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HOUSE BILL 1052

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State of Washington

67th Legislature

2021 Regular Session

By Representatives Bateman, Cody, Kloba, and Macri

Prefiled 12/23/20. Read first time 01/11/21. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to group insurance contract performance  
2 standards; adding a new section to chapter 48.30 RCW; and creating a  
3 new section.

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

5 NEW SECTION. **Sec. 1.** The legislature intends to align the  
6 insurance code and performance-based contracting to ensure the  
7 continued practice of using performance standards and performance  
8 guarantees in group insurance contracts, including those entered into  
9 by the health care authority.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.30  
11 RCW to read as follows:

12 (1) For purposes of this section, "performance standard" means a  
13 contractual provision in a group insurance contract that establishes  
14 a specific standard for the insurer's performance of an obligation in  
15 the contract, and under which the insurer is required to remit a  
16 penalty payment, based on a percentage of the premium or a set dollar  
17 amount, to the group policyholder for the next policy term if the  
18 insurer fails to comply with the standard. Group policyholders and  
19 insurers may calculate the amount of the penalty based on a

1 percentage of the overall premium owed to the insurer by the  
2 policyholder.

3 (2) Remittance of payment to the group policyholder in compliance  
4 with this section does not constitute a premium under RCW 48.18.170  
5 and 48.43.005. Nothing in this section prevents the health care  
6 authority from including performance standards in contracts.

7 (3) If a group insurance contract includes any performance  
8 standards, the insurer must describe the performance standards in the  
9 group insurance contract and file the contract with the commissioner.

10 (4) Remittance of a premium or a credit to the group policyholder  
11 in compliance with this section must not be considered a return  
12 premium for purposes of RCW 48.14.020 and 48.14.0201.

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

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