

SHB 2679 - H AMD 1513

By Representative Corry

1 Strike everything after the enacting clause and insert the
2 following:

3

4 "NEW SECTION. **Sec. 1.** (1) The legislature finds that nonprofit
5 health insurance carriers in the state must:

6 (a) Be committed to a nonprofit corporate structure;

7 (b) Provide individuals, businesses, and other groups with
8 affordable and accessible health insurance; and

9 (c) Recognize a responsibility to contribute to the improvement
10 of the overall health status of the residents of the jurisdictions
11 in which they operate.

12 (2) The legislature further finds that access to health
13 insurance and public services play a critical role in improving the
14 health status of Washington residents.

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16 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.43
17 RCW to read as follows:

18 (1) By July 1, 2021, and annually thereafter, nonprofit health
19 carriers must submit to the commissioner the amount of the carrier's
20 surplus.

21 (2)(a) By October 1, 2021, and annually thereafter, the
22 commissioner must determine whether a nonprofit health carrier's
23 surplus is excessive.

24 (b) The surplus of a nonprofit health carrier may be determined
25 to be excessive only when:

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1 (i) the surplus is greater than six hundred percent of the
2 nonprofit health carrier's RBC requirements, in accordance with the
3 formula set forth in the RBC instructions;

4 (ii) the commissioner determines the surplus is not necessary
5 for a carrier's capital facility needs in maintaining and operating
6 hospital and clinical facilities; and

7 (iii) the commissioner determines the surplus is not necessary
8 for any surplus-level requirements set by a national association
9 with which the carrier is affiliated.

10 (3) Except when a reduction in payment is permitted under
11 subsection (4) of this section, if the commissioner determines the
12 surplus of a nonprofit health carrier to be excessive, within ninety
13 days of the determination the nonprofit health carrier must pay
14 three percent of the excessive surplus to the commissioner's office
15 for deposit into the fund.

16 (4)(a) Within thirty days of a determination by the commissioner
17 that a nonprofit health carrier's surplus is excessive, a nonprofit
18 health carrier may request a hearing by the commissioner to consider
19 a reduction in the required amount of excessive surplus payment to
20 the fund.

21 (b) The commissioner may only reduce a nonprofit health
22 carrier's payment to the fund if the nonprofit health carrier
23 presents clear and compelling evidence to the commissioner that the
24 required amount of excessive surplus payment would render the
25 nonprofit health carrier financially impaired under the laws of this
26 state or any other state in which the nonprofit health carrier is
27 authorized to do business.

28 (c) The hearing must be conducted in accordance with chapter
29 34.05 RCW.

30 (5) The commissioner may adopt rules to implement this section.

31 (6) The definitions in this subsection apply throughout this
32 section and section 3 of this act unless the context clearly
33 requires otherwise.

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1 (a) "Excessive surplus" means the amount of a nonprofit health
2 carrier's surplus above six hundred percent of the nonprofit health
3 carrier's RBC requirements, as determined in subsection (2) of this
4 section.

5 (b) "Fund" means the nonprofit health carrier community benefit
6 fund created in section 3 of this act.

7 (c) "RBC" means risk-based capital.

8 (d) "RBC instructions" has the same meaning as in RCW 48.43.300.

9 (e) "Surplus" means the amount by which a nonprofit health
10 carrier's assets exceed its liabilities.

11

12 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.70
13 RCW to read as follows:

14 (1) The nonprofit health carrier community benefit fund is
15 created in the state treasury. Moneys in the account may be spent
16 only after appropriation.

17 (2) All receipts from nonprofit health carrier excessive surplus
18 payments collected by the insurance commissioner pursuant to section
19 2 of this act must be deposited in the nonprofit health carrier
20 community benefit fund.

21 (3) Expenditures from the nonprofit health carrier community
22 benefit fund must be used exclusively for:

23 (a) Subsidies for individuals purchasing individual market
24 insurance coverage who are not eligible for federal insurance
25 subsidies; and

26 (b) Foundational public health services pursuant to RCW 43.70.515.
27

28 **Sec. 4.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14,
29 2019 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each
30 reenacted and amended to read as follows:

31 (1) All earnings of investments of surplus balances in the state
32 treasury shall be deposited to the treasury income account, which
33 account is hereby established in the state treasury.

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1 (2) The treasury income account shall be utilized to pay or
2 receive funds associated with federal programs as required by the
3 federal cash management improvement act of 1990. The treasury income
4 account is subject in all respects to chapter 43.88 RCW, but no
5 appropriation is required for refunds or allocations of interest
6 earnings required by the cash management improvement act. Refunds of
7 interest to the federal treasury required under the cash management
8 improvement act fall under RCW 43.88.180 and shall not require
9 appropriation. The office of financial management shall determine
10 the amounts due to or from the federal government pursuant to the
11 cash management improvement act. The office of financial management
12 may direct transfers of funds between accounts as deemed necessary
13 to implement the provisions of the cash management improvement act,
14 and this subsection. Refunds or allocations shall occur prior to the
15 distributions of earnings set forth in subsection (4) of this section.

16 (3) Except for the provisions of RCW 43.84.160, the treasury
17 income account may be utilized for the payment of purchased banking
18 services on behalf of treasury funds including, but not limited to,
19 depository, safekeeping, and disbursement functions for the state
20 treasury and affected state agencies. The treasury income account is
21 subject in all respects to chapter 43.88 RCW, but no appropriation
22 is required for payments to financial institutions. Payments shall
23 occur prior to distribution of earnings set forth in subsection (4)
24 of this section.

25 (4) Monthly, the state treasurer shall distribute the earnings
26 credited to the treasury income account. The state treasurer shall
27 credit the general fund with all the earnings credited to the
28 treasury income account except:

29 (a) The following accounts and funds shall receive their
30 proportionate share of earnings based upon each account's and fund's
31 average daily balance for the period: The abandoned recreational
32 vehicle disposal account, the aeronautics account, the aircraft
33 search and rescue account, the Alaskan Way viaduct replacement
34 project account, the brownfield redevelopment trust fund account,

1 the budget stabilization account, the capital vessel replacement
2 account, the capitol building construction account, the Cedar River
3 channel construction and operation account, the Central Washington
4 University capital projects account, the charitable, educational,
5 penal and reformatory institutions account, the Chehalis basin
6 account, the cleanup settlement account, the Columbia river basin
7 water supply development account, the Columbia river basin taxable
8 bond water supply development account, the Columbia river basin
9 water supply revenue recovery account, the common school
10 construction fund, the community forest trust account, the
11 connecting Washington account, the county arterial preservation
12 account, the county criminal justice assistance account, the
13 deferred compensation administrative account, the deferred
14 compensation principal account, the department of licensing services
15 account, the department of licensing tuition recovery trust fund,
16 the department of retirement systems expense account, the
17 developmental disabilities community trust account, the diesel idle
18 reduction account, the drinking water assistance account, the
19 drinking water assistance administrative account, the early learning
20 facilities development account, the early learning facilities
21 revolving account, the Eastern Washington University capital
22 projects account, the education construction fund, the education
23 legacy trust account, the election account, the electric vehicle
24 account, the energy freedom account, the energy recovery act
25 account, the essential rail assistance account, The Evergreen State
26 College capital projects account, the federal forest revolving
27 account, the ferry bond retirement fund, the freight mobility
28 investment account, the freight mobility multimodal account, the
29 grade crossing protective fund, the nonprofit health carrier
30 community benefit fund, the public health services account, the
31 state higher education construction account, the higher education
32 construction account, the highway bond retirement fund, the highway
33 infrastructure account, the highway safety fund, the hospital safety
34 net assessment fund, the industrial insurance premium refund

1 account, the Interstate 405 and state route number 167 express toll
2 lanes account, the judges' retirement account, the judicial
3 retirement administrative account, the judicial retirement principal
4 account, the local leasehold excise tax account, the local real
5 estate excise tax account, the local sales and use tax account, the
6 marine resources stewardship trust account, the medical aid account,
7 the mobile home park relocation fund, the money-purchase retirement
8 savings administrative account, the money-purchase retirement
9 savings principal account, the motor vehicle fund, the motorcycle
10 safety education account, the multimodal transportation account, the
11 multiuse roadway safety account, the municipal criminal justice
12 assistance account, the natural resources deposit account, the
13 oyster reserve land account, the pension funding stabilization
14 account, the perpetual surveillance and maintenance account, the
15 pollution liability insurance agency underground storage tank
16 revolving account, the public employees' retirement system plan 1
17 account, the public employees' retirement system combined plan 2 and
18 plan 3 account, the public facilities construction loan revolving
19 account beginning July 1, 2004, the public health supplemental
20 account, the public works assistance account, the Puget Sound
21 capital construction account, the Puget Sound ferry operations
22 account, the Puget Sound Gateway facility account, the Puget Sound
23 taxpayer accountability account, the real estate appraiser
24 commission account, the recreational vehicle account, the regional
25 mobility grant program account, the resource management cost
26 account, the rural arterial trust account, the rural mobility grant
27 program account, the rural Washington loan fund, the sexual assault
28 prevention and response account, the site closure account, the
29 skilled nursing facility safety net trust fund, the small city
30 pavement and sidewalk account, the special category C account, the
31 special wildlife account, the state employees' insurance account,
32 the state employees' insurance reserve account, the state investment
33 board expense account, the state investment board commingled trust
34 fund accounts, the state patrol highway account, the state route

1 number 520 civil penalties account, the state route number 520
2 corridor account, the state wildlife account, the statewide
3 broadband account, the statewide tourism marketing account, the
4 student achievement council tuition recovery trust fund, the
5 supplemental pension account, the Tacoma Narrows toll bridge
6 account, the teachers' retirement system plan 1 account, the
7 teachers' retirement system combined plan 2 and plan 3 account, the
8 tobacco prevention and control account, the tobacco settlement
9 account, the toll facility bond retirement account, the
10 transportation 2003 account (nickel account), the transportation
11 equipment fund, the transportation future funding program account,
12 the transportation improvement account, the transportation
13 improvement board bond retirement account, the transportation
14 infrastructure account, the transportation partnership account, the
15 traumatic brain injury account, the tuition recovery trust fund, the
16 University of Washington bond retirement fund, the University of
17 Washington building account, the voluntary cleanup account, the
18 volunteer firefighters' and reserve officers' relief and pension
19 principal fund, the volunteer firefighters' and reserve officers'
20 administrative fund, the vulnerable roadway user education account,
21 the Washington judicial retirement system account, the Washington
22 law enforcement officers' and firefighters' system plan 1 retirement
23 account, the Washington law enforcement officers' and firefighters'
24 system plan 2 retirement account, the Washington public safety
25 employees' plan 2 retirement account, the Washington school
26 employees' retirement system combined plan 2 and 3 account, the
27 Washington state health insurance pool account, the Washington state
28 patrol retirement account, the Washington State University building
29 account, the Washington State University bond retirement fund, the
30 water pollution control revolving administration account, the water
31 pollution control revolving fund, the Western Washington University
32 capital projects account, the Yakima integrated plan implementation
33 account, the Yakima integrated plan implementation revenue recovery
34 account, and the Yakima integrated plan implementation taxable bond

1 account. Earnings derived from investing balances of the
2 agricultural permanent fund, the normal school permanent fund, the
3 permanent common school fund, the scientific permanent fund, the
4 state university permanent fund, and the state reclamation revolving
5 account shall be allocated to their respective beneficiary accounts.

6 (b) Any state agency that has independent authority over
7 accounts or funds not statutorily required to be held in the state
8 treasury that deposits funds into a fund or account in the state
9 treasury pursuant to an agreement with the office of the state
10 treasurer shall receive its proportionate share of earnings based
11 upon each account's or fund's average daily balance for the period.

12 (5) In conformance with Article II, section 37 of the state
13 Constitution, no treasury accounts or funds shall be allocated
14 earnings without the specific affirmative directive of this section.

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16 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2021."

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18 Correct the title.

19

EFFECT: Removes the tax on depreciated capital. Allows the Office of the Insurance Commissioner to determine that surplus is not excessive if it is necessary for a carrier's capital facility needs in maintaining and operating hospital and clinical facilities, and for any surplus-level requirements set by a national association with which the carrier is affiliated.

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