
SENATE BILL 6040

State of Washington

54th Legislature

1995 Regular Session

By Senator Moyer

Read first time 02/28/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to economic incentives for health care coverage;
2 adding new sections to chapter 48.43 RCW; adding new sections to
3 chapter 51.16 RCW; adding a new section to chapter 82.04 RCW; creating
4 a new section; and recodifying RCW 51.14.010.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.43 RCW
7 to read as follows:

8 (1) Every subscriber-purchasing group shall:

9 (a) Admit all individuals, employers, or other groups wishing to
10 participate that meet individual purchasing group requirements;

11 (b) Be operated as a member-governed and owned, nonprofit
12 organization in which no health carrier, independent practice
13 association, independent physician organization, or any individual with
14 a pecuniary interest in any such organization, shall have any pecuniary
15 interest in or management control of the organization;

16 (c) Be authorized to provide for enrollment and premium collection
17 and distribution among health carriers; and

18 (d) Serve as an ombudsman for its members to resolve inquiries,
19 complaints, or other concerns with health carriers.

1 (2) No health insurance purchasing cooperative may bear any
2 financial risk for the delivery of standard benefits package services,
3 or for any other insurance or health services program.

4 (3) Every subscriber-purchasing group shall offer members the
5 standard benefits package as the minimum available health plan. The
6 purchasing group may negotiate with health carriers the standard
7 benefits package premium to be paid by members, but the rate must be
8 filed and approved by the commissioner. Premium negotiation may not
9 result in an experience-rated standard benefits package for the
10 subscriber-purchasing group.

11 (4) When more than one carrier's standard benefits package is
12 offered by the purchasing group, every subscriber-purchasing group
13 shall assist members in selecting health plans and for this purpose may
14 devise a rating system or similar system to judge the quality and cost-
15 effectiveness of health carriers. Each purchasing group and directors,
16 officers, and other employees of the group are immune from liability in
17 any civil action or suit arising from the publication of any report,
18 brochure, or guide, or dissemination of information related to the
19 services, quality, price, or cost-effectiveness of health carriers
20 unless actual malice, fraud, or bad faith is shown. Such immunity is
21 in addition to any common law or statutory privilege or immunity
22 enjoyed by such person, and nothing in this section is intended to
23 abrogate or modify in any way such common law or statutory privilege or
24 immunity.

25 (5) Every subscriber-purchasing group shall employ or contract for
26 the services of an insurance agent or broker licensed under chapter
27 48.17 RCW appropriate to the insurance products and programs made
28 available through the group.

29 (6) The commissioner may adopt rules necessary for the
30 implementation of this section.

31 (7) The commissioner may recommend to interested parties ways in
32 which purchasing groups can develop, encourage, and provide incentives
33 for employee wellness programs.

34 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.43 RCW
35 to read as follows:

36 (1) The department of labor and industries, in consultation with
37 the workers' compensation advisory committee, may conduct pilot
38 projects to purchase medical services for injured workers through

1 health care coverage arrangements. The projects shall assess the
2 effects of health care coverage on the cost and quality of, and
3 employer and employee satisfaction with, medical services provided to
4 injured workers.

5 (2) The pilot projects may be limited to specific employers. The
6 implementation of a pilot project shall be conditioned upon a
7 participating employer and a majority of its employees, or, if the
8 employees are represented for collective bargaining purposes, the
9 exclusive bargaining representative, voluntarily agreeing to the terms
10 of the pilot. Unless the project is terminated by the department, both
11 the employer and employees are bound by the project agreements for the
12 duration of the project.

13 (3) Solely for the purpose and duration of a pilot project, the
14 specific requirements of Title 51 RCW that are identified by the
15 department as otherwise prohibiting implementation of the pilot project
16 shall not apply to the participating employers and employees to the
17 extent necessary for conducting the project. Health care coverage
18 arrangements for the pilot projects may include the designation of
19 doctors responsible for the care delivered to injured workers
20 participating in the projects.

21 (4) The projects shall conclude no later than July 1, 1996. The
22 department shall present an interim report on or before October 1,
23 1996, the results of the pilot projects, and any recommendations
24 related to the projects to the governor and appropriate committees of
25 the legislature on or before April 1, 1997.

26 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.43 RCW
27 to read as follows:

28 (1) No person may establish or operate a subscriber-purchasing
29 group as defined in this chapter without having first obtained a
30 certificate of authority from the insurance commissioner.

31 (2) Every proposed group shall furnish notice to the insurance
32 commissioner that shall:

33 (a) Identify the principal name and address of the group;

34 (b) Furnish the names and addresses of the initial officers of the
35 group;

36 (c) Include copies of letters of agreement for participation in the
37 group including minimum term of participation;

38 (d) Furnish copies of its proposed articles and bylaws; and

1 (e) Provide other information as prescribed by the insurance
2 commissioner to verify that the group is qualified and is managed by
3 competent and trustworthy individuals.

4 (3) The commissioner shall establish by rule a fee to be paid by
5 groups in an amount necessary to review and approve applications for a
6 certificate of authority. Such fee shall accompany the application and
7 no certificate may be issued until such fee is paid. Fees collected
8 for such purpose shall be deposited in the insurance commissioner's
9 regulatory account in the state treasury.

10 (4) All funds representing premiums or return premiums received by
11 a group in its fiduciary capacity shall be accounted for and maintained
12 in a separate account from all other funds. Each willful violation of
13 this section constitutes a misdemeanor.

14 (5) Every group shall keep at its principal address, a record of
15 all transactions it has consummated on behalf of its members with
16 health carriers. All such records shall be kept available and open to
17 the inspection of the insurance commissioner at any business time
18 during a five-year period immediately after the date of completion of
19 the transaction.

20 NEW SECTION. **Sec. 4.** A new section is added to chapter 51.16 RCW
21 to read as follows:

22 (1) Except as otherwise provided in this section, every employer
23 under this title shall secure the payment of compensation under this
24 title by:

25 (a) Insuring and keeping insured the payment of such benefits with
26 the state fund; or

27 (b) Qualifying as a self-insurer under this title.

28 (2) Beginning July 1, 1996, with respect to medical aid benefits
29 required under this title, an employer may elect to provide the medical
30 aid benefits through the employee health care benefit plan sponsored by
31 the employer to provide general health care benefits to employees if
32 the employer pays one hundred percent of the premium cost of the
33 employee health care benefit plan. An employer electing this option:

34 (a) Must provide notice of the election to the department in a
35 manner prescribed by department rules;

36 (b) May not require deductibles, coinsurance, copayment, or other
37 point-of-service cost-sharing for services related to industrial
38 injuries or diseases; and

1 (c) Is not relieved of any liability to his or her employees
2 imposed by this title.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 51.16 RCW
4 to read as follows:

5 (1) Every employer not qualifying as a self-insurer, shall insure
6 with the state, except that employers electing the option authorized
7 under section 4(2) of this act, shall not be required to insure medical
8 aid benefits with the state.

9 (2) Employers insuring with the state shall, on or before the last
10 day of January, April, July, and October of each year thereafter,
11 furnish the department with a true and accurate payroll for the period
12 in which workers were employed by it during the preceding calendar
13 quarter, the total amount paid to such workers during such preceding
14 calendar quarter, and a segregation of employment in the different
15 classes established pursuant to this title, and shall pay its premium
16 thereon to the appropriate fund. Premiums for a calendar quarter,
17 whether reported or not, shall become due and delinquent on the day
18 immediately following the last day of the month following the calendar
19 quarter. The sufficiency of such statement shall be subject to the
20 approval of the director. The director may in his or her discretion
21 and for the effective administration of this title require an employer
22 in individual instances to furnish a supplementary report containing
23 the name of each individual worker, his or her hours worked, his or her
24 rate of pay, and the class or classes in which such work was performed.

25 (3) If an employer furnishes the department with four consecutive
26 quarterly reports wherein each such quarterly report indicates that no
27 premium is due the department may close the account.

28 (4) The department may adopt rules in accordance with chapter 34.05
29 RCW to establish other reporting periods and payment due dates in lieu
30 of reports and payments following each calendar quarter, and may also
31 establish terms and conditions for payment of premiums and assessments
32 based on estimated payrolls, with such payments being subject to
33 approval as to sufficiency of the estimated payroll by the department,
34 and also subject to appropriate periodic adjustments made by the
35 department based on actual payroll.

36 (5) A temporary help company which provides workers on a temporary
37 basis to its customers shall be considered the employer for purposes of
38 reporting and paying premiums and assessments under this title

1 according to the appropriate rate classifications as determined by the
2 department. However, the employer shall be liable for paying premiums
3 and assessments, should the temporary help company fail to pay the
4 premiums and assessments under this title.

5 NEW SECTION. **Sec. 6.** A new section is added to chapter 51.16 RCW
6 to read as follows:

7 (1) Every employer who is not a self-insurer, or who has not
8 elected the option authorized in section 4(2) of this act, shall deduct
9 from the pay of each of his or her workers one-half of the amount he or
10 she is required to pay, for medical benefits within each risk
11 classification. Such amount shall be periodically determined by the
12 director and reported by him or her to all employers under this title:
13 PROVIDED, That the state governmental unit shall pay the entire amount
14 into the medical aid fund for volunteers, as defined in RCW 51.12.035,
15 and the state apprenticeship council shall pay the entire amount into
16 the medical aid fund for registered apprentices or trainees, for the
17 purposes of RCW 51.12.130. The deduction under this section is not
18 authorized for premiums assessed under RCW 51.16.210.

19 (2) It is unlawful for the employer, unless specifically authorized
20 by this title, to deduct or obtain any part of the premium or other
21 costs required to be paid by him or her from the wages or earnings of
22 any of his or her workers, and the making of or attempt to make any
23 such deduction shall be a gross misdemeanor.

24 NEW SECTION. **Sec. 7.** The department of labor and industries shall
25 prepare recommendations for legislation necessary to implement section
26 4(2) of this act, including requirements for maintaining financial
27 responsibility sufficient to cover the entire liability of the employer
28 for injuries and occupational diseases of his or her employees that
29 occurred during the period of the election made under section 4(2) of
30 this act, and requirements for claims reporting. The department shall
31 report its recommendations to the appropriate committees of the
32 legislature by December 1, 1995.

33 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.04 RCW
34 to read as follows:

1 Persons with fewer than twenty-five full-time equivalent employees
2 are entitled to a credit against their tax liability under this chapter
3 if:

4 (1) The person was not engaging in business activities in this
5 state before July 1, 1994; and

6 (2) The person is providing health benefits to employees and paying
7 at least fifty percent of the premium for each employee who has worked
8 full time for at least sixty days. For the purposes of this section,
9 "full time" means working one hundred twenty or more hours in a
10 calendar month.

11 The amount of the credit shall equal a percentage of the amounts
12 paid during the reporting period for health care benefits for employees
13 according to the following table:

14	Amount of Credit	Time Period
15	100%	1st 12 months
16	75%	2nd 12 months
17	50%	3rd 12 months
18	25%	4th 12 months

19 Credits under this section may only be taken for the first forty-
20 eight months the person provides health care benefits to employees. No
21 credit may be taken in excess of the person's tax liability for the
22 reporting period, and no credit may carry over to a subsequent
23 reporting period.

24 The department of revenue shall adopt rules to administer this tax
25 credit by May 1996, and shall utilize data collected by other agencies
26 from employers to the greatest extent reasonably possible in the
27 administration of this tax credit.

28 NEW SECTION. **Sec. 9.** RCW 51.14.010 is recodified in chapter 51.16
29 RCW.

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