

---

**SENATE BILL 5455**

---

**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** Senators Quigley, Winsley, Wojahn, Franklin and Moyer; 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 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 ---