
SENATE BILL 5451

State of Washington

54th Legislature

1995 Regular Session

By Senators Quigley, Winsley, Wojahn and Franklin; by request of Health Services Commission

Read first time 01/24/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to transition to health care coverage; amending
2 RCW 43.72.090, 43.72.220, and 70.47.020; providing an effective date;
3 and declaring an emergency.

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

5 **Sec. 1.** RCW 43.72.090 and 1993 c 492 s 427 are each amended to
6 read as follows:

7 (1) On and after (~~July~~) December 1, 1995, no person or entity in
8 this state shall (~~provide~~) offer the uniform benefits package (~~and~~
9 ~~supplemental benefits~~) as defined in RCW 43.72.010 without being
10 certified as a certified health plan by the insurance commissioner.
11 Certified health plans can become certified to deliver the uniform
12 benefits package beginning October 1, 1995.

13 (2) For all individual and group policies with an effective date of
14 coverage or coverage renewal date on or after February 1, 1996,
15 certified health plans must provide the uniform benefits package as
16 defined in RCW 43.72.010.

17 (3) On and after (~~July 1, 1995~~) February 1, 1997, no certified
18 health plan may (~~offer~~) provide less than the uniform benefits
19 package to residents of this state and no registered employer health

1 plan may provide less than the uniform benefits package to its
2 employees and their dependents.

3 **Sec. 2.** RCW 43.72.220 and 1993 c 494 s 3 are each amended to read
4 as follows:

5 (1) The legislature recognizes that small businesses play an
6 essential and increasingly important role in the state's economy. The
7 legislature further recognizes that many of the state's small business
8 owners provide health insurance to their employees through small group
9 policies at a cost that directly affects their profitability. Other
10 small business owners are prevented from providing health benefits to
11 their employees by the lack of access to affordable health insurance
12 coverage. The legislature intends that the provisions of chapter 492,
13 Laws of 1993 make health insurance more available and affordable to
14 small businesses in Washington state through strong cost control
15 mechanisms and the option to purchase health benefits through the basic
16 health plan, the Washington state group purchasing association, and
17 health insurance purchasing cooperatives.

18 (2) (~~On July 1, 1995~~) As of their first plan year anniversary
19 date on or after February 1, 1996, every employer employing more than
20 five hundred qualified employees shall:

21 (a) Offer a choice of the uniform benefits package as provided by
22 at least three available certified health plans, one of which shall be
23 the lowest cost available package within their geographic region, and
24 for employers who have established a registered employer health plan,
25 one of which may be its own registered employer health plan, to all
26 qualified employees. The employer shall be required to pay no less
27 than fifty percent of the premium cost of the lowest cost available
28 package within their geographic region. On July 1, 1996, all
29 dependents of qualified employees of these firms shall be offered a
30 choice of packages as provided in this section with the employer paying
31 no less than fifty percent of the premium of the lowest cost package
32 within their geographic region.

33 (b) For employees who work fewer than thirty hours during a week or
34 one hundred twenty hours during a calendar month, three hundred sixty
35 hours during a calendar quarter or one thousand four hundred forty
36 hours during a calendar year, and their dependents, pay, for the period
37 of time adopted by the employer under this subsection, the amount
38 resulting from application of the following formula: The number of

1 hours worked by the employee in a month is multiplied by the amount of
2 a qualified employee's premium, and that amount is then divided by one
3 hundred twenty.

4 (c) If an employee under (b) of this subsection is the dependent of
5 a qualified employee, and is therefore covered as a dependent by the
6 qualified employee's employer, then the employer of the employee under
7 (b) of this subsection shall not be required to participate in the cost
8 of the uniform benefits package for that employee.

9 (d) If an employee working on a seasonal basis is a qualified
10 employee of another employer, and therefore has uniform benefits
11 package coverage through that primary employer, then the seasonal
12 employer of the employee shall not be required to participate in the
13 cost of the uniform benefits package for that employee.

14 (3) ((By)) As of their first plan year anniversary date on or after
15 July 1, 1996, every employer employing more than one hundred qualified
16 employees shall:

17 (a) Offer a choice of the uniform benefits package as provided by
18 at least three available certified health plans, one of which shall be
19 the lowest cost available package within their geographic region, to
20 all qualified employees. The employer shall be required to pay no less
21 than fifty percent of the premium cost of the lowest cost available
22 package within their geographic region. On July 1, 1997, all
23 dependents of qualified employees in these firms shall be offered a
24 choice of packages as provided in this section with the employer paying
25 no less than fifty percent of the premium of the lowest cost package
26 within their geographic region.

27 (b) For employees who work fewer than thirty hours during a week or
28 one hundred twenty hours during a calendar month, three hundred sixty
29 hours during a calendar quarter or one thousand four hundred forty
30 hours during a calendar year, and their dependents, pay, for the period
31 of time adopted by the employer under this subsection, the amount
32 resulting from application of the following formula: The number of
33 hours worked by the employee in a month is multiplied by the amount of
34 a qualified employee's premium, and that amount is then divided by one
35 hundred twenty.

36 (c) If an employee under (b) of this subsection is the dependent of
37 a qualified employee, and is therefore covered as a dependent by the
38 qualified employee's employer, then the employer of the employee under

1 (b) of this subsection shall not be required to participate in the cost
2 of the uniform benefits package for that employee.

3 (d) If an employee working on a seasonal basis is a qualified
4 employee of another employer, and therefore has uniform benefits
5 package coverage through that primary employer, then the seasonal
6 employer of the employee shall not be required to participate in the
7 cost of the uniform benefits package for that employee.

8 (4) ((By)) As of their first plan year anniversary date on or after
9 July 1, 1997, every employer shall:

10 (a) Offer a choice of the uniform benefits package as provided by
11 at least three available certified health plans, one of which shall be
12 the lowest cost available package within their geographic region, to
13 all qualified employees. The employer shall be required to pay no less
14 than fifty percent of the premium cost of the lowest cost available
15 package within their geographic region. On July 1, 1999, all
16 dependents of qualified employees in all firms shall be offered a
17 choice of packages as provided in this section with the employer paying
18 no less than fifty percent of the premium of the lowest cost package
19 within their geographic region.

20 (b) For employees who work fewer than thirty hours during a week or
21 one hundred twenty hours during a calendar month, three hundred sixty
22 hours during a calendar quarter or one thousand four hundred forty
23 hours during a calendar year, and their dependents, pay, for the period
24 of time adopted by the employer under this subsection, the amount
25 resulting from application of the following formula: The number of
26 hours worked by the employee in a month is multiplied by the amount of
27 a qualified employee's premium, and that amount is then divided by one
28 hundred twenty.

29 (c) If an employee under (b) of this subsection is the dependent of
30 a qualified employee, and is therefore covered as a dependent by the
31 qualified employee's employer, then the employer of the employee under
32 (b) of this subsection shall not be required to participate in the cost
33 of the uniform benefits package for that employee.

34 (d) If an employee working on a seasonal basis is a qualified
35 employee of another employer, and therefore has uniform benefits
36 package coverage through that primary employer, then the seasonal
37 employer of the employee shall not be required to participate in the
38 cost of the uniform benefits package for that employee.

1 (5) This employer participation requirement shall be waived if
2 imposition of the requirement would constitute a violation of the
3 freedom of religion provisions of the First Amendment of the United
4 States Constitution or Article I, section 11, of the state
5 Constitution. In such case the employer shall, pursuant to commission
6 rules, set aside an amount equal to the applicable employer
7 contribution level in a manner that would permit his or her employee to
8 fully comply with the requirements of this chapter.

9 (6) In lieu of offering the uniform benefits package to employees
10 and their dependents through direct contracts with certified health
11 plans, an employer may combine the employer contribution with that of
12 the employee's contribution and enroll in the basic health plan as
13 provided in chapter 70.47 RCW or a health insurance purchasing
14 cooperative established under RCW 43.72.080 and 48.43.160. Any subsidy
15 that may be provided according to the provisions of chapter 70.47 RCW
16 shall not lessen the employer's obligation to pay a minimum of fifty
17 percent of the premium and the full amount of the direct subsidy shall
18 be for the benefit of the employee or the dependent.

19 (7) For purposes of determining the financial obligation of an
20 employer who enrolls employees or employees and their adult dependents
21 in the basic health plan, the premium shall be the per adult, per
22 month, cost of coverage in the plan, including administration.

23 **Sec. 3.** RCW 70.47.020 and 1994 c 309 s 4 are each amended to read
24 as follows:

25 As used in this chapter:

26 (1) "Washington basic health plan" or "plan" means the system of
27 enrollment and payment on a prepaid capitated basis for basic health
28 care services, administered by the plan administrator through
29 participating managed health care systems, created by this chapter.

30 (2) "Administrator" means the Washington basic health plan
31 administrator, who also holds the position of administrator of the
32 Washington state health care authority.

33 (3) "Managed health care system" means any health care
34 organization, including health care providers, insurers, health care
35 service contractors, health maintenance organizations, or any
36 combination thereof, that provides directly or by contract basic health
37 care services, as defined by the administrator and rendered by duly
38 licensed providers, on a prepaid capitated basis to a defined patient

1 population enrolled in the plan and in the managed health care system.
2 On and after (~~July 1, 1995~~) February 1, 1997, "managed health care
3 system" means a certified health plan, as defined in RCW 43.72.010.

4 (4) "Subsidized enrollee" means an individual, or an individual
5 plus the individual's spouse or dependent children, not eligible for
6 medicare, who resides in an area of the state served by a managed
7 health care system participating in the plan, whose gross family income
8 at the time of enrollment does not exceed twice the federal poverty
9 level as adjusted for family size and determined annually by the
10 federal department of health and human services, who the administrator
11 determines shall not have, or shall not have voluntarily relinquished
12 health insurance more comprehensive than that offered by the plan as of
13 the effective date of enrollment, and who chooses to obtain basic
14 health care coverage from a particular managed health care system in
15 return for periodic payments to the plan.

16 (5) "Nonsubsidized enrollee" means an individual, or an individual
17 plus the individual's spouse or dependent children, not eligible for
18 medicare, who resides in an area of the state served by a managed
19 health care system participating in the plan, who the administrator
20 determines shall not have, or shall not have voluntarily relinquished
21 health insurance more comprehensive than that offered by the plan as of
22 the effective date of enrollment, and who chooses to obtain basic
23 health care coverage from a particular managed health care system, and
24 who pays or on whose behalf is paid the full costs for participation in
25 the plan, without any subsidy from the plan.

26 (6) "Subsidy" means the difference between the amount of periodic
27 payment the administrator makes to a managed health care system on
28 behalf of a subsidized enrollee plus the administrative cost to the
29 plan of providing the plan to that subsidized enrollee, and the amount
30 determined to be the subsidized enrollee's responsibility under RCW
31 70.47.060(2).

32 (7) "Premium" means a periodic payment, based upon gross family
33 income which an individual, their employer or another financial sponsor
34 makes to the plan as consideration for enrollment in the plan as a
35 subsidized enrollee or a nonsubsidized enrollee.

36 (8) "Rate" means the per capita amount, negotiated by the
37 administrator with and paid to a participating managed health care
38 system, that is based upon the enrollment of subsidized and
39 nonsubsidized enrollees in the plan and in that system.

1 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and shall take
4 effect July 1, 1995.

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