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**SUBSTITUTE HOUSE BILL 2694**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Van Luven, Anderson, Mielke, Broback, Schmidt, Ferguson, Dorn, Zellinsky, Winsley, May, Wynne and Mitchell)

Read first time 02/07/92.

1       AN ACT Relating to cancellation and nonrenewal of individual health  
2 insurance policies; adding a new section to chapter 48.20 RCW; adding  
3 a new section to chapter 48.44 RCW; adding a new section to chapter  
4 48.46 RCW; and creating a new section.

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

6       NEW SECTION.   **Sec. 1.** A new section is added to chapter 48.20 RCW  
7 to read as follows:

8       (1) No disability insurer may decline to renew an individual  
9 disability insurance policy except for nonpayment of premium or cost-  
10 sharing amounts owed to the insurer, misrepresentation, fraud, or for  
11 cause as authorized by the commissioner. The insurer may modify an  
12 individual policy form issued to the insured if such modifications are  
13 made on a class basis. The insurer may terminate an individual policy  
14 form if the insurer offers all policyholders having such coverage its

1 most equivalent alternative coverage without health screening or, upon  
2 obtaining the written approval of the commissioner, it obtains for the  
3 persons covered under the policy, coverage with another health  
4 maintenance organization, health care service contractor, or insurer  
5 which coverage provides equivalent benefits for value paid.

6 (2) The commissioner shall adopt rules prohibiting insurers from  
7 engaging in a pattern or practice of subjecting high risk persons to  
8 substantial rate increases by discontinuing issuance of individual  
9 policy forms and requiring the high risk insured with such coverage to  
10 undergo health screening to qualify for coverage under new, lower cost  
11 individual policy forms. The insurer may limit issuance of coverage  
12 without health screening under the new policy form to a period of not  
13 less than thirty days from the date such coverage is offered to the  
14 insured.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.44 RCW  
16 to read as follows:

17 (1) No health care service contractor may decline to renew an  
18 individual health care service contract except for nonpayment of  
19 premium or cost-sharing amounts owed to the contractor,  
20 misrepresentation, fraud, or for cause as authorized by the  
21 commissioner. The health care service contractor may modify an  
22 individual contract issued to the insured or subscriber if such  
23 modifications are made on a class basis. The health care service  
24 contractor may terminate an individual health care service contract  
25 form if the contractor offers all insureds or subscribers having such  
26 coverage its most equivalent alternative coverage without health  
27 screening or, upon obtaining the written approval of the commissioner,  
28 it obtains for the persons covered under the contract, coverage with  
29 another health care service contractor, health maintenance

1 organization, or insurer which coverage provides equivalent benefits  
2 for value paid.

3 (2) The commissioner shall adopt rules prohibiting health care  
4 service contractors from engaging in a pattern or practice of  
5 subjecting high risk persons to substantial rate increases by  
6 discontinuing issuance of individual health care service contract forms  
7 and requiring the high risk insured or subscriber with such coverage to  
8 undergo health screening to qualify for coverage under new, lower cost  
9 individual health care service contract forms. The health care service  
10 contractor may limit issuance of coverage without health screening  
11 under the new contract form to a period of not less than thirty days  
12 from the date such coverage is offered to the covered person.

13 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.46 RCW  
14 to read as follows:

15 (1) No health maintenance organization may decline to renew an  
16 individual health maintenance agreement except for nonpayment of  
17 premium or cost-sharing amounts owed to the health maintenance  
18 organization, misrepresentation, fraud, or for cause as authorized by  
19 the commissioner. The health maintenance organization may modify an  
20 individual agreement issued to the enrolled participant or subscriber  
21 if such modifications are made on a class basis. The health  
22 maintenance organization may terminate an individual health maintenance  
23 agreement form if the organization offers all enrolled participants  
24 having such coverage its most equivalent alternative coverage without  
25 health screening or, upon obtaining the written approval of the  
26 commissioner, it obtains for the persons covered under the agreement,  
27 coverage with another health maintenance organization, health care  
28 service contractor, or insurer which coverage provides equivalent  
29 benefits for value paid.

1           (2) The commissioner shall adopt rules prohibiting health  
2 maintenance organizations from engaging in a pattern or practice of  
3 subjecting high risk persons to substantial rate increases by  
4 discontinuing issuance of individual health maintenance agreement forms  
5 and requiring the high risk enrolled participants with such coverage to  
6 undergo health screening to qualify for coverage under new, lower cost  
7 individual health maintenance agreement forms. The health maintenance  
8 organization may limit enrollment without health screening under the  
9 new contract form to a period of not less than thirty days from the  
10 date such form is offered to the subscriber.

11           NEW SECTION.   **Sec. 4.**           The provisions of this act apply to all  
12 individual policies, contracts, and agreements issued, amended, or  
13 renewed after December 31, 1992.