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HOUSE BILL 2552

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State of Washington                      61st Legislature                      2010 Regular Session

By Representatives Cody, Kenney, Morrell, and Moeller

Prefiled 01/05/10. Read first time 01/11/10. Referred to Committee on Health Care & Wellness.

1            AN ACT Relating to individual health coverage; and amending RCW  
2 48.44.022, 48.46.063, and 48.20.028.

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

4            **Sec. 1.** RCW 48.44.022 and 2006 c 100 s 3 are each amended to read  
5 as follows:

6            (1) Except for health benefit plans covered under RCW 48.44.021,  
7 premium rates for health benefit plans for individuals shall be subject  
8 to the following provisions:

9            (a) The health care service contractor shall develop its rates  
10 based on an adjusted community rate and may only vary the adjusted  
11 community rate for:

- 12            (i) Geographic area;
- 13            (ii) Family size;
- 14            (iii) Age;
- 15            (iv) Tenure discounts; and
- 16            (v) Wellness activities.

17            (b) The adjustment for age in (a)(iii) of this subsection may not  
18 use age brackets smaller than five-year increments which shall begin

1 with age twenty and end with age sixty-five. Individuals under the age  
2 of twenty shall be treated as those age twenty.

3 (c) The health care service contractor shall be permitted to  
4 develop separate rates for individuals age sixty-five or older for  
5 coverage for which medicare is the primary payer and coverage for which  
6 medicare is not the primary payer. Both rates shall be subject to the  
7 requirements of this subsection.

8 (d) The permitted rates for any age group shall be no more than  
9 four hundred twenty-five percent of the lowest rate for all age groups  
10 on January 1, 1996, four hundred percent on January 1, 1997, and three  
11 hundred seventy-five percent on January 1, 2000, and thereafter.

12 (e) A discount for wellness activities shall be permitted to  
13 reflect actuarially justified differences in utilization or cost  
14 attributed to such programs.

15 (f) The rate charged for a health benefit plan offered under this  
16 section may not be adjusted more frequently than annually except that  
17 the premium may be changed to reflect:

18 (i) Changes to the family composition;

19 (ii) Changes to the health benefit plan requested by the  
20 individual; or

21 (iii) Changes in government requirements affecting the health  
22 benefit plan.

23 (g) The deductible applied to an enrollee shall be prorated from  
24 the time of coverage to the annual renewal date.

25 (h) For the purposes of this section, a health benefit plan that  
26 contains a restricted network provision shall not be considered similar  
27 coverage to a health benefit plan that does not contain such a  
28 provision, provided that the restrictions of benefits to network  
29 providers result in substantial differences in claims costs. This  
30 subsection does not restrict or enhance the portability of benefits as  
31 provided in RCW 48.43.015.

32 ~~((h))~~ (i) A tenure discount for continuous enrollment in the  
33 health plan of two years or more may be offered, not to exceed ten  
34 percent.

35 (2) Adjusted community rates established under this section shall  
36 pool the medical experience of all individuals purchasing coverage,  
37 except individuals purchasing coverage under RCW 48.44.021, and shall

1 not be required to be pooled with the medical experience of health  
2 benefit plans offered to small employers under RCW 48.44.023.

3 (3) As used in this section and RCW 48.44.023 "health benefit  
4 plan," "small employer," "adjusted community rates," and "wellness  
5 activities" mean the same as defined in RCW 48.43.005.

6 **Sec. 2.** RCW 48.46.063 and 2006 c 100 s 6 are each amended to read  
7 as follows:

8 (1) Premiums for health benefit plans for individuals who purchase  
9 the plan as a member of a purchasing pool:

10 (a) Consisting of five hundred or more individuals affiliated with  
11 a particular industry;

12 (b) To whom care management services are provided as a benefit of  
13 pool membership; and

14 (c) Which allows contributions from more than one employer to be  
15 used towards the purchase of an individual's health benefit plan;  
16 shall be calculated using the adjusted community rating method that  
17 spreads financial risk across the entire purchasing pool of which the  
18 individual is a member. Such rates are subject to the following  
19 provisions:

20 (i) The health maintenance organization shall develop its rates  
21 based on an adjusted community rate and may only vary the adjusted  
22 community rate for:

23 (A) Geographic area;

24 (B) Family size;

25 (C) Age;

26 (D) Tenure discounts; and

27 (E) Wellness activities.

28 (ii) The adjustment for age in (c)(i)(C) of this subsection may not  
29 use age brackets smaller than five-year increments which shall begin  
30 with age twenty and end with age sixty-five. Individuals under the age  
31 of twenty shall be treated as those age twenty.

32 (iii) The health maintenance organization shall be permitted to  
33 develop separate rates for individuals age sixty-five or older for  
34 coverage for which medicare is the primary payer, and coverage for  
35 which medicare is not the primary payer. Both rates are subject to the  
36 requirements of this subsection.

1 (iv) The permitted rates for any age group shall be no more than  
2 four hundred twenty-five percent of the lowest rate for all age groups  
3 on January 1, 1996, four hundred percent on January 1, 1997, and three  
4 hundred seventy-five percent on January 1, 2000, and thereafter.

5 (v) A discount for wellness activities shall be permitted to  
6 reflect actuarially justified differences in utilization or cost  
7 attributed to such programs.

8 (vi) The rate charged for a health benefit plan offered under this  
9 section may not be adjusted more frequently than annually except that  
10 the premium may be changed to reflect:

11 (A) Changes to the family composition;

12 (B) Changes to the health benefit plan requested by the individual;

13 or

14 (C) Changes in government requirements affecting the health benefit  
15 plan.

16 (vii) For the purposes of this section, a health benefit plan that  
17 contains a restricted network provision shall not be considered similar  
18 coverage to a health benefit plan that does not contain such a  
19 provision, provided that the restrictions of benefits to network  
20 providers result in substantial differences in claims costs. This  
21 subsection does not restrict or enhance the portability of benefits as  
22 provided in RCW 48.43.015.

23 (viii) A tenure discount for continuous enrollment in the health  
24 plan of two years or more may be offered, not to exceed ten percent.

25 (ix) The deductible applied to an enrollee shall be prorated from  
26 the time of coverage to the annual renewal date.

27 (2) Adjusted community rates established under this section shall  
28 not be required to be pooled with the medical experience of health  
29 benefit plans offered to small employers under RCW 48.46.066.

30 (3) As used in this section and RCW 48.46.066, "health benefit  
31 plan," "adjusted community rates," "small employer," and "wellness  
32 activities" mean the same as defined in RCW 48.43.005.

33 **Sec. 3.** RCW 48.20.028 and 2006 c 100 s 1 are each amended to read  
34 as follows:

35 (1) Premiums for health benefit plans for individuals shall be  
36 calculated using the adjusted community rating method that spreads

1 financial risk across the carrier's entire individual product  
2 population, except the individual product population covered under RCW  
3 48.20.029. All such rates shall conform to the following:

4 (a) The insurer shall develop its rates based on an adjusted  
5 community rate and may only vary the adjusted community rate for:

- 6 (i) Geographic area;
- 7 (ii) Family size;
- 8 (iii) Age;
- 9 (iv) Tenure discounts; and
- 10 (v) Wellness activities.

11 (b) The adjustment for age in (a)(iii) of this subsection may not  
12 use age brackets smaller than five-year increments which shall begin  
13 with age twenty and end with age sixty-five. Individuals under the age  
14 of twenty shall be treated as those age twenty.

15 (c) The insurer shall be permitted to develop separate rates for  
16 individuals age sixty-five or older for coverage for which medicare is  
17 the primary payer and coverage for which medicare is not the primary  
18 payer. Both rates shall be subject to the requirements of this  
19 subsection.

20 (d) The permitted rates for any age group shall be no more than  
21 four hundred twenty-five percent of the lowest rate for all age groups  
22 on January 1, 1996, four hundred percent on January 1, 1997, and three  
23 hundred seventy-five percent on January 1, 2000, and thereafter.

24 (e) A discount for wellness activities shall be permitted to  
25 reflect actuarially justified differences in utilization or cost  
26 attributed to such programs not to exceed twenty percent.

27 (f) The rate charged for a health benefit plan offered under this  
28 section may not be adjusted more frequently than annually except that  
29 the premium may be changed to reflect:

- 30 (i) Changes to the family composition;
- 31 (ii) Changes to the health benefit plan requested by the  
32 individual; or
- 33 (iii) Changes in government requirements affecting the health  
34 benefit plan.

35 (g) The deductible applied to an enrollee shall be prorated from  
36 the time of coverage to the annual renewal date.

37 (h) For the purposes of this section, a health benefit plan that  
38 contains a restricted network provision shall not be considered similar

1 coverage to a health benefit plan that does not contain such a  
2 provision, provided that the restrictions of benefits to network  
3 providers result in substantial differences in claims costs. This  
4 subsection does not restrict or enhance the portability of benefits as  
5 provided in RCW 48.43.015.

6 ~~((h))~~ (i) A tenure discount for continuous enrollment in the  
7 health plan of two years or more may be offered, not to exceed ten  
8 percent.

9 (2) Adjusted community rates established under this section shall  
10 pool the medical experience of all individuals purchasing coverage,  
11 except individuals purchasing coverage under RCW 48.20.029, and shall  
12 not be required to be pooled with the medical experience of health  
13 benefit plans offered to small employers under RCW 48.21.045.

14 (3) As used in this section, "health benefit plan," "adjusted  
15 community rate," and "wellness activities" mean the same as defined in  
16 RCW 48.43.005.

17 (4) This section shall not apply to premiums for health benefit  
18 plans covered under RCW 48.20.029.

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