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**SUBSTITUTE HOUSE BILL 2408**

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**State of Washington                      65th Legislature                      2018 Regular Session**

**By** House Health Care & Wellness (originally sponsored by Representatives Cody, Jinkins, Goodman, Johnson, Slatter, Tharinger, Stanford, Macri, Ormsby, Doglio, and Appleton)

READ FIRST TIME 02/02/18.

1            AN ACT Relating to preserving access to individual market health  
2 care coverage throughout Washington state; amending RCW 48.41.200 and  
3 48.41.090; adding a new section to chapter 41.05 RCW; and creating a  
4 new section.

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

6            NEW SECTION.    **Sec. 1.** (1) The legislature finds that:

7            (a) Access to health care is fundamental to the health and safety  
8 of the citizens of Washington state;

9            (b) Health insurance coverage is necessary for most people to  
10 access health care;

11           (c) Due to uncertainty in the health insurance marketplace,  
12 volatility in the current federal regulatory environment, and rising  
13 health care costs, ensuring access to the private health insurance  
14 market in every county in Washington state is becoming more  
15 difficult;

16           (d) The consequences of losing private health insurance coverage  
17 in a county would be catastrophic, leading to deteriorating health  
18 outcomes, lost productivity, and lower quality of life; and

19           (e) If the private market fails to provide coverage in a county,  
20 the state must intervene.

21           (2) The legislature therefore intends to:

1 (a) Leverage the provider networks used by private insurers  
2 offering coverage to school employees to ensure private insurance  
3 coverage is available in all counties where those insurers offer  
4 coverage to school employees; and

5 (b) Until such coverage is available, make coverage in the  
6 Washington state health insurance pool more affordable to persons  
7 residing in counties where no private insurance is available.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05  
9 RCW to read as follows:

10 For plan years beginning January 1, 2020, a health carrier  
11 offering a school employees' benefits board-approved health plan to  
12 school employees under this chapter shall offer at least one silver  
13 and one gold qualified health plan on the Washington health benefit  
14 exchange in any county where the carrier offers a school employees'  
15 benefits board-approved health plan to school employees.

16 **Sec. 3.** RCW 48.41.200 and 2007 c 259 s 28 are each amended to  
17 read as follows:

18 (1) The pool shall determine the standard risk rate by  
19 calculating the average individual standard rate charged for coverage  
20 comparable to pool coverage by the five largest members, measured in  
21 terms of individual market enrollment, offering such coverages in the  
22 state. In the event five members do not offer comparable coverage,  
23 the standard risk rate shall be established using reasonable  
24 actuarial techniques and shall reflect anticipated experience and  
25 expenses for such coverage in the individual market.

26 (2) Subject to subsection (3) of this section, maximum rates for  
27 pool coverage shall be as follows:

28 (a) Maximum rates for a pool indemnity health plan shall be one  
29 hundred fifty percent of the rate calculated under subsection (1) of  
30 this section;

31 (b) Maximum rates for a pool care management plan shall be one  
32 hundred twenty-five percent of the rate calculated under subsection  
33 (1) of this section; and

34 (c) Maximum rates for a person eligible for pool coverage  
35 pursuant to RCW 48.41.100(1)(a) who was enrolled at any time during  
36 the sixty-three day period immediately prior to the date of  
37 application for pool coverage in a group health benefit plan or an  
38 individual health benefit plan other than a catastrophic health plan

1 as defined in RCW 48.43.005, where such coverage was continuous for  
2 at least eighteen months, shall be:

3 (i) For a pool indemnity health plan, one hundred twenty-five  
4 percent of the rate calculated under subsection (1) of this section;  
5 and

6 (ii) For a pool care management plan, one hundred ten percent of  
7 the rate calculated under subsection (1) of this section.

8 (3)(a) Subject to (b) and (c) of this subsection:

9 (i) The rate for any person, other than a person eligible for a  
10 rate reduction under subsection (4) of this section, whose current  
11 gross family income is less than two hundred fifty-one percent of the  
12 federal poverty level shall be reduced by thirty percent from what it  
13 would otherwise be;

14 (ii) The rate for any person, other than a person eligible for a  
15 rate reduction under subsection (4) of this section, whose current  
16 gross family income is more than two hundred fifty but less than  
17 three hundred one percent of the federal poverty level shall be  
18 reduced by fifteen percent from what it would otherwise be;

19 (iii) The rate for any person who has been enrolled in the pool  
20 for more than thirty-six months shall be reduced by five percent from  
21 what it would otherwise be.

22 (b) In no event shall the rate for any person be less than one  
23 hundred ten percent of the rate calculated under subsection (1) of  
24 this section.

25 (c) Rate reductions under (a)(i) and (ii) of this subsection  
26 shall be available only to the extent that funds are specifically  
27 appropriated for this purpose in the omnibus appropriations act.

28 (4) The rate for any person eligible for pool coverage under RCW  
29 48.41.100(1)(a)(i) shall be reduced as follows:

30 (a) The rate for a person whose current modified adjusted gross  
31 income is less than or equal to two hundred percent of the federal  
32 poverty level must be reduced by eighty percent from what it  
33 otherwise would be;

34 (b) The rate for a person whose current modified adjusted gross  
35 income is more than two hundred percent, but less than or equal to  
36 three hundred percent of the federal poverty level must be reduced by  
37 sixty percent from what it otherwise would be;

38 (c) The rate for a person whose current modified adjusted gross  
39 income is more than three hundred percent, but less than or equal to

1 four hundred percent of the federal poverty level must be reduced by  
2 fifty percent from what it otherwise would be; and

3 (d) The rate for a person whose current modified adjusted gross  
4 income is more than four hundred percent of the federal poverty level  
5 must be reduced by thirty percent from what it otherwise would be.

6 **Sec. 4.** RCW 48.41.090 and 2013 2nd sp.s. c 6 s 7 are each  
7 amended to read as follows:

8 (1) Following the close of each accounting year, the pool  
9 administrator shall determine the total net cost of pool operation  
10 which shall include:

11 (a) Net premium (premiums less administrative expense  
12 allowances), the pool expenses of administration, and incurred losses  
13 for the year, taking into account investment income and other  
14 appropriate gains and losses; (~~and~~)

15 (b) The amount of pool contributions specified in the state  
16 omnibus appropriations act for deposit into the health benefit  
17 exchange account under RCW 43.71.060, to assist with the transition  
18 of enrollees from the pool into the health benefit exchange created  
19 by chapter 43.71 RCW; and

20 (c) Any rate reductions received by individuals under RCW  
21 48.41.200(4).

22 (2)(a) Each member's proportion of participation in the pool  
23 shall be determined annually by the board based on annual statements  
24 and other reports deemed necessary by the board and filed by the  
25 member with the commissioner; and shall be determined by multiplying  
26 the total cost of pool operation by a fraction. The numerator of the  
27 fraction equals that member's total number of resident insured  
28 persons, including spouse and dependents, covered under all health  
29 plans in the state by that member during the preceding calendar year.  
30 The denominator of the fraction equals the total number of resident  
31 insured persons, including spouses and dependents, covered under all  
32 health plans in the state by all pool members during the preceding  
33 calendar year.

34 (b) For purposes of calculating the numerator and the denominator  
35 under (a) of this subsection:

36 (i) All health plans in the state by the state health care  
37 authority include only the uniform medical plan;

1 (ii) Each ten resident insured persons, including spouse and  
2 dependents, under a stop loss plan or the uniform medical plan shall  
3 count as one resident insured person;

4 (iii) Health plans serving medical care services program clients  
5 under RCW 74.09.035 are exempted from the calculation; and

6 (iv) Health plans established to serve elderly clients or  
7 medicaid clients with disabilities under chapter 74.09 RCW when the  
8 plan has been implemented on a demonstration or pilot project basis  
9 are exempted from the calculation until July 1, 2009.

10 (c) Except as provided in RCW 48.41.037, any deficit incurred by  
11 the pool, including pool contributions for deposit into the health  
12 benefit exchange account, shall be recouped by assessments among  
13 members apportioned under this subsection pursuant to the formula set  
14 forth by the board among members. The monthly per member assessment  
15 may not exceed the 2013 assessment level. If the maximum assessment  
16 is insufficient to cover a pool deficit the assessment shall be used  
17 first to pay all incurred losses and pool administrative expenses,  
18 with the remainder being available for deposit in the health benefit  
19 exchange account.

20 (3) The board may abate or defer, in whole or in part, the  
21 assessment of a member if, in the opinion of the board, payment of  
22 the assessment would endanger the ability of the member to fulfill  
23 its contractual obligations. If an assessment against a member is  
24 abated or deferred in whole or in part, the amount by which such  
25 assessment is abated or deferred may be assessed against the other  
26 members in a manner consistent with the basis for assessments set  
27 forth in subsection (2) of this section. The member receiving such  
28 abatement or deferment shall remain liable to the pool for the  
29 deficiency.

30 (4) Subject to the limitation imposed in subsection (2)(c) of  
31 this section, the pool administrator shall transfer the assessments  
32 for pool contributions for the operation of the health benefit  
33 exchange to the treasurer for deposit into the health benefit  
34 exchange account with the quarterly assessments for 2014 as specified  
35 in the state omnibus appropriations act. If assessments exceed actual  
36 losses and administrative expenses of the pool and pool contributions  
37 for deposit into the health benefit exchange account, the excess  
38 shall be held at interest and used by the board to offset future  
39 losses or to reduce pool premiums. As used in this subsection,

1 "future losses" includes reserves for incurred but not reported  
2 claims.

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