
HOUSE BILL 1831

State of Washington

54th Legislature

1995 Regular Session

By Representatives Dyer, Dellwo and Morris; by request of Health Services Commission

Read first time 02/10/95. Referred to Committee on Health Care.

1 AN ACT Relating to supplemental benefits for health services;
2 amending RCW 41.56.201, 43.72.010, 43.72.040, 43.72.090, 43.72.100,
3 43.72.120, 43.72.160, 43.72.170, 43.72.190, 43.72.810, 48.01.210, and
4 48.43.050; amending 1993 c 492 s 102 (uncodified); providing an
5 effective date; and declaring an emergency.

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

7 **Sec. 1.** RCW 41.56.201 and 1993 c 379 s 304 are each amended to
8 read as follows:

9 (1) At any time after July 1, 1993, an institution of higher
10 education and the exclusive bargaining representative of a bargaining
11 unit of employees classified under chapter 28B.16 or 41.06 RCW as
12 appropriate may exercise their option to have their relationship and
13 corresponding obligations governed entirely by the provisions of this
14 chapter by complying with the following:

15 (a) The parties will file notice of the parties' intent to be so
16 governed, subject to the mutual adoption of a collective bargaining
17 agreement permitted by this section recognizing the notice of intent.
18 The parties shall provide the notice to the ((higher education))

1 Washington personnel resources board or its successor and the
2 commission;

3 (b) During the negotiation of an initial contract between the
4 parties under this chapter, the parties' scope of bargaining shall be
5 governed by this chapter and any disputes arising out of the collective
6 bargaining rights and obligations under this subsection shall be
7 determined by the commission. If the commission finds that the parties
8 are at impasse, the notice filed under (a) of this subsection shall be
9 void and have no effect; and

10 (c) On the first day of the month following the month during which
11 the institution of higher education and the exclusive bargaining
12 representative provide notice to the (~~higher education~~) Washington
13 personnel resources board or its successor and the commission that they
14 have executed an initial collective bargaining agreement recognizing
15 the notice of intent filed under (a) of this subsection, chapter 28B.16
16 or 41.06 RCW as appropriate shall cease to apply to all employees in
17 the bargaining unit covered by the agreement.

18 (2) All collective bargaining rights and obligations concerning
19 relations between an institution of higher education and the exclusive
20 bargaining representative of its employees who have agreed to exercise
21 the option permitted by this section shall be determined under this
22 chapter, subject to the following:

23 (a) The commission shall recognize, in its current form, the
24 bargaining unit as certified by the (~~higher education~~) Washington
25 personnel resources board or its successor and the limitations on
26 collective bargaining contained in RCW 41.56.100 shall not apply to
27 that bargaining unit.

28 (b) If, on the date of filing the notice under subsection (1)(a) of
29 this section, there is a union shop authorized for the bargaining unit
30 under rules adopted by the (~~higher education~~) Washington personnel
31 resources board or its successor, the union shop requirement shall
32 continue in effect for the bargaining unit and shall be deemed
33 incorporated into the collective bargaining agreement applicable to the
34 bargaining unit.

35 (c) Salary increases negotiated for the employees in the bargaining
36 unit shall be subject to the following:

37 (i) Salary increases shall continue to be appropriated by the
38 legislature. The exclusive bargaining representative shall meet before
39 a legislative session with the governor or governor's designee and the

1 representative of the institution of higher education concerning the
2 total dollar amount for salary increases and health care contributions
3 that will be contained in the appropriations proposed by the governor
4 under RCW 43.88.060;

5 (ii) The collective bargaining agreements may provide for salary
6 increases from local efficiency savings that are different from or that
7 exceed the amount or percentage for salary increases provided by the
8 legislature in the omnibus appropriations act for the institution of
9 higher education or allocated to the board of trustees by the state
10 board for community and technical colleges, but the base for salary
11 increases provided by the legislature under (c)(i) of this subsection
12 shall include only those amounts appropriated by the legislature, and
13 the base shall not include any additional salary increases provided
14 under this subsection (2)(c)(ii);

15 (iii) Any provisions of the collective bargaining agreements
16 pertaining to salary increases provided under (c)(i) of this subsection
17 shall be subject to modification by the legislature. If any provision
18 of a salary increase provided under (c)(i) of this subsection is
19 changed by subsequent modification of the appropriations act by the
20 legislature, both parties shall immediately enter into collective
21 bargaining for the sole purpose of arriving at a mutually agreed upon
22 replacement for the modified provision.

23 (3) Nothing in this section may be construed to permit an
24 institution of higher education to bargain collectively with an
25 exclusive bargaining representative concerning any matter covered by:
26 (a) Chapter 41.05 RCW, except for the related cost or dollar
27 contributions or additional or supplemental benefits as permitted by
28 (~~chapter 492, Laws of 1993~~) law; or (b) chapter 41.32 or 41.40 RCW.

29 **Sec. 2.** 1993 c 492 s 102 (uncodified) is amended to read as
30 follows:

31 (1) The legislature intends that state government policy stabilize
32 health services costs, assure access to essential services for all
33 residents, actively address the health care needs of persons of color,
34 improve the public's health, and reduce unwarranted health services
35 costs to preserve the viability of nonhealth care businesses.

36 (2) The legislature intends that:

1 (a) Total health services costs be stabilized and kept within rates
2 of increase similar to the rates of personal income growth within a
3 publicly regulated, private marketplace that preserves personal choice;

4 (b) State residents be enrolled in the certified health plan of
5 their choice that meets state standards regarding affordability,
6 accessibility, cost-effectiveness, and clinical efficaciousness;

7 (c) State residents be able to choose health services from the full
8 range of health care providers, as defined in RCW 43.72.010(12), in a
9 manner consistent with good health services management, quality
10 assurance, and cost effectiveness;

11 (d) Individuals and businesses have the option to purchase any
12 health services they may choose in addition to those included in the
13 uniform benefits package (~~(or supplemental benefits)~~);

14 (e) All state residents, businesses, employees, and government
15 participate in payment for health services, with total costs to
16 individuals on a sliding scale based on income to encourage efficient
17 and appropriate utilization of services;

18 (f) These goals be accomplished within a reformed system using
19 private service providers and facilities in a way that allows consumers
20 to choose among competing plans operating within budget limits and
21 other regulations that promote the public good; and

22 (g) A policy of coordinating the delivery, purchase, and provision
23 of health services among the federal, state, local, and tribal
24 governments be encouraged and accomplished by chapter 492, Laws of
25 1993.

26 (3) Accordingly, the legislature intends that chapter 492, Laws of
27 1993 provide both early implementation measures and a process for
28 overall reform of the health services system.

29 **Sec. 3.** RCW 43.72.010 and 1994 c 4 s 1 are each amended to read as
30 follows:

31 In this chapter, unless the context otherwise requires:

32 (1) "Certified health plan" or "plan" means a disability insurer
33 regulated under chapter 48.20 or 48.21 RCW, a health care service
34 contractor as defined in RCW 48.44.010, a health maintenance
35 organization as defined in RCW 48.46.020, or an entity certified in
36 accordance with RCW 48.43.020 through 48.43.120.

37 (2) "Chair" means the presiding officer of the Washington health
38 services commission.

1 (3) "Commission" or "health services commission" means the
2 Washington health services commission.

3 (4) "Community rate" means the rating method used to establish the
4 premium for the uniform benefits package adjusted to reflect
5 actuarially demonstrated differences in utilization or cost
6 attributable to geographic region and family size as determined by the
7 commission.

8 (5) "Continuous quality improvement and total quality management"
9 means a continuous process to improve health services while reducing
10 costs.

11 (6) "Employee" means a resident who is in the employment of an
12 employer, as defined by chapter 50.04 RCW.

13 (7) "Enrollee" means any person who is a Washington resident
14 enrolled in a certified health plan.

15 (8) "Enrollee point of service cost-sharing" means amounts paid to
16 certified health plans directly providing services, health care
17 providers, or health care facilities by enrollees for receipt of
18 specific uniform benefits package services, and may include copayments,
19 coinsurance, or deductibles, that together must be actuarially
20 equivalent across plans and within overall limits established by the
21 commission.

22 (9) "Enrollee premium sharing" means that portion of the premium
23 that is paid by enrollees or their family members.

24 (10) "Federal poverty level" means the federal poverty guidelines
25 determined annually by the United States department of health and human
26 services or successor agency.

27 (11) "Health care facility" or "facility" means hospices licensed
28 under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW,
29 rural health care facilities as defined in RCW 70.175.020, psychiatric
30 hospitals licensed under chapter 71.12 RCW, nursing homes licensed
31 under chapter 18.51 RCW, community mental health centers licensed under
32 chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed
33 under chapter 70.41 RCW, ambulatory diagnostic, treatment or surgical
34 facilities licensed under chapter 70.41 RCW, drug and alcohol treatment
35 facilities licensed under chapter 70.96A RCW, and home health agencies
36 licensed under chapter 70.127 RCW, and includes such facilities if
37 owned and operated by a political subdivision or instrumentality of the
38 state and such other facilities as required by federal law and
39 implementing regulations, but does not include Christian Science

1 sanatoriums operated, listed, or certified by the First Church of
2 Christ Scientist, Boston, Massachusetts.

3 (12) "Health care provider" or "provider" means:

4 (a) A person regulated under Title 18 RCW and chapter 70.127 RCW,
5 to practice health or health-related services or otherwise practicing
6 health care services in this state consistent with state law; or

7 (b) An employee or agent of a person described in (a) of this
8 subsection, acting in the course and scope of his or her employment.

9 (13) "Health insurance purchasing cooperative" or "cooperative"
10 means a member-owned and governed nonprofit organization certified in
11 accordance with RCW 43.72.080 and 48.43.160.

12 (14) "Long-term care" means institutional, residential, outpatient,
13 or community-based services that meet the individual needs of persons
14 of all ages who are limited in their functional capacities or have
15 disabilities and require assistance with performing two or more
16 activities of daily living for an extended or indefinite period of
17 time. These services include case management, protective supervision,
18 in-home care, nursing services, convalescent, custodial, chronic, and
19 terminally ill care.

20 (15) "Major capital expenditure" means any project or expenditure
21 for capital construction, renovations, or acquisition, including
22 medical technological equipment, as defined by the commission, costing
23 more than one million dollars.

24 (16) "Managed care" means an integrated system of insurance,
25 financing, and health services delivery functions that: (a) Assumes
26 financial risk for delivery of health services and uses a defined
27 network of providers; or (b) assumes financial risk for delivery of
28 health services and promotes the efficient delivery of health services
29 through provider assumption of some financial risk including
30 capitation, prospective payment, resource-based relative value scales,
31 fee schedules, or similar method of limiting payments to health care
32 providers.

33 (17) "Maximum enrollee financial participation" means the income-
34 related total annual payments that may be required of an enrollee per
35 family who chooses one of the three lowest priced uniform benefits
36 packages offered by plans in a geographic region including both premium
37 sharing and enrollee point of service cost-sharing.

38 (18) "Persons of color" means Asians/Pacific Islanders, African,
39 Hispanic, and Native Americans.

1 (19) "Premium" means all sums charged, received, or deposited by a
2 certified health plan as consideration for a uniform benefits package
3 or the continuance of a uniform benefits package. Any assessment, or
4 any "membership," "policy," "contract," "service," or similar fee or
5 charge made by the certified health plan in consideration for the
6 uniform benefits package is deemed part of the premium. "Premium"
7 shall not include amounts paid as enrollee point of service cost-
8 sharing.

9 (20) "Qualified employee" means an employee who is employed at
10 least thirty hours during a week or one hundred twenty hours during a
11 calendar month.

12 (21) "Registered employer health plan" means a health plan
13 established by a private employer of more than seven thousand active
14 employees in this state solely for the benefit of such employees and
15 their dependents and that meets the requirements of RCW 43.72.120.
16 Nothing contained in this subsection shall be deemed to preclude the
17 plan from providing benefits to retirees of the employer.

18 ~~((22) ("Supplemental benefits" means those appropriate and
19 effective health services that are not included in the uniform benefits
20 package or that expand the type or level of health services available
21 under the uniform benefits package and that are offered to all
22 residents in accordance with the provisions of RCW 43.72.160 and
23 43.72.170.~~

24 ~~((23))~~ "Technology" means the drugs, devices, equipment, and
25 medical or surgical procedures used in the delivery of health services,
26 and the organizational or supportive systems within which such services
27 are provided. It also means sophisticated and complicated machinery
28 developed as a result of ongoing research in the basic biological and
29 physical sciences, clinical medicine, electronics, and computer
30 sciences, as well as specialized professionals, medical equipment,
31 procedures, and chemical formulations used for both diagnostic and
32 therapeutic purposes.

33 ~~((24))~~ (23) "Uniform benefits package" or "package" means those
34 appropriate and effective health services, defined by the commission
35 under RCW 43.72.130, that must be offered to all Washington residents
36 through certified health plans.

37 ~~((25))~~ (24) "Washington resident" or "resident" means a person
38 who intends to reside in the state permanently or indefinitely and who
39 did not move to Washington for the primary purpose of securing health

1 services under RCW 43.72.090 through 43.72.240, 43.72.300, 43.72.310,
2 43.72.800, and chapters 48.43 and 48.85 RCW. "Washington resident"
3 also includes people and their accompanying family members who are
4 residing in the state for the purpose of engaging in employment for at
5 least one month, who did not enter the state for the primary purpose of
6 obtaining health services. The confinement of a person in a nursing
7 home, hospital, or other medical institution in the state shall not by
8 itself be sufficient to qualify such person as a resident.

9 **Sec. 4.** RCW 43.72.040 and 1994 c 4 s 3 are each amended to read as
10 follows:

11 The commission has the following powers and duties:

12 (1) Ensure that all residents of Washington state are enrolled in
13 a certified health plan to receive the uniform benefits package,
14 regardless of age, sex, family structure, ethnicity, race, health
15 condition, geographic location, employment, or economic status.

16 (2) Endeavor to ensure that all residents of Washington state have
17 access to appropriate, timely, confidential, and effective health
18 services, and monitor the degree of access to such services. If the
19 commission finds that individuals or populations lack access to
20 certified health plan services, the commission shall:

21 (a) Authorize appropriate state agencies, local health departments,
22 community or migrant health clinics, public hospital districts, or
23 other nonprofit health service entities to take actions necessary to
24 assure such access. This includes authority to contract for or
25 directly deliver services described within the uniform benefits package
26 to special populations; or

27 (b) Notify appropriate certified health plans and the insurance
28 commissioner of such findings. The commission shall adopt by rule
29 standards by which the insurance commissioner may, in such event,
30 require certified health plans in closest proximity to such individuals
31 and populations to extend their catchment areas to those individuals
32 and populations and offer them enrollment.

33 (3) Adopt necessary rules in accordance with chapter 34.05 RCW to
34 carry out the purposes of chapter 492, Laws of 1993. An initial set of
35 draft rules establishing at least the commission's organization
36 structure, the uniform benefits package, and standards for certified
37 health plan certification, must be submitted in draft form to
38 appropriate committees of the legislature by December 1, 1994.

1 (4) Establish and modify as necessary, in consultation with the
2 state board of health and the department of health, and coordination
3 with the planning process set forth in RCW 43.70.520 a uniform set of
4 health services based on the recommendations of the health care cost
5 control and access commission established under House Concurrent
6 Resolution No. 4443 adopted by the legislature in 1990.

7 (5) Establish and modify as necessary the uniform benefits package
8 as provided in RCW 43.72.130, which shall be offered to enrollees of a
9 certified health plan. The benefit package shall be provided at no
10 more than the maximum premium specified in subsection (6) of this
11 section.

12 (6)(a) Establish for each year a community-rated maximum premium
13 for the uniform benefits package that shall operate to control overall
14 health care costs. The maximum premium cost of the uniform benefits
15 package in the base year 1995 shall be established upon an actuarial
16 determination of the costs of providing the uniform benefits package
17 and such other cost impacts as may be deemed relevant by the
18 commission. Beginning in 1996, the growth rate of the premium cost of
19 the uniform benefits package for each certified health plan shall be
20 allowed to increase by a rate no greater than the average growth rate
21 in the cost of the package between 1990 and 1993 as actuarially
22 determined, reduced by two percentage points per year until the growth
23 rate is no greater than the five-year rolling average of growth in
24 Washington per capita personal income, as determined by the office of
25 financial management.

26 (b) In establishing the community-rated maximum premium under this
27 subsection, the commission shall review various methods for
28 establishing the community-rated maximum premium and shall recommend
29 such methods to the legislature by December 1, 1994.

30 The commission may develop and recommend a rate for employees that
31 provides nominal, if any, variance between the rate for individual
32 employees and employees with dependents to minimize any economic
33 incentive to an employer to discriminate between prospective employees
34 based upon whether or not they have dependents for whom coverage would
35 be required.

36 (c) If the commission adds or deletes services or benefits to the
37 uniform benefits package in subsequent years, it may increase or
38 decrease the maximum premium to reflect the actual cost experience of
39 a broad sample of providers of that service in the state, considering

1 the factors enumerated in (a) of this subsection and adjusted
2 actuarially. The addition of services or benefits shall not result in
3 a redetermination of the entire cost of the uniform benefits package.

4 (d) The level of state expenditures for the uniform benefits
5 package shall be limited to the appropriation of funds specifically for
6 this purpose.

7 (7) Determine the need for medical risk adjustment mechanisms to
8 minimize financial incentives for certified health plans to enroll
9 individuals who present lower health risks and avoid enrolling
10 individuals who present higher health risks, and to minimize financial
11 incentives for employer hiring practices that discriminate against
12 individuals who present higher health risks. In the design of medical
13 risk distribution mechanisms under this subsection, the commission
14 shall (a) balance the benefits of price competition with the need to
15 protect certified health plans from any unsustainable negative effects
16 of adverse selection; (b) consider the development of a system that
17 creates a risk profile of each certified health plan's enrollee
18 population that does not create disincentives for a plan to control
19 benefit utilization, that requires contributions from plans that enjoy
20 a low-risk enrollee population to plans that have a high-risk enrollee
21 population, and that does not permit an adjustment of the premium
22 charged for the uniform benefits package or supplemental coverage based
23 upon either receipt or contribution of assessments; and (c) consider
24 whether registered employer health plans should be included in any
25 medical risk adjustment mechanism. Proposed medical risk adjustment
26 mechanisms shall be submitted to the legislature as provided in RCW
27 43.72.180.

28 (8) Design a mechanism to assure minors have access to confidential
29 health care services as currently provided in RCW 70.24.110 and
30 71.34.030.

31 (9) Monitor the actual growth in total annual health services
32 costs.

33 (10) Monitor the increased application of technology as required by
34 chapter 492, Laws of 1993 and take necessary action to ensure that such
35 application is made in a cost-effective and efficient manner and
36 consistent with existing laws that protect individual privacy.

37 (11) Establish reporting requirements for certified health plans
38 that own or manage health care facilities, health care facilities, and
39 health care providers to periodically report to the commission

1 regarding major capital expenditures of the plans. The commission
2 shall review and monitor such reports and shall report to the
3 legislature regarding major capital expenditures on at least an annual
4 basis. The Washington health care facilities authority and the
5 commission shall develop standards jointly for evaluating and approving
6 major capital expenditure financing through the Washington health care
7 facilities authority, as authorized pursuant to chapter 70.37 RCW. By
8 December 1, 1994, the commission and the authority shall submit jointly
9 to the legislature such proposed standards. The commission and the
10 authority shall, after legislative review, but no later than June 1,
11 1995, publish such standards. Upon publication, the authority may not
12 approve financing for major capital expenditures unless approved by the
13 commission.

14 (12) Establish maximum enrollee financial participation levels.
15 The levels shall be related to enrollee household income.

16 (13) Establish rules requiring employee enrollee premium sharing,
17 as defined in RCW 43.72.010(9), be paid through deductions from wages
18 or earnings.

19 (14) For health services provided under the uniform benefits
20 package (~~(and supplemental benefits)~~), adopt standards for enrollment,
21 and standardized billing and claims processing forms. The standards
22 shall ensure that these procedures minimize administrative burdens on
23 health care providers, health care facilities, certified health plans,
24 and consumers. Subject to federal approval or phase-in schedules
25 whenever necessary or appropriate, the standards also shall apply to
26 state-purchased health services, as defined in RCW 41.05.011.

27 (15) Propose that certified health plans adopt certain practice
28 indicators or risk management protocols for quality assurance,
29 utilization review, or provider payment. The commission may consider
30 indicators or protocols recommended according to RCW 43.70.500 for
31 these purposes.

32 (16) Propose other guidelines to certified health plans for
33 utilization management, use of technology and methods of payment, such
34 as diagnosis-related groups and a resource-based relative value scale.
35 Such guidelines shall be voluntary and shall be designed to promote
36 improved management of care, and provide incentives for improved
37 efficiency and effectiveness within the delivery system.

38 (17) Adopt standards and oversee and develop policy for personal
39 health data and information system as provided in chapter 70.170 RCW.

1 (18) Adopt standards that prevent conflict of interest by health
2 care providers as provided in RCW 18.130.320.

3 (19) At the appropriate juncture and in the fullness of time,
4 consider the extent to which medical research and health professions
5 training activities should be included within the health service system
6 set forth in chapter 492, Laws of 1993.

7 (20) Evaluate and monitor the extent to which racial and ethnic
8 minorities have access to and receive health services within the state,
9 and develop strategies to address barriers to access.

10 (21) Develop standards for the certification process to certify
11 health plans and employer health plans to provide the uniform benefits
12 package, according to the provisions for certified health plans and
13 registered employer health plans under chapter 492, Laws of 1993.

14 (22) Develop rules for implementation of individual and employer
15 participation under RCW 43.72.210 and 43.72.220 specifically applicable
16 to persons who work in this state but do not live in the state or
17 persons who live in this state but work outside of the state. The
18 rules shall be designed so that these persons receive coverage and
19 financial requirements that are comparable to that received by persons
20 who both live and work in the state.

21 (23) After receiving advice from the health services effectiveness
22 committee, adopt rules that must be used by certified health plans,
23 disability insurers, health care service contractors, and health
24 maintenance organizations to determine whether a procedure, treatment,
25 drug, or other health service is no longer experimental or
26 investigative.

27 (24) Establish a process for purchase of uniform benefits package
28 services by enrollees when they are out-of-state.

29 (25) Develop recommendations to the legislature as to whether state
30 and school district employees, on whose behalf health benefits are or
31 will be purchased by the health care authority pursuant to chapter
32 41.05 RCW, should have the option to purchase health benefits through
33 health insurance purchasing cooperatives on and after July 1, 1997. In
34 developing its recommendations, the commission shall consider:

35 (a) The impact of state or school district employees purchasing
36 through health insurance purchasing cooperatives on the ability of the
37 state to control its health care costs; and

38 (b) Whether state or school district employees purchasing through
39 health insurance purchasing cooperatives will result in inequities in

1 health benefits between or within groups of state and school district
2 employees.

3 (26) Establish guidelines for providers dealing with terminal or
4 static conditions, taking into consideration the ethics of providers,
5 patient and family wishes, costs, and survival possibilities.

6 (27) Evaluate the extent to which Taft-Hartley health care trusts
7 provide benefits to certain individuals in the state; review the
8 federal laws under which these trusts are organized; and make
9 appropriate recommendations to the governor and the legislature on or
10 before December 1, 1994, as to whether these trusts should be brought
11 under the provisions of chapter 492, Laws of 1993 when it is fully
12 implemented, and if the commission recommends inclusion of the trusts,
13 how to implement such inclusion.

14 (28) Evaluate whether Washington is experiencing a higher
15 percentage in in-migration of residents from other states and
16 territories than would be expected by normal trends as a result of the
17 availability of unsubsidized and subsidized health care benefits for
18 all residents and report to the governor and the legislature their
19 findings.

20 (29) In developing the uniform benefits package and other standards
21 pursuant to this section, consider the likelihood of the establishment
22 of a national health services plan adopted by the federal government
23 and its implications.

24 (30) Evaluate the effect of reforms under chapter 492, Laws of 1993
25 on access to care and economic development in rural areas.

26 To the extent that the exercise of any of the powers and duties
27 specified in this section may be inconsistent with the powers and
28 duties of other state agencies, offices, or commissions, the authority
29 of the commission shall supersede that of such other state agency,
30 office, or commission, except in matters of personal health data, where
31 the commission shall have primary data system policy-making authority
32 and the department of health shall have primary responsibility for the
33 maintenance and routine operation of personal health data systems.

34 **Sec. 5.** RCW 43.72.090 and 1993 c 492 s 427 are each amended to
35 read as follows:

36 (1) On and after July 1, 1995, no person or entity in this state
37 shall provide the uniform benefits package (~~and supplemental~~

1 benefits)) as defined in RCW 43.72.010 without being certified as a
2 certified health plan by the insurance commissioner.

3 (2) On and after July 1, 1995, no certified health plan may offer
4 less than the uniform benefits package to residents of this state and
5 no registered employer health plan may provide less than the uniform
6 benefits package to its employees and their dependents.

7 **Sec. 6.** RCW 43.72.100 and 1993 c 492 s 428 are each amended to
8 read as follows:

9 A certified health plan shall:

10 (1) Provide the benefits included in the uniform benefits package
11 to enrolled Washington residents for a prepaid per capita community-
12 rated premium not to exceed the maximum premium established by the
13 commission and provide such benefits through managed care in accordance
14 with rules adopted by the commission;

15 ~~(2) ((Offer supplemental benefits to enrolled Washington residents
16 for a prepaid per capita community-rated premium and provide such
17 benefits through managed care in accordance with rules adopted by the
18 commission;~~

19 ~~(3))~~ Accept for enrollment any state resident within the plan's
20 service area and provide or assure the provision of all services within
21 the uniform benefits package ~~((and offer supplemental benefits))~~
22 regardless of age, sex, family structure, ethnicity, race, health
23 condition, geographic location, employment status, socioeconomic
24 status, other condition or situation, or the provisions of RCW
25 49.60.174(2). The insurance commissioner may grant a temporary
26 exemption from this subsection, if, upon application by a certified
27 health plan, the commissioner finds that the clinical, financial, or
28 administrative capacity to serve existing enrollees will be impaired if
29 a certified health plan is required to continue enrollment of
30 additional eligible individuals;

31 ~~((4))~~ (3) If the plan provides benefits through contracts with,
32 ownership of, or management of health care facilities and contracts
33 with or employs health care providers, demonstrate to the satisfaction
34 of the insurance commissioner in consultation with the department of
35 health and the commission that its facilities and personnel are
36 adequate to provide the benefits prescribed in the uniform benefits
37 package ~~((and offer supplemental benefits))~~ to enrolled Washington
38 residents, and that it is financially capable of providing such

1 residents with, or has made adequate contractual arrangements with
2 health care providers and facilities to provide enrollees with such
3 benefits;

4 ~~((+5+))~~ (4) Comply with portability of benefits requirements
5 prescribed by the commission;

6 ~~((+6+))~~ (5) Comply with administrative rules prescribed by the
7 commission, the insurance commissioner, and other state agencies
8 governing certified health plans;

9 ~~((+7+))~~ (6) Provide all enrollees with instruction and
10 informational materials to increase individual and family awareness of
11 injury and illness prevention; encourage assumption of personal
12 responsibility for protecting personal health; and stimulate discussion
13 about the use and limits of medical care in improving the health of
14 individuals and communities;

15 ~~((+8+))~~ (7) Disclose to enrollees the charity care requirements
16 under chapter 70.170 RCW;

17 ~~((+9+))~~ (8) Include in all of its contracts with health care
18 providers and health care facilities a provision prohibiting such
19 providers and facilities from billing enrollees for any amounts in
20 excess of applicable enrollee point of service cost-sharing obligations
21 for services included in the uniform benefits package ~~((and
22 supplemental benefits))~~;

23 ~~((+10+))~~ (9) Include in all of its contracts issued for uniform
24 benefits package ~~((and supplemental benefits))~~ coverage a subrogation
25 provision that allows the certified health plan to recover the costs of
26 uniform benefits package ~~((and supplemental benefits))~~ services
27 incurred to care for an enrollee injured by a negligent third party.
28 The costs recovered shall be limited to:

29 (a) If the certified health plan has not intervened in the action
30 by an injured enrollee against a negligent third party, then the amount
31 of costs the certified health plan can recover shall be limited to the
32 excess remaining after the enrollee has been fully compensated for his
33 or her loss minus a proportionate share of the enrollee's costs and
34 fees in bringing the action. The proportionate share shall be
35 determined by:

36 (i) The fees and costs approved by the court in which the action
37 was initiated; or

1 (ii) The written agreement between the attorney and client that
2 established fees and costs when fees and costs are not addressed by the
3 court.

4 When fees and costs have been approved by a court, after notice to
5 the certified health plan, the certified health plan shall have the
6 right to be heard on the matter of attorneys' fees and costs or its
7 proportionate share;

8 (b) If the certified health plan has intervened in the action by an
9 injured enrollee against a negligent third party, then the amount of
10 costs the certified health plan can recover shall be the excess
11 remaining after the enrollee has been fully compensated for his or her
12 loss or the amount of the plan's incurred costs, whichever is less;

13 ~~((+11))~~ (10) Establish and maintain a grievance procedure approved
14 by the commissioner, to provide a reasonable and effective resolution
15 of complaints initiated by enrollees concerning any matter relating to
16 the provision of benefits under the uniform benefits package ~~((and~~
17 ~~supplemental benefits))~~, access to health care services, and quality of
18 services. Each certified health plan shall respond to complaints filed
19 with the insurance commissioner within fifteen working days. The
20 insurance commissioner in consultation with the commission shall
21 establish standards for resolution of grievances;

22 ~~((+12))~~ (11) Comply with the provisions of chapter 48.30 RCW
23 prohibiting unfair and deceptive acts and practices to the extent such
24 provisions are not specifically modified or superseded by the
25 provisions of chapter 492, Laws of 1993 and be prohibited from offering
26 or supplying incentives that would have the effect of avoiding the
27 requirements of subsection ~~((+3))~~ (2) of this section;

28 ~~((+13))~~ (12) Have culturally sensitive health promotion programs
29 that include approaches that are specifically effective for persons of
30 color and accommodating to different cultural value systems, gender,
31 and age;

32 ~~((+14))~~ (13) Permit every category of health care provider to
33 provide health services or care for conditions included in the uniform
34 benefits package to the extent that:

35 (a) The provision of such health services or care is within the
36 health care providers' permitted scope of practice; and

37 (b) The providers agree to abide by standards related to:

38 (i) Provision, utilization review, and cost containment of health
39 services;

1 (ii) Management and administrative procedures; and
2 (iii) Provision of cost-effective and clinically efficacious health
3 services;

4 (~~(15)~~) (14) Establish the geographic boundaries in which they
5 will obligate themselves to deliver the services required under the
6 uniform benefits package and include such information in their
7 application for certification, but the commissioner shall review such
8 boundaries and may disapprove, in conformance with guidelines adopted
9 by the commission, those that have been clearly drawn to be
10 exclusionary within a health care catchment area;

11 (~~(16)~~) (15) Annually report the names and addresses of all
12 officers, directors, or trustees of the certified health plan during
13 the preceding year, and the amount of wages, expense reimbursements, or
14 other payments to such individuals;

15 (~~(17)~~) (16) Annually report the number of residents enrolled and
16 terminated during the previous year. Additional information regarding
17 the enrollment and termination pattern for a certified health plan may
18 be required by the commissioner to determine compliance with the open
19 enrollment and free access requirements of chapter 492, Laws of 1993;
20 and

21 (~~(18)~~) (17) Disclose any financial interests held by officers and
22 directors in any facilities associated with or operated by the
23 certified health plan.

24 **Sec. 7.** RCW 43.72.120 and 1993 c 492 s 430 are each amended to
25 read as follows:

26 Consistent with the provisions of RCW 43.72.220, a registered
27 employer health plan shall:

28 (1) Register with the insurance commissioner by filing its plan of
29 management and operation including but not limited to information
30 required by the commissioner sufficient for a determination by the
31 commissioner that such plan meets the requirements of this section and
32 any rules adopted by the health services commission and the insurance
33 commissioner pertaining to such plans.

34 (2) Provide the benefits included in the uniform benefits package
35 to employees and their dependents for a prepaid, community-rated
36 premium not to exceed the maximum premium established by the commission
37 and provide such benefits through managed care in accordance with rules
38 adopted by the commission.

1 (3) (~~Offer supplemental benefits to employees and their dependents~~
2 ~~for a prepaid, community-rated premium and provide such benefits~~
3 ~~through managed care in accordance with rules adopted by the~~
4 ~~commission. Benefits offered by such plan need not comply with the~~
5 ~~provisions of RCW 43.72.160 and 43.72.170.~~

6 (4)) Provide or assure the provision of all services within the
7 uniform benefits package (~~and offer supplemental benefits~~) regardless
8 of age, sex, family structure, ethnicity, race, health condition,
9 socioeconomic status, or other condition or situation, or the
10 provisions of RCW 49.60.174(2).

11 (~~(5)~~) (4) If the plan provides benefits through contracts with,
12 ownership of, or management of health care facilities and contracts
13 with or employs health care providers, demonstrate to the satisfaction
14 of the insurance commissioner in consultation with the department of
15 health and the commission that its facilities and personnel are
16 adequate to provide the uniform benefits package (~~and any supplemental~~
17 ~~benefits~~) or has made adequate contractual arrangements with health
18 care providers and facilities to provide employees and their dependents
19 with such benefits.

20 (~~(6)~~) (5) Comply with portability of benefits requirements
21 prescribed by the commission for registered employer health plans.

22 (~~(7)~~) (6) Comply with administrative rules prescribed by the
23 commission, the insurance commissioner, and other state agencies
24 governing registered employer health plans.

25 (~~(8)~~) (7) Provide all employees and their dependents enrolled in
26 the plan with instruction and informational materials to increase
27 individual and family awareness of injury and illness prevention;
28 encourage assumption of personal responsibility for protecting personal
29 health; and stimulate discussion about the use and limits of medical
30 care in improving the health of individuals and communities.

31 (~~(9)~~) (8) Include in all of its contracts with health care
32 providers and health care facilities a provision prohibiting such
33 providers and facilities from billing employees and their dependents
34 enrolled in the plan for any amounts in excess of applicable enrollee
35 point of service, cost-sharing obligations for services included in the
36 uniform benefits package (~~and supplemental benefits~~).

37 (~~(10)~~) (9) Include in all of its contracts issued for uniform
38 benefits package (~~and supplemental benefits~~) coverage a subrogation
39 provision that allows the plan to recover the costs of uniform benefits

1 package (~~(and supplemental benefit)~~) services incurred to care for a
2 plan enrollee injured by a negligent third party. The costs recovered
3 shall be limited to:

4 (a) If the plan has not intervened in the action by an injured plan
5 enrollee against a negligent third party, then the amount of costs the
6 plan can recover shall be limited to the excess remaining after the
7 plan enrollee has been fully compensated for his or her loss minus a
8 proportionate share of the enrollee's costs and fees in bringing the
9 action. The proportionate share shall be determined by:

10 (i) The fees and costs approved by the court in which the action
11 was initiated; or

12 (ii) The written agreement between the attorney and client that
13 established fees and costs when fees and costs are not addressed by the
14 court.

15 When fees and costs have been approved by a court, after notice to
16 the plan, the plan shall have the right to be heard on the matter of
17 attorneys' fees and costs or its proportionate share;

18 (b) If the plan has intervened in the action by an injured enrollee
19 against a negligent third party, then the amount of costs the plan can
20 recover shall be the excess remaining after the enrollee has been fully
21 compensated for his or her loss or the amount of the plan's incurred
22 costs, whichever is less.

23 (~~(11)~~) (10) Establish and maintain a grievance procedure approved
24 by the insurance commissioner, to provide a reasonable and effective
25 resolution of complaints initiated by plan enrollees concerning any
26 matter relating to the provision of benefits under the uniform benefits
27 package (~~(and supplemental benefits)~~), access to health care services,
28 and quality of services. Each plan shall respond to complaints filed
29 with the insurance commissioner within fifteen working days. The
30 insurance commissioner in consultation with the commission shall
31 establish standards for resolution of grievances by enrollees of
32 registered employer health plans.

33 (~~(12)~~) (11) Have culturally sensitive health promotion programs
34 that include approaches that are specifically effective for persons of
35 color and accommodating to different cultural value systems, gender,
36 and age.

37 (~~(13)~~) (12) Permit every category of health care provider to
38 provide health services or care for conditions included in the uniform
39 benefits package to the extent that:

1 (a) The provision of such health services or care is within the
2 health care providers' permitted scope of practice; and

3 (b) The providers agree to abide by standards related to:

4 (i) Provision, utilization review, and cost containment of health
5 services;

6 (ii) Management and administrative procedures; and

7 (iii) Provision of cost-effective and clinically efficacious health
8 services.

9 ~~((14))~~ (13) Pay to the state treasurer a tax equivalent to the
10 tax applied to taxpayers under RCW 48.14.0201 in accordance with rules
11 adopted by the department of revenue.

12 ~~((15))~~ (14) File their uniform benefits package ~~((and~~
13 ~~supplemental—benefits))~~ with the insurance commissioner who may
14 disapprove and order a modification of such package or benefits if such
15 package or benefits fail to meet any standards or rules adopted by the
16 commission pertaining to maximum premiums, enrollee financial
17 participation, point of service cost-sharing, benefit design, or health
18 service delivery.

19 ~~((16))~~ (15) Comply with and shall be subject to RCW 48.43.170,
20 43.72.300, and 43.72.310.

21 ~~((17))~~ (16) Pay an annual fee to the insurance commissioner's
22 office in an amount established by rule of the commissioner necessary
23 for the performance of the commissioner's responsibilities under this
24 section consistent with and subject to the collection, depositing, and
25 spending provisions applicable to fees collected pursuant to RCW
26 48.02.190.

27 ~~((18))~~ (17) File an annual report with the commissioner
28 containing such information as the commissioner may require to
29 determine compliance with this section.

30 ~~((19))~~ (18) In addition to any other penalties prescribed by law,
31 be subject to the penalties contained in RCW 48.43.010 for violations
32 of this section.

33 **Sec. 8.** RCW 43.72.160 and 1993 c 492 s 452 are each amended to
34 read as follows:

35 No uniform benefits package ~~((or—supplemental—benefits))~~ may be
36 offered, delivered, or issued for delivery to any person in this state
37 unless it otherwise complies with chapter 492, Laws of 1993, and
38 complies with the following:

1 (1) All certified health plan forms for the uniform ((and
2 ~~supplemental~~)) benefits issued by the plan to enrollees and such other
3 marketing documents purporting to describe the plan's benefits shall
4 comply with the minimum standards the commissioner deems reasonable and
5 necessary to carry out the purposes and provisions of this chapter and
6 consistent with health services commission standards. The plan's forms
7 and documents shall fully inform enrollees of the health services to
8 which they are entitled, and shall fully disclose any limitations,
9 exclusions, rights, responsibilities, and duties required of either the
10 enrollee or the certified health plan. No form or document may be
11 issued, delivered, or issued for delivery unless it has been filed with
12 and approved by the commissioner.

13 (2) Every form or document filing containing a certification, in a
14 manner approved by the commissioner, by either the chief executive
15 officer of the plan or by an actuary who is a member of the American
16 academy of actuaries, attesting that the filing complies with Title 48
17 RCW, Title 284 WAC, and this chapter, may be used by such certified
18 health plan immediately after filing with the commissioner. The
19 commissioner may order a plan to cease using a certified form or
20 document upon the grounds set forth in subsection (6) of this section.

21 (3) Every filing that does not contain a certification pursuant to
22 subsection (2) of this section shall be made not less than thirty days
23 in advance of any such issuance, delivery, or use. At the expiration
24 of such thirty days the form or document filed shall be deemed approved
25 unless affirmatively approved or disapproved by the commissioner within
26 the thirty-day period. The commissioner may extend by not more than an
27 additional fifteen days the period within which the commissioner may
28 review such filing, by notifying the plan of the extension before
29 expiration of the initial thirty-day period. At the expiration of any
30 extension period and in the absence of prior affirmative approval or
31 disapproval, any such form or document shall be deemed approved. The
32 commissioner may withdraw approval at any time for cause. By approval
33 of any filing for immediate use, the commissioner may waive any
34 unexpired portion of the initial thirty-day waiting period.

35 (4) Whenever the commissioner disapproves a filing or withdraws a
36 previous approval, the commissioner shall state the grounds for
37 disapproval.

38 (5) The commissioner may exempt from the requirements of this
39 section any plan document or form that, in the commissioner's opinion,

1 may not practicably be applied to, or the filing and approval of which
2 are, in the commissioner's opinion, not desirable or necessary for the
3 protection of the public.

4 (6) The commissioner shall disapprove any form or document or shall
5 withdraw any previous approval, only:

6 (a) If it is in any respect in violation of or does not comply with
7 Title 48 RCW, Title 284 WAC, and this chapter, or any applicable order
8 of the commissioner;

9 (b) If it does not comply with any controlling filing previously
10 made and approved;

11 (c) If it contains or incorporates by reference any inconsistent,
12 ambiguous, or misleading clauses, or exceptions and conditions that
13 unreasonably or deceptively affect the health services purported to be
14 offered or provided;

15 (d) If it has any title, heading, or other indication of its
16 provisions that is misleading;

17 (e) If purchase of health services under the form or document is
18 being solicited by deceptive advertising; or

19 (f) If the health service benefits provided in the form or document
20 are unreasonable in relation to the premium charged.

21 **Sec. 9.** RCW 43.72.170 and 1993 c 492 s 453 are each amended to
22 read as follows:

23 (1) Premium rates for the uniform benefits package ((~~and~~
24 ~~supplemental benefits~~)) shall not be excessive or inadequate, and shall
25 not discriminate in a manner prohibited by RCW 43.72.100(3). Premium
26 rates, enrollee point of service cost-sharing, or maximum enrollee
27 financial participation amounts for a uniform benefits package may not
28 exceed the limits established by the health services commission in
29 accordance with RCW 43.72.040. Premium rates for the uniform benefits
30 package ((~~and supplemental benefits~~)) shall be developed on a
31 community-rated basis as determined by the health services commission.

32 (2) Prior to using, every certified health plan shall file with the
33 commissioner its enrollee point of service, cost-sharing amounts,
34 enrollee financial participation amounts, rates, its rating plan, and
35 any other information used to determine the specific premium to be
36 charged any enrollee and every modification of any of the foregoing.

37 (3) Every such filing shall indicate the type and extent of the
38 health services contemplated and must be accompanied by sufficient

1 information to permit the commissioner to determine whether it meets
2 the requirements of this chapter. A plan shall offer in support of any
3 filing:

4 (a) Any historical data and actuarial projections used to establish
5 the rate filed;

6 (b) An exhibit detailing the major elements of operating expense
7 for the types of health services affected by the filing;

8 (c) An explanation of how investment income has been taken into
9 account in the proposed rates;

10 (d) Any other information that the plan deems relevant; and

11 (e) Any other information that the commissioner requires by rule.

12 (4) If a plan has insufficient loss experience to support its
13 proposed rates, it may submit loss experience for similar exposures of
14 other plans within the state.

15 (5) Every filing shall state its proposed effective date.

16 (6) Actuarial formulas, statistics, and assumptions submitted in
17 support of a rate or form filing by a plan or submitted to the
18 commissioner at the commissioner's request shall be withheld from
19 public inspection in order to preserve trade secrets or prevent unfair
20 competition.

21 (7) No plan may make or issue a benefits package except in
22 accordance with its filing then in effect.

23 (8) The commissioner shall review a filing as soon as reasonably
24 possible after made, to determine whether it meets the requirements of
25 this section.

26 (9)(a) No filing may become effective within thirty days after the
27 date of filing with the commissioner, which period may be extended by
28 the commissioner for an additional period not to exceed fifteen days if
29 the commissioner gives notice within such waiting period to the plan
30 that the commissioner needs additional time to consider the filing.

31 (b) A filing shall be deemed to meet the requirements of this
32 section unless disapproved by the commissioner within the waiting
33 period or any extension period.

34 (c) If within the waiting or any extension period, the commissioner
35 finds that a filing does not meet the requirements of this section, the
36 commissioner shall disapprove the filing, shall notify the plan of the
37 grounds for disapproval, and shall prohibit the use of the disapproved
38 filing.

1 (10) If at any time after the applicable review period provided in
2 this section, the commissioner finds that a filing does not meet the
3 requirements of this section, the commissioner shall, after notice and
4 hearing, issue an order specifying in what respect the commissioner
5 finds that such filing fails to meet the requirements of this section,
6 and stating when, within a reasonable period thereafter, the filings
7 shall be deemed no longer effective.

8 The order shall not affect any benefits package made or issued
9 prior to the expiration of the period set forth in the order.

10 **Sec. 10.** RCW 43.72.190 and 1993 c 492 s 455 are each amended to
11 read as follows:

12 (1) Nothing in chapter 492, Laws of 1993 shall preclude insurers,
13 health care service contractors, health maintenance organizations, or
14 certified health plans from insuring, providing, or contracting for
15 benefits not included in the uniform benefits package (~~or in~~
16 ~~supplemental benefits~~)).

17 (2) Nothing in chapter 492, Laws of 1993 shall restrict the right
18 of an employer to offer, an employee representative to negotiate for,
19 or an individual to purchase (~~supplemental or~~) additional benefits
20 not included in the uniform benefits package.

21 (3) Nothing in chapter 492, Laws of 1993 shall restrict the right
22 of an employer to offer or an employee representative to negotiate for
23 payment of up to one hundred percent of the premium of the lowest
24 priced uniform benefits package available in the geographic area where
25 the employer is located.

26 (4) Nothing in chapter 492, Laws of 1993 shall be construed to
27 affect the collective bargaining rights of employee organizations to
28 the extent that federal law specifically restricts the ability of
29 states to limit collective bargaining rights of employee organizations.

30 (5) After July 1, 1999, no property or casualty insurance policy
31 issued in this state may provide first-party coverage for health
32 services to the extent that such services are provided under a uniform
33 benefits package covering the resident to whom such property or
34 casualty insurance policy is issued.

35 **Sec. 11.** RCW 43.72.810 and 1993 c 492 s 474 are each amended to
36 read as follows:

1 (1) The commission shall determine the state and federal laws that
2 would need to be repealed, amended, or waived to implement chapter 492,
3 Laws of 1993, and report its recommendations, with proposed revisions
4 to the Revised Code of Washington, to the governor, and appropriate
5 committees of the legislature by July 1, 1994.

6 (2) The governor, in consultation with the commission, shall take
7 the following steps in an effort to receive waivers or exemptions from
8 federal statutes necessary to fully implement chapter 492, Laws of 1993
9 to include, but not be limited to:

10 (a) Negotiate with the United States congress and the federal
11 department of health and human services, health care financing
12 administration to obtain a statutory or regulatory waiver of provisions
13 of the medical assistance statute, Title XIX of the federal social
14 security act that currently constitute barriers to full implementation
15 of provisions of chapter 492, Laws of 1993 related to access to health
16 services for low-income residents of Washington state. Such waivers
17 shall include any waiver needed to require that: (i) Medical
18 assistance recipients enroll in managed care systems, as defined in
19 chapter 492, Laws of 1993; and (ii) enrollee point of service, cost-
20 sharing levels adopted pursuant to RCW 43.72.130 be applied to medical
21 assistance recipients. In negotiating the waiver, consideration shall
22 be given to the degree to which (~~supplemental~~) additional benefits
23 should be offered to medicaid recipients, if at all. Waived provisions
24 may include and are not limited to: Categorical eligibility
25 restrictions related to age, disability, blindness, or family
26 structure; income and resource limitations tied to financial
27 eligibility requirements of the federal aid to families with dependent
28 children and supplemental security income programs; administrative
29 requirements regarding single state agencies, choice of providers, and
30 fee for service reimbursement; and other limitations on health services
31 provider payment methods.

32 (b) Negotiate with the United States congress and the federal
33 department of health and human services, health care financing
34 administration to obtain a statutory or regulatory waiver of provisions
35 of the medicare statute, Title XVIII of the federal social security act
36 that currently constitute barriers to full implementation of provisions
37 of chapter 492, Laws of 1993 related to access to health services for
38 elderly and disabled residents of Washington state. Such waivers shall
39 include any waivers needed to implement managed care programs. Waived

1 provisions include and are not limited to: Beneficiary cost-sharing
2 requirements; restrictions on scope of services; and limitations on
3 health services provider payment methods.

4 (c) Negotiate with the United States congress and the federal
5 department of health and human services to obtain any statutory or
6 regulatory waivers of provisions of the United States public health
7 services act necessary to ensure integration of federally funded
8 community and migrant health clinics and other health services funded
9 through the public health services act into the health services system
10 established pursuant to chapter 492, Laws of 1993. The commission
11 shall request in the waiver that funds from these sources continue to
12 be allocated to federally funded community and migrant health clinics
13 to the extent that such clinics' patients are not yet enrolled in
14 certified health plans.

15 (d) Negotiate with the United States congress to obtain a statutory
16 exemption from provisions of the employee retirement income security
17 act that limit the state's ability to ensure that all employees and
18 their dependents in the state comply with the requirement to enroll in
19 certified health plans, and have their employers participate in
20 financing their enrollment in such plans.

21 (e) Request that the United States congress amend the internal
22 revenue code to treat employee premium contributions to plans, such as
23 the basic health plan or the uniform benefits package offered through
24 a certified health plan, as fully deductible from adjusted gross
25 income.

26 (3) On or before December 1, 1995, the commission shall report the
27 following to the appropriate committees of the legislature:

28 (a) The status of its efforts to obtain the waivers provided in
29 subsection (2) of this section;

30 (b) If all federal statutory or regulatory waivers necessary to
31 fully implement chapter 492, Laws of 1993 have not been obtained:

32 (i) The extent to which chapter 492, Laws of 1993 can be
33 implemented without receipt of all of such waivers; and

34 (ii) Changes in chapter 492, Laws of 1993 necessary to implement a
35 residency-based health services system using one or a limited number of
36 sponsors, or an alternative system that will ensure access to care and
37 control health services costs.

1 **Sec. 12.** RCW 48.01.210 and 1993 c 462 s 51 are each amended to
2 read as follows:

3 (1) An insurer, health care service contractor, or health
4 maintenance organization that offers coverage for dental services and
5 is in full compliance with all applicable laws under chapter 48.05,
6 48.44, or 48.46 RCW governing the financial supervision and solvency of
7 such organizations, including but not limited to laws concerning
8 capital and surplus requirements, reserves, deposits, bonds, and
9 indemnities, may provide coverage for dental services, to individuals
10 and to employers for the benefit of employees or for the benefit of
11 employees and their dependents, by separate policy, contract, or rider.
12 If an individual or an employer purchases coverage for dental services
13 from such a company and the coverage is part of the uniform benefits
14 package designed by the Washington health services commission, the
15 certified health plan covering the individual, employees, or employees
16 and dependents need not provide dental services under the uniform
17 benefits package. A certified health plan may subcontract with such a
18 company to provide any dental services required under the uniform
19 benefits package.

20 (2) An insurer, health care service contractor, or health
21 maintenance organization described in subsection (1) of this section is
22 deemed certified and registered as a certified health plan under RCW
23 43.72.090 and 48.43.010 for the delivery of coverage for dental
24 services. The Washington health services commission and the
25 commissioner shall adopt standards and procedures to permit, upon
26 request, the prompt certification and registration of such a company.
27 Such a company may offer coverage for dental services (~~supplemental~~)
28 in addition to the uniform benefits package(~~(, but the supplemental~~
29 ~~benefits are not subject to RCW 43.72.100, 43.72.160, and 43.72.170)~~).

30 **Sec. 13.** RCW 48.43.050 and 1993 c 492 s 436 are each amended to
31 read as follows:

32 (1) Every certified health plan shall annually not later than March
33 1 of the calendar year, file with the insurance commissioner a
34 statement verified by at least two of its principal officers showing
35 its financial condition as of December 31 of the preceding year.

36 (2) Such annual report shall be in such form as the insurance
37 commissioner shall prescribe and shall include:

1 (a) A financial statement of the certified health plan, including
2 its balance sheet and receipts and disbursements for the preceding
3 year, which reflects at a minimum:

4 (i) All prepayments and other payments received for health care
5 services rendered pursuant to certified health plan benefit packages;

6 (ii) Expenditures to all categories of health care facilities,
7 providers, and organizations with which the plan has contracted to
8 fulfill obligations to enrolled residents arising out of the uniform
9 benefits package and other approved (~~supplemental~~) benefit
10 agreements, together with all other direct expenses including
11 depreciation, enrollment, and commission; and

12 (iii) Expenditures for capital improvements, or additions thereto,
13 including but not limited to construction, renovation, or purchase of
14 facilities and capital equipment;

15 (b) A report of the names and addresses of all officers, directors,
16 or trustees of the certified health plan during the preceding year, and
17 the amount of wages, expense reimbursements, or other payments to such
18 individuals;

19 (c) The number of residents enrolled and terminated during the
20 report period. Additional information regarding the enrollment and
21 termination pattern for a certified health plan may be required by the
22 commissioner to demonstrate compliance with the open enrollment and
23 free access requirements of chapter 492, Laws of 1993. The insurance
24 commissioner shall specify additional information to be reported, which
25 may include but not be limited to age, sex, location, and health status
26 information;

27 (d) Such other information relating to the performance of the
28 certified health plan or the health care facilities or providers with
29 which it has contracted as reasonably necessary to the proper and
30 effective administration of this chapter in accordance with rules;

31 (e) Disclosure of any financial interests held by officers and
32 directors in any providers associated with the certified health plan or
33 provider of the certified health plan.

34 (3) The commissioner may require quarterly reporting of financial
35 information, such information to be furnished in a format prescribed by
36 the commissioner in consultation with the commission.

37 (4) The commissioner may for good reason allow a reasonable
38 extension of time within which such annual statement shall be filed.

1 (5) The commissioner may suspend or revoke the certificate of a
2 certified health plan for failing to file its annual statement when due
3 or during any extension of time therefor that the commissioner, for
4 good cause, may grant.

5 (6) The commissioner shall provide to the health services
6 commission an annual summary report of at least the information
7 required in subsections (2) and (3) of this section.

8 (7) No person may knowingly file with any public official or
9 knowingly make, publish, or disseminate any financial statement of a
10 certified health plan that does not accurately state the certified
11 health plan's financial condition.

12 NEW SECTION. **Sec. 14.** This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of the
14 state government and its existing public institutions, and shall take
15 effect July 1, 1995.

--- END ---