

SHB 2679 - H AMD **1566**

By Representative Schmick

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

3

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that
5 nonprofit 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.

15

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 must be determined
25 to be excessive if the surplus is greater than six hundred percent
26 of the nonprofit health carrier's RBC requirements, in accordance
27 with the formula set forth in the RBC instructions.

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

7 (b) Nonprofit health carriers with five hundred or more
8 employees in the state are exempt from the payment required under
9 subsection 3(a) of this section.

10 (4)(a) Within thirty days of a determination by the commissioner
11 that a nonprofit health carrier's surplus is excessive, a nonprofit
12 health carrier may request a hearing by the commissioner to consider
13 a reduction in the required amount of excessive surplus payment to
14 the fund.

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

22 (c) The hearing must be conducted in accordance with chapter
23 34.05 RCW.

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

25 (6) The definitions in this subsection apply throughout this
26 section and section 3 of this act unless the context clearly
27 requires otherwise.

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

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

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

1 (d) "RBC instructions" has the same meaning as in RCW 48.43.300.
2 (e) "Surplus" means the amount by which a nonprofit health
3 carrier's assets exceed its liabilities.

4

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

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

10 (2) All receipts from nonprofit health carrier excessive surplus
11 payments collected by the insurance commissioner pursuant to section
12 2 of this act must be deposited in the nonprofit health carrier
13 community benefit fund.

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

16 (a) Subsidies for individuals purchasing individual market
17 insurance coverage who are not eligible for federal insurance
18 subsidies; and

19 (b) Foundational public health services pursuant to RCW 43.70.515.
20

21 **Sec. 4.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14,
22 2019 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each
23 reenacted and amended to read as follows:

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

27 (2) The treasury income account shall be utilized to pay or
28 receive funds associated with federal programs as required by the
29 federal cash management improvement act of 1990. The treasury income
30 account is subject in all respects to chapter 43.88 RCW, but no
31 appropriation is required for refunds or allocations of interest
32 earnings required by the cash management improvement act. Refunds of
33 interest to the federal treasury required under the cash management
34 improvement act fall under RCW 43.88.180 and shall not require

1 appropriation. The office of financial management shall determine
2 the amounts due to or from the federal government pursuant to the
3 cash management improvement act. The office of financial management
4 may direct transfers of funds between accounts as deemed necessary
5 to implement the provisions of the cash management improvement act,
6 and this subsection. Refunds or allocations shall occur prior to the
7 distributions of earnings set forth in subsection (4) of this section.

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

17 (4) Monthly, the state treasurer shall distribute the earnings
18 credited to the treasury income account. The state treasurer shall
19 credit the general fund with all the earnings credited to the
20 treasury income account except:

21 (a) The following accounts and funds shall receive their
22 proportionate share of earnings based upon each account's and fund's
23 average daily balance for the period: The abandoned recreational
24 vehicle disposal account, the aeronautics account, the aircraft
25 search and rescue account, the Alaskan Way viaduct replacement
26 project account, the brownfield redevelopment trust fund account,
27 the budget stabilization account, the capital vessel replacement
28 account, the capitol building construction account, the Cedar River
29 channel construction and operation account, the Central Washington
30 University capital projects account, the charitable, educational,
31 penal and reformatory institutions account, the Chehalis basin
32 account, the cleanup settlement account, the Columbia river basin
33 water supply development account, the Columbia river basin taxable
34 bond water supply development account, the Columbia river basin

1 water supply revenue recovery account, the common school
2 construction fund, the community forest trust account, the
3 connecting Washington account, the county arterial preservation
4 account, the county criminal justice assistance account, the
5 deferred compensation administrative account, the deferred
6 compensation principal account, the department of licensing services
7 account, the department of licensing tuition recovery trust fund,
8 the department of retirement systems expense account, the
9 developmental disabilities community trust account, the diesel idle
10 reduction account, the drinking water assistance account, the
11 drinking water assistance administrative account, the early learning
12 facilities development account, the early learning facilities
13 revolving account, the Eastern Washington University capital
14 projects account, the education construction fund, the education
15 legacy trust account, the election account, the electric vehicle
16 account, the energy freedom account, the energy recovery act
17 account, the essential rail assistance account, The Evergreen State
18 College capital projects account, the federal forest revolving
19 account, the ferry bond retirement fund, the freight mobility
20 investment account, the freight mobility multimodal account, the
21 grade crossing protective fund, the nonprofit health carrier
22 community benefit fund, the public health services account, the
23 state higher education construction account, the higher education
24 construction account, the highway bond retirement fund, the highway
25 infrastructure account, the highway safety fund, the hospital safety
26 net assessment fund, the industrial insurance premium refund
27 account, the Interstate 405 and state route number 167 express toll
28 lanes account, the judges' retirement account, the judicial
29 retirement administrative account, the judicial retirement principal
30 account, the local leasehold excise tax account, the local real
31 estate excise tax account, the local sales and use tax account, the
32 marine resources stewardship trust account, the medical aid account,
33 the mobile home park relocation fund, the money-purchase retirement
34 savings administrative account, the money-purchase retirement

1 savings principal account, the motor vehicle fund, the motorcycle
2 safety education account, the multimodal transportation account, the
3 multiuse roadway safety account, the municipal criminal justice
4 assistance account, the natural resources deposit account, the
5 oyster reserve land account, the pension funding stabilization
6 account, the perpetual surveillance and maintenance account, the
7 pollution liability insurance agency underground storage tank
8 revolving account, the public employees' retirement system plan 1
9 account, the public employees' retirement system combined plan 2 and
10 plan 3 account, the public facilities construction loan revolving
11 account beginning July 1, 2004, the public health supplemental
12 account, the public works assistance account, the Puget Sound
13 capital construction account, the Puget Sound ferry operations
14 account, the Puget Sound Gateway facility account, the Puget Sound
15 taxpayer accountability account, the real estate appraiser
16 commission account, the recreational vehicle account, the regional
17 mobility grant program account, the resource management cost
18 account, the rural arterial trust account, the rural mobility grant
19 program account, the rural Washington loan fund, the sexual assault
20 prevention and response account, the site closure account, the
21 skilled nursing facility safety net trust fund, the small city
22 pavement and sidewalk account, the special category C account, the
23 special wildlife account, the state employees' insurance account,
24 the state employees' insurance reserve account, the state investment
25 board expense account, the state investment board commingled trust
26 fund accounts, the state patrol highway account, the state route
27 number 520 civil penalties account, the state route number 520
28 corridor account, the state wildlife account, the statewide
29 broadband account, the statewide tourism marketing account, the
30 student achievement council tuition recovery trust fund, the
31 supplemental pension account, the Tacoma Narrows toll bridge
32 account, the teachers' retirement system plan 1 account, the
33 teachers' retirement system combined plan 2 and plan 3 account, the
34 tobacco prevention and control account, the tobacco settlement

1 account, the toll facility bond retirement account, the
2 transportation 2003 account (nickel account), the transportation
3 equipment fund, the transportation future funding program account,
4 the transportation improvement account, the transportation
5 improvement board bond retirement account, the transportation
6 infrastructure account, the transportation partnership account, the
7 traumatic brain injury account, the tuition recovery trust fund, the
8 University of Washington bond retirement fund, the University of
9 Washington building account, the voluntary cleanup account, the
10 volunteer firefighters' and reserve officers' relief and pension
11 principal fund, the volunteer firefighters' and reserve officers'
12 administrative fund, the vulnerable roadway user education account,
13 the Washington judicial retirement system account, the Washington
14 law enforcement officers' and firefighters' system plan 1 retirement
15 account, the Washington law enforcement officers' and firefighters'
16 system plan 2 retirement account, the Washington public safety
17 employees' plan 2 retirement account, the Washington school
18 employees' retirement system combined plan 2 and 3 account, the
19 Washington state health insurance pool account, the Washington state
20 patrol retirement account, the Washington State University building
21 account, the Washington State University bond retirement fund, the
22 water pollution control revolving administration account, the water
23 pollution control revolving fund, the Western Washington University
24 capital projects account, the Yakima integrated plan implementation
25 account, the Yakima integrated plan implementation revenue recovery
26 account, and the Yakima integrated plan implementation taxable bond
27 account. Earnings derived from investing balances of the
28 agricultural permanent fund, the normal school permanent fund, the
29 permanent common school fund, the scientific permanent fund, the
30 state university permanent fund, and the state reclamation revolving
31 account shall be allocated to their respective beneficiary accounts.

32 (b) Any state agency that has independent authority over
33 accounts or funds not statutorily required to be held in the state
34 treasury that deposits funds into a fund or account in the state

1 treasury pursuant to an agreement with the office of the state
2 treasurer shall receive its proportionate share of earnings based
3 upon each account's or fund's average daily balance for the period.

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

7

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

9

10 Correct the title.

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EFFECT: Removes the tax on depreciated capital. Exempts
nonprofit health carriers with 500 employees or more in the state
from the nonprofit health carrier's excessive surplus tax.

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