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**SENATE BILL 6439**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** Senators Moyer, Deccio, Winsley, Heavey, Swecker, Zarelli, Haugen, Loveland and Hochstatter

Read first time 01/15/96. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to canceling or nonrenewing health plans by health  
2 carriers; and amending RCW 48.43.035.

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

4 **Sec. 1.** RCW 48.43.035 and 1995 c 265 s 7 are each amended to read  
5 as follows:

6 (1) All health carriers shall accept for enrollment any state  
7 resident within the carrier's service area and provide or assure the  
8 provision of all covered services regardless of age, sex, family  
9 structure, ethnicity, race, health condition, geographic location,  
10 employment status, socioeconomic status, other condition or situation,  
11 or the provisions of RCW 49.60.174(2). The insurance commissioner may  
12 grant a temporary exemption from this subsection, if, upon application  
13 by a health carrier the commissioner finds that the clinical,  
14 financial, or administrative capacity to serve existing enrollees will  
15 be impaired if a health carrier is required to continue enrollment of  
16 additional eligible individuals.

17 (2) Except as provided in subsection (5) of this section, all  
18 health plans shall contain or incorporate by endorsement a guarantee of  
19 the continuity of coverage of the plan. For the purposes of this

1 section, a plan is "renewed" when it is continued beyond the earliest  
2 date upon which, at the carrier's sole option, the plan could have been  
3 terminated for other than nonpayment of premium. In the case of group  
4 plans, the carrier may consider the group's anniversary date as the  
5 renewal date for purposes of complying with the provisions of this  
6 section.

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

10 (a) Nonpayment of premium or refusal to accept premium payment  
11 obligations by contract, through billings or by other means to be  
12 determined by the carrier for a period of two years or less;

13 (b) Violation of published policies of the carrier approved by the  
14 insurance commissioner;

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

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

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

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

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

26 (4) The provisions of this section do not apply in the following  
27 cases:

28 (a) A carrier has zero enrollment on a product; or

29 (b) A carrier replaces a product and the replacement product is  
30 provided to all covered persons within that class or line of business,  
31 includes all of the services covered under the replaced product, and  
32 does not significantly limit access to the kind of services covered  
33 under the replaced product. The health plan may also allow  
34 unrestricted conversion to a fully comparable product; or

35 (c) A carrier is withdrawing from a service area or from a segment  
36 of its service area because the carrier has demonstrated to the  
37 insurance commissioner that the carrier's clinical, financial, or  
38 administrative capacity to serve enrollees would be exceeded.

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

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