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**SENATE BILL 6032**

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**State of Washington****54th Legislature****1995 Regular Session**

**By** Senators Moyer, Deccio, McDonald, Winsley, Long, Hochstatter, Prince, Palmer, Oke, Sellar, Schow, Cantu, Johnson, Wood, Morton, Swecker, Hale, Roach, Strannigan, West, Newhouse, McCaslin, Finkbeiner and A. Anderson

Read first time 02/27/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to health care reform improvement; adding a new  
2 section to chapter 70.47 RCW; adding new sections to chapter 48.43 RCW;  
3 adding a new chapter to Title 48 RCW; creating new sections; repealing  
4 RCW 18.130.320, 18.130.330, 43.72.005, 43.72.010, 43.72.020, 43.72.030,  
5 43.72.040, 43.72.050, 43.72.060, 43.72.070, 43.72.080, 43.72.090,  
6 43.72.100, 43.72.110, 43.72.120, 43.72.130, 43.72.140, 43.72.150,  
7 43.72.160, 43.72.170, 43.72.180, 43.72.190, 43.72.210, 43.72.220,  
8 43.72.225, 43.72.230, 43.72.240, 43.72.300, 43.72.310, 43.72.800,  
9 43.72.810, 43.72.820, 43.72.830, 43.72.840, 43.72.850, 43.72.860,  
10 43.72.870, 48.01.200, 48.43.010, 48.43.020, 48.43.030, 48.43.040,  
11 48.43.050, 48.43.060, 48.43.070, 48.43.080, 48.43.090, 48.43.100,  
12 48.43.110, 48.43.120, 48.43.130, 48.43.140, 48.43.150, 48.43.160,  
13 48.43.170, 48.01.210, 48.20.540, 48.21.340, 48.44.480, 48.46.550,  
14 48.42.060, 48.42.070, 48.42.080, 70.170.100, 70.170.110, 70.170.120,  
15 70.170.130, 70.170.140, 48.44.490, and 48.46.560; providing an  
16 effective date; and providing for submission of this act to a vote of  
17 the people.

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

1        NEW SECTION.    **Sec. 1.**    A new section is added to chapter 70.47 RCW  
2 to read as follows:

3        BASIC HEALTH PLAN--EXPANDED ENROLLMENT.    (1) The legislature finds  
4 that the basic health plan has been an effective program in providing  
5 health coverage for uninsured residents.    Further, since 1993,  
6 substantial amounts of public funds have been allocated for subsidized  
7 basic health plan enrollment.

8        (2) It is the intent of the legislature that the basic health plan  
9 enrollment be expanded expeditiously, consistent with funds available  
10 in the health services account, with the goal of one hundred thirty  
11 thousand adult subsidized basic health plan enrollees and one hundred  
12 thirty thousand children covered through expanded medical assistance  
13 services by June 30, 1997, with the priority of providing needed health  
14 services to children in conjunction with other public programs.

15        (3) Effective January 1, 1996, basic health plan enrollees whose  
16 income is less than one hundred twenty-five percent of the federal  
17 poverty level shall pay no premium share.

18        (4) No later than July 1, 1996, the administrator shall implement  
19 procedures whereby hospitals licensed under chapters 70.41 and 71.12  
20 RCW, rural health care facilities regulated under chapter 70.175 RCW,  
21 and community and migrant health centers funded under RCW 41.05.220,  
22 may, at no remuneration, expeditiously assist patients and their  
23 families in applying for basic health plan or medical assistance  
24 coverage, and in submitting such applications directly to the health  
25 care authority or the department of social and health services.    The  
26 health care authority and the department of social and health services  
27 shall make every effort to simplify and expedite the application and  
28 enrollment process.

29        (5) No later than July 1, 1996, the administrator shall implement  
30 procedures whereby health insurance agents and brokers, licensed under  
31 chapter 48.17 RCW, may, at no remuneration, expeditiously assist  
32 patients and their families in applying for basic health plan or  
33 medical assistance coverage, and in submitting such applications  
34 directly to the health care authority or the department of social and  
35 health services.    The health care authority and the department of  
36 social and health services shall make every effort to simplify and  
37 expedite the application and enrollment process.

1        NEW SECTION.    **Sec. 2.**    HEALTH CARE SAVINGS ACCOUNTS.    (1) This  
2 chapter shall be known as the health care savings account act.

3        (2) The legislature recognizes that the costs of health care are  
4 increasing rapidly and most individuals are removed from participating  
5 in the purchase of their health care.

6        As a result, it becomes critical to encourage and support solutions  
7 to alleviate the demand for diminishing state resources. In response  
8 to these increasing costs in health care spending, the legislature  
9 intends to clarify that health care savings accounts may be offered as  
10 health benefit options to all residents as incentives to reduce  
11 unnecessary health services utilization, administration, and paperwork,  
12 and to encourage individuals to be in charge of and participate  
13 directly in their use of service and health care spending. To  
14 alleviate the possible impoverishment of residents requiring long-term  
15 care, health care savings accounts may promote savings for long-term  
16 care and provide incentives for individuals to protect themselves from  
17 financial hardship due to a long-term health care need.

18        (3) Health care savings accounts are authorized in Washington state  
19 as options to employers and residents.

20        NEW SECTION.    **Sec. 3.**    HEALTH CARE SAVINGS ACCOUNTS--REQUEST FOR  
21 TAX EXEMPTION. The governor and responsible agencies shall:

22        (1) Request that the United States congress amend the internal  
23 revenue code to treat premiums and contributions to health benefits  
24 plans, such as health care savings account programs, basic health  
25 plans, conventional and standard health plans offered through a health  
26 carrier, by employers, self-employed persons, and individuals, as fully  
27 excluded employer expenses and deductible from individual adjusted  
28 gross income for federal tax purposes.

29        (2) Request that the United States congress amend the internal  
30 revenue code to exempt from federal income tax interest that accrues in  
31 health care savings accounts until such money is withdrawn for  
32 expenditures other than eligible health expenses as defined in law.

33        (3) If all federal statute or regulatory waivers necessary to fully  
34 implement this chapter have not been obtained by the effective date of  
35 this section, this act shall remain in effect.

1        NEW SECTION.    **Sec. 4.**    INSURANCE REFORM--DEFINITIONS.    Unless  
2 otherwise specifically provided, the definitions in this section apply  
3 throughout this chapter.

4        (1) "Health carrier" or "carrier" means a disability insurer  
5 regulated under chapter 48.20 or 48.21 RCW, fraternal benefit societies  
6 regulated under chapter 48.36A RCW, a health care service contractor as  
7 defined in RCW 48.44.010 or a health maintenance organization as  
8 defined in RCW 48.46.020.

9        (2) "Health care service" means that service offered or provided by  
10 health care facilities and health care providers relating to the  
11 prevention, cure, or treatment of illness, injury, or disease.

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

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

16        (b) Medicare supplemental health insurance governed by chapter  
17 48.66 RCW;

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

20        (d) Disability income;

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

24        (f) Workers' compensation coverage; and

25        (g) Accident only coverage.

26        (4) "Covered person" means a person covered by a health plan  
27 including an enrollee, subscriber, policyholder, beneficiary of a group  
28 plan, or individual covered by any other health plan.

29        (5) "Preexisting condition" means any medical condition, illness,  
30 or injury that existed any time prior to the effective date of  
31 coverage.

32        NEW SECTION.    **Sec. 5.**    INSURANCE REFORM--PORTABILITY.    (1) Every  
33 health carrier shall waive any preexisting condition exclusion or  
34 limitation for persons or groups who had similar health coverage under  
35 a different health plan at any time during the three-month period  
36 immediately preceding the date of application for the new health plan  
37 if such person was continuously covered under the immediately preceding  
38 health plan. If the person was continuously covered for at least three

1 months under the immediately preceding health plan, the carrier may not  
2 impose a waiting period for coverage of preexisting conditions. If the  
3 person was continuously covered for less than three months under the  
4 immediately preceding health plan, the carrier must credit any waiting  
5 period under the immediately preceding health plan toward the new  
6 health plan. For the purposes of this subsection, a health plan  
7 includes an employer provided self-funded health plan.

8 (2) Nothing contained in this section requires a health carrier to  
9 amend a health plan to provide new benefits in its existing health  
10 plans. In addition, nothing in this section requires a carrier to  
11 waive benefit limitations not related to an individual or group's  
12 preexisting conditions or health history. A waiting period may be  
13 applied for use of a particular benefit imposed equally upon all  
14 covered persons without regard to health condition.

15 NEW SECTION. **Sec. 6.** INSURANCE REFORM--PREEEXISTING CONDITIONS.

16 (1) No carrier may reject an individual for health plan coverage based  
17 upon preexisting conditions of the individual and no carrier may deny,  
18 exclude, or otherwise limit coverage for an individual's preexisting  
19 health conditions; except that a carrier may impose a three-month  
20 benefit waiting period for preexisting conditions for which medical  
21 advice was given, or for which a health care provider recommended or  
22 provided treatment within three months before the effective date of  
23 coverage.

24 (2) No carrier may avoid the requirements of this section through  
25 the creation of a new rate classification or the modification of an  
26 existing rate classification. A new or changed rate classification  
27 will be deemed an attempt to avoid the provisions of this section if  
28 the new or changed classification would substantially discourage  
29 applications for coverage from individuals or groups who are higher  
30 than average health risks. These provisions apply only to individuals  
31 who are Washington residents as defined in law.

32 NEW SECTION. **Sec. 7.** INSURANCE REFORM--GUARANTEED ISSUE. (1)

33 Except as provided in subsection (4) of this section, all health plans  
34 shall contain or incorporate by endorsement, a guarantee of the  
35 continuity of coverage of the plan.

36 (2) For the purposes of this section, a plan is "renewed" when it  
37 is continued beyond the earliest date upon which, at the carrier's sole

1 option, the plan could have been terminated for other than nonpayment  
2 of premium. In the case of group plans, the carrier may consider the  
3 group's anniversary date as the renewal date for purposes of complying  
4 with the provisions of this section.

5 (3) The guarantee of continuity of coverage required in health  
6 plans shall not prevent a carrier from canceling or nonrenewing a  
7 health plan for:

8 (a) Nonpayment of premium;

9 (b) Violation of published policies of the carrier approved by the  
10 insurance commissioner;

11 (c) Covered persons entitled to become eligible for medicare  
12 benefits by reason of age who fail to apply for a medicare supplement  
13 plan or medicare cost, risk, or other plan offered by the carrier  
14 pursuant to federal laws and regulations;

15 (d) Covered persons who fail to pay any deductible or copayment  
16 amount owed to the carrier and not the provider of health care  
17 services;

18 (e) Covered persons committing fraudulent acts as to the carrier;

19 (f) Covered persons who materially breach the health plan; or

20 (g) Change or implementation of federal or state laws that no  
21 longer permit the continued offering of such coverage.

22 (4) The provisions of this section do not apply to health plans  
23 deemed by the insurance commissioner to be unique or limited or have a  
24 short-term purpose, after a written request for such classification by  
25 the carrier and subsequent written approval by the insurance  
26 commissioner.

27 NEW SECTION. **Sec. 8.** REPEALERS. The following acts or parts of  
28 acts are each repealed:

29 (1) RCW 18.130.320 and 1993 c 492 s 408;

30 (2) RCW 18.130.330 and 1994 c 102 s 1 & 1993 c 492 s 412;

31 (3) RCW 43.72.005 and 1993 c 492 s 401;

32 (4) RCW 43.72.010 and 1994 c 4 s 1, 1993 c 494 s 1, & 1993 c 492 s  
33 402;

34 (5) RCW 43.72.020 and 1994 c 154 s 311 & 1993 c 492 s 403;

35 (6) RCW 43.72.030 and 1993 c 492 s 405;

36 (7) RCW 43.72.040 and 1994 c 4 s 3, 1993 c 494 s 2, & 1993 c 492 s  
37 406;

38 (8) RCW 43.72.050 and 1993 c 492 s 407;

1 (9) RCW 43.72.060 and 1994 c 4 s 2 & 1993 c 492 s 404;  
2 (10) RCW 43.72.070 and 1993 c 492 s 409;  
3 (11) RCW 43.72.080 and 1993 c 492 s 425;  
4 (12) RCW 43.72.090 and 1993 c 492 s 427;  
5 (13) RCW 43.72.100 and 1993 c 492 s 428;  
6 (14) RCW 43.72.110 and 1993 c 492 s 429;  
7 (15) RCW 43.72.120 and 1993 c 492 s 430;  
8 (16) RCW 43.72.130 and 1993 c 492 s 449;  
9 (17) RCW 43.72.140 and 1993 c 492 s 450;  
10 (18) RCW 43.72.150 and 1993 c 492 s 451;  
11 (19) RCW 43.72.160 and 1993 c 492 s 452;  
12 (20) RCW 43.72.170 and 1993 c 492 s 453;  
13 (21) RCW 43.72.180 and 1993 c 492 s 454;  
14 (22) RCW 43.72.190 and 1993 c 492 s 455;  
15 (23) RCW 43.72.210 and 1993 c 492 s 463;  
16 (24) RCW 43.72.220 and 1993 c 494 s 3 & 1993 c 492 s 464;  
17 (25) RCW 43.72.225 and 1994 c 4 s 4;  
18 (26) RCW 43.72.230 and 1993 c 492 s 465;  
19 (27) RCW 43.72.240 and 1993 c 494 s 4 & 1993 c 492 s 466;  
20 (28) RCW 43.72.300 and 1993 c 492 s 447;  
21 (29) RCW 43.72.310 and 1993 c 492 s 448;  
22 (30) RCW 43.72.800 and 1993 c 492 s 457;  
23 (31) RCW 43.72.810 and 1993 c 492 s 474;  
24 (32) RCW 43.72.820 and 1993 c 492 s 475;  
25 (33) RCW 43.72.830 and 1993 c 492 s 476;  
26 (34) RCW 43.72.840 and 1993 c 492 s 478;  
27 (35) RCW 43.72.850 and 1993 c 492 s 485;  
28 (36) RCW 43.72.860 and 1993 c 492 s 486;  
29 (37) RCW 43.72.870 and 1993 c 494 s 5;  
30 (38) RCW 48.01.200 and 1993 c 492 s 294;  
31 (39) RCW 48.43.010 and 1993 c 492 s 432;  
32 (40) RCW 48.43.020 and 1993 c 492 s 433;  
33 (41) RCW 48.43.030 and 1993 c 492 s 434;  
34 (42) RCW 48.43.040 and 1993 c 492 s 435;  
35 (43) RCW 48.43.050 and 1993 c 492 s 436;  
36 (44) RCW 48.43.060 and 1993 c 492 s 437;  
37 (45) RCW 48.43.070 and 1993 c 492 s 438;  
38 (46) RCW 48.43.080 and 1993 c 492 s 439;  
39 (47) RCW 48.43.090 and 1993 c 492 s 440;

- 1 (48) RCW 48.43.100 and 1993 c 492 s 441;  
2 (49) RCW 48.43.110 and 1993 c 492 s 442;  
3 (50) RCW 48.43.120 and 1993 c 492 s 443;  
4 (51) RCW 48.43.130 and 1993 c 492 s 444;  
5 (52) RCW 48.43.140 and 1993 c 492 s 445;  
6 (53) RCW 48.43.150 and 1993 c 492 s 446;  
7 (54) RCW 48.43.160 and 1993 c 492 s 426;  
8 (55) RCW 48.43.170 and 1993 c 492 s 431;  
9 (56) RCW 48.01.210 and 1993 c 462 s 51;  
10 (57) RCW 48.20.540 and 1993 c 492 s 283;  
11 (58) RCW 48.21.340 and 1993 c 492 s 284;  
12 (59) RCW 48.44.480 and 1993 c 492 s 285;  
13 (60) RCW 48.46.550 and 1993 c 492 s 286;  
14 (61) RCW 48.42.060 and 1984 c 56 s 1;  
15 (62) RCW 48.42.070 and 1989 1st ex.s. c 9 s 221, 1987 c 150 s 79,  
16 & 1984 c 56 s 2;  
17 (63) RCW 48.42.080 and 1984 c 56 s 3;  
18 (64) RCW 70.170.100 and 1993 c 492 s 259, 1990 c 269 s 12, & 1989  
19 1st ex.s. c 9 s 510;  
20 (65) RCW 70.170.110 and 1993 c 492 s 260 & 1989 1st ex.s. c 9 s  
21 511;  
22 (66) RCW 70.170.120 and 1993 c 492 s 261;  
23 (67) RCW 70.170.130 and 1993 c 492 s 262;  
24 (68) RCW 70.170.140 and 1993 c 492 s 263;  
25 (69) RCW 48.44.490 and 1993 c 492 s 288; and  
26 (70) RCW 48.46.560 and 1993 c 492 s 289.

27 NEW SECTION. **Sec. 9.** CODIFICATION DIRECTION. Sections 2 and 3 of  
28 this act shall constitute a new chapter in Title 48 RCW.

29 NEW SECTION. **Sec. 10.** CODIFICATION DIRECTION. Sections 4 through  
30 7 of this act are each added to chapter 48.43 RCW.

31 NEW SECTION. **Sec. 11.** CAPTIONS NOT LAW. Captions as used in this  
32 act constitute no part of the law.

33 NEW SECTION. **Sec. 12.** EFFECTIVE DATE. This act shall take effect  
34 January 1, 1996.



1        NEW SECTION.    **Sec. 13.**    SAVINGS CLAUSE.    This act shall not be  
2 construed as affecting any existing right acquired or liability or  
3 obligation incurred under the sections amended or repealed in this act  
4 or under any rule or order adopted under those sections, nor as  
5 affecting any proceeding instituted under those sections.

6        NEW SECTION.    **Sec. 14.**    SEVERABILITY CLAUSE.    If any provision of  
7 this act or its application to any person or circumstance is held  
8 invalid, the remainder of the act or the application of the provision  
9 to other persons or circumstances is not affected.

10       NEW SECTION.    **Sec. 15.**    ACT TITLE.    This act shall be known as the  
11 health reform simplification act.

12       NEW SECTION.    **Sec. 16.**    REFERENDUM.    This act shall be submitted to  
13 the people for their adoption and ratification, or rejection, at the  
14 next succeeding general election to be held in this state, in  
15 accordance with Article II, section 1 of the state Constitution, as  
16 amended, and the laws adopted to facilitate the operation thereof.

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