
HOUSE BILL 1590

State of Washington

55th Legislature

1997 Regular Session

By Representatives Dyer and Backlund

Read first time 01/31/97. Referred to Committee on Health Care.

1 AN ACT Relating to the definition of health plan; amending RCW
2 48.43.005; and declaring an emergency.

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

4 **Sec. 1.** RCW 48.43.005 and 1995 c 265 s 4 are each amended to read
5 as follows:

6 Unless otherwise specifically provided, the definitions in this
7 section apply throughout this chapter.

8 (1) "Adjusted community rate" means the rating method used to
9 establish the premium for health plans adjusted to reflect actuarially
10 demonstrated differences in utilization or cost attributable to
11 geographic region, age, family size, and use of wellness activities.

12 (2) "Covered person" or "enrollee" means a person covered by a
13 health plan including an enrollee, subscriber, policyholder,
14 beneficiary of a group plan, or individual covered by any other health
15 plan.

16 (3) "Eligible employee" means an employee who works on a full-time
17 basis with a normal work week of thirty or more hours. The term
18 includes a self-employed individual, including a sole proprietor, a
19 partner of a partnership, and may include an independent contractor, if

1 the self-employed individual, sole proprietor, partner, or independent
2 contractor is included as an employee under a health benefit plan of a
3 small employer, but does not work less than thirty hours per week and
4 derives at least seventy-five percent of his or her income from a trade
5 or business through which he or she has attempted to earn taxable
6 income and for which he or she has filed the appropriate internal
7 revenue service form. Persons covered under a health benefit plan
8 pursuant to the consolidated omnibus budget reconciliation act of 1986
9 shall not be considered eligible employees for purposes of minimum
10 participation requirements of chapter 265, Laws of 1995.

11 (4) "Enrollee point-of-service cost-sharing" means amounts paid to
12 health carriers directly providing services, health care providers, or
13 health care facilities by enrollees and may include copayments,
14 coinsurance, or deductibles.

15 (5) "Health care facility" or "facility" means hospices licensed
16 under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW,
17 rural health care facilities as defined in RCW 70.175.020, psychiatric
18 hospitals licensed under chapter 71.12 RCW, nursing homes licensed
19 under chapter 18.51 RCW, community mental health centers licensed under
20 chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed
21 under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical
22 facilities licensed under chapter 70.41 RCW, drug and alcohol treatment
23 facilities licensed under chapter 70.96A RCW, and home health agencies
24 licensed under chapter 70.127 RCW, and includes such facilities if
25 owned and operated by a political subdivision or instrumentality of the
26 state and such other facilities as required by federal law and
27 implementing regulations.

28 (6) "Health care provider" or "provider" means:

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

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

34 (7) "Health care service" means that service offered or provided by
35 health care facilities and health care providers relating to the
36 prevention, cure, or treatment of illness, injury, or disease.

37 (8) "Health carrier" or "carrier" means a disability insurer
38 regulated under chapter 48.20 or 48.21 RCW, a health care service

1 contractor as defined in RCW 48.44.010, or a health maintenance
2 organization as defined in RCW 48.46.020.

3 (9) "Health plan" or "health benefit plan" means any policy,
4 contract, or agreement offered by a health carrier to provide, arrange,
5 reimburse, or pay for health care service except the following:

6 (a) Long-term care insurance governed by chapter 48.84 RCW;

7 (b) Medicare supplemental health insurance governed by chapter
8 48.66 RCW;

9 (c) Limited health care service offered by limited health care
10 service contractors in accordance with RCW 48.44.035;

11 (d) Disability income;

12 (e) Coverage incidental to a property/casualty liability insurance
13 policy such as automobile personal injury protection coverage and
14 homeowner guest medical;

15 (f) Workers' compensation coverage;

16 (g) Accident only coverage;

17 (h) Specified disease and hospital confinement indemnity when
18 marketed solely as a supplement to a health plan;

19 (i) Employer-sponsored self-funded health plans; (~~and~~)

20 (j) Dental only and vision only coverage; and

21 (k) Plans deemed by the insurance commissioner to have a short-term
22 limited purpose or duration, or to be a student-only plan that is
23 guaranteed renewable while the covered person is enrolled as a regular
24 full-time undergraduate or graduate student at an accredited higher
25 education institution, after a written request for such classification
26 by the carrier and subsequent written approval by the insurance
27 commissioner.

28 (10) "Basic health plan services" means that schedule of covered
29 health services, including the description of how those benefits are to
30 be administered, that are required to be delivered to an enrollee under
31 the basic health plan, as revised from time to time.

32 (11) "Preexisting condition" means any medical condition, illness,
33 or injury that existed any time prior to the effective date of
34 coverage.

35 (12) "Premium" means all sums charged, received, or deposited by a
36 health carrier as consideration for a health plan or the continuance of
37 a health plan. Any assessment or any "membership," "policy,"
38 "contract," "service," or similar fee or charge made by a health
39 carrier in consideration for a health plan is deemed part of the

1 premium. "Premium" shall not include amounts paid as enrollee point-
2 of-service cost-sharing.

3 (13) "Small employer" means any person, firm, corporation,
4 partnership, association, political subdivision except school
5 districts, or self-employed individual that is actively engaged in
6 business that, on at least fifty percent of its working days during the
7 preceding calendar quarter, employed no more than fifty eligible
8 employees, with a normal work week of thirty or more hours, the
9 majority of whom were employed within this state, and is not formed
10 primarily for purposes of buying health insurance and in which a bona
11 fide employer-employee relationship exists. In determining the number
12 of eligible employees, companies that are affiliated companies, or that
13 are eligible to file a combined tax return for purposes of taxation by
14 this state, shall be considered an employer. Subsequent to the
15 issuance of a health plan to a small employer and for the purpose of
16 determining eligibility, the size of a small employer shall be
17 determined annually. Except as otherwise specifically provided, a
18 small employer shall continue to be considered a small employer until
19 the plan anniversary following the date the small employer no longer
20 meets the requirements of this definition. The term "small employer"
21 includes a self-employed individual or sole proprietor. The term
22 "small employer" also includes a self-employed individual or sole
23 proprietor who derives at least seventy-five percent of his or her
24 income from a trade or business through which the individual or sole
25 proprietor has attempted to earn taxable income and for which he or she
26 has filed the appropriate internal revenue service form 1040, schedule
27 C or F, for the previous taxable year.

28 (14) "Wellness activity" means an explicit program of an activity
29 consistent with department of health guidelines, such as, smoking
30 cessation, injury and accident prevention, reduction of alcohol misuse,
31 appropriate weight reduction, exercise, automobile and motorcycle
32 safety, blood cholesterol reduction, and nutrition education for the
33 purpose of improving enrollee health status and reducing health service
34 costs.

35 (15) "Basic health plan" means the plan described under chapter
36 70.47 RCW, as revised from time to time.

37 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
38 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and takes effect
2 immediately.

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