29 association or member-governed group based on an adjusted community
30 rate applied to the entire association or member-governed group and may
31 only vary the adjusted community rate for:

- 32 (i) Geographic area;
- 33 (ii) Family size;
- 34 (iii) Age; and
- 35 (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. Individuals under the age
4 of twenty shall be treated as those age twenty.

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

10 (d) The permitted rates for any age group shall be no more than
11 three hundred seventy-five percent of the lowest rate for all age
12 groups.

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

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

19 (i) Changes to the enrollment of the employer;

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

22 (iii) Changes to the health benefit plan requested by the employer,
23 the association or member-governed group, or the individual; or

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

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

35 (h) Adjusted community rates established under this section shall
36 pool the medical experience of the entire association or member-
37 governed group.

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

4 (3)(a) Except as provided in this subsection, requirements used by
5 an insurer in determining whether to provide coverage to an employer or
6 an individual purchasing health plans provided through associations or
7 member-governed groups shall be applied uniformly among all employers
8 and individuals applying for coverage or receiving coverage through an
9 association or member-governed group from the carrier.

10 (b) An insurer shall not require a minimum participation level
11 greater than:

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

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

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

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

24 (e) Minimum participation requirements and employer premium
25 contribution requirements adopted by the health insurance partnership
26 board under RCW 70.47A.110 shall apply only to the employers and
27 employees who purchase health benefit plans through the health
28 insurance partnership.

29 (4) An insurer must offer coverage to all eligible employees of an
30 employer purchasing health plans through associations or member-
31 governed groups and their dependents. An insurer may not offer
32 coverage to only certain individuals or dependents of an employer or to
33 only part of the employer group. An insurer which offers health plans
34 to an association or member-governed group must offer all such health
35 plans to all members of the association or member-governed group. An
36 insurer may not modify a health plan with respect to an employer or
37 individual member of an association or any eligible employee or
38 dependent of an association member through riders, endorsements, or

1 otherwise, to restrict or exclude coverage or benefits for specific
2 diseases, medical conditions, or services otherwise covered by the
3 plan.

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

7 NEW SECTION. **Sec. 5.** A new section is added to chapter 48.44 RCW
8 to read as follows:

9 (1) Premium rates for health benefit plans for employers and
10 individuals purchasing health plans provided through associations or
11 through member-governed groups shall be subject to the following
12 provisions:

13 (a) The contractor shall develop the rates for a particular
14 association or member-governed group based on an adjusted community
15 rate applied to the entire association or member-governed group and may
16 only vary the adjusted community rate for:

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

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

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

30 (d) The permitted rates for any age group shall be no more than
31 three hundred seventy-five percent of the lowest rate for all age
32 groups.

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

36 (f) The rate charged for a health benefit plan offered under this

1 section may not be adjusted more frequently than annually except that
2 the premium may be changed to reflect:

3 (i) Changes to the enrollment of the employer;

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

6 (iii) Changes to the health benefit plan requested by the employer,
7 the association or member-governed group, or the individual; or

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

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

19 (h) Adjusted community rates established under this section shall
20 pool the medical experience of the entire association or member-
21 governed group.

22 (2) Nothing in this section shall restrict the right of employees
23 to collectively bargain for insurance providing benefits in excess of
24 those provided herein.

25 (3)(a) Except as provided in this subsection, requirements used by
26 a contractor in determining whether to provide coverage to an employer
27 or an individual purchasing health plans provided through associations
28 or member-governed groups shall be applied uniformly among all
29 employers and individuals applying for coverage or receiving coverage
30 through an association or member-governed group from the carrier.

31 (b) A contractor shall not require a minimum participation level
32 greater than:

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

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

37 (c) In applying minimum participation requirements with respect to

1 an employer, an employer shall not consider employees or dependents who
2 have similar existing coverage in determining whether the applicable
3 percentage of participation is met.

4 (d) A contractor may not increase any requirement for minimum
5 employee participation or modify any requirement for minimum employer
6 contribution applicable to a small employer at any time after the
7 employer has been accepted for coverage.

8 (e) Minimum participation requirements and employer premium
9 contribution requirements adopted by the health insurance partnership
10 board under RCW 70.47A.110 shall apply only to the employers and
11 employees who purchase health benefit plans through the health
12 insurance partnership.

13 (4) A contractor must offer coverage to all eligible employees of
14 an employer purchasing health plans through associations or member-
15 governed groups and their dependents. A contractor may not offer
16 coverage to only certain individuals or dependents of an employer or to
17 only part of the employer group. A contractor that offers health plans
18 to an association or member-governed group must offer all such health
19 plans to all members of the association or member-governed group. A
20 contractor may not modify a health plan with respect to an employer or
21 individual member of an association or any eligible employee or
22 dependent of an association member, through riders, endorsements, or
23 otherwise, to restrict or exclude coverage or benefits for specific
24 diseases, medical conditions, or services otherwise covered by the
25 plan.

26 (5) As used in this section, "health benefit plan," "adjusted
27 community rate," and "wellness activities" mean the same as defined in
28 RCW 48.43.005.

29 NEW SECTION. **Sec. 6.** A new section is added to chapter 48.46 RCW
30 to read as follows:

31 (1) Premium rates for health benefit plans for employers and
32 individuals purchasing health plans provided through associations or
33 through member-governed groups shall be subject to the following
34 provisions:

35 (a) The health maintenance organization shall develop the rates for
36 a particular association or member-governed group based on an adjusted

1 community rate applied to the entire association or member-governed
2 group and may only vary the adjusted community rate for:

- 3 (i) Geographic area;
- 4 (ii) Family size;
- 5 (iii) Age; and
- 6 (iv) Wellness activities.

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

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

16 (d) The permitted rates for any age group shall be no more than
17 three hundred seventy-five percent of the lowest rate for all age
18 groups.

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

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

- 25 (i) Changes to the enrollment of the employer;
- 26 (ii) Changes to the family composition of the employee or
27 individual;
- 28 (iii) Changes to the health benefit plan requested by the employer,
29 the association or member-governed group, or the individual; or
- 30 (iv) Changes in government requirements affecting the health
31 benefit plan.

32 (g) For the purposes of this section, a health benefit plan that
33 contains a restricted network provision shall not be considered similar
34 coverage to a health benefit plan that does not contain such a
35 provision, provided that the restrictions of benefits to network
36 providers result in substantial differences in claims costs. A carrier
37 may develop its rates based on claims costs due to network provider

1 reimbursement schedules or type of network. This subsection does not
2 restrict or enhance the portability of benefits as provided in RCW
3 48.43.015.

4 (h) Adjusted community rates established under this section shall
5 pool the medical experience of the entire association or member-
6 governed group.

7 (2) Nothing in this section shall restrict the right of employees
8 to collectively bargain for insurance providing benefits in excess of
9 those provided herein.

10 (3)(a) Except as provided in this subsection, requirements used by
11 a health maintenance organization in determining whether to provide
12 coverage to an employer or an individual purchasing health plans
13 provided through associations or member-governed groups shall be
14 applied uniformly among all employers and individuals applying for
15 coverage or receiving coverage through an association or member-
16 governed group from the carrier.

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

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

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

23 (c) In applying minimum participation requirements with respect to
24 an employer, an employer shall not consider employees or dependents who
25 have similar existing coverage in determining whether the applicable
26 percentage of participation is met.

27 (d) A health maintenance organization may not increase any
28 requirement for minimum employee participation or modify any
29 requirement for minimum employer contribution applicable to an employer
30 at any time after the employer has been accepted for coverage.

31 (e) Minimum participation requirements and employer premium
32 contribution requirements adopted by the health insurance partnership
33 board under RCW 70.47A.110 shall apply only to the employers and
34 employees who purchase health benefit plans through the health
35 insurance partnership.

36 (4) A health maintenance organization must offer coverage to all
37 eligible employees of an employer purchasing health plans through
38 associations or member-governed groups and their dependents. A health

1 maintenance organization may not offer coverage to only certain
2 individuals or dependents of an employer or to only part of the
3 employer group. A health maintenance organization that offers health
4 plans to an association or member-governed group must offer all such
5 health plans to all members of the association or member-governed
6 group. A health maintenance organization may not modify a health plan
7 with respect to an employer or individual member of an association or
8 any eligible employee or dependent of an association member, through
9 riders, endorsements, or otherwise, to restrict or exclude coverage or
10 benefits for specific diseases, medical conditions, or services
11 otherwise covered by the plan.

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

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