
SUBSTITUTE HOUSE BILL 1840

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dyer and L. Thomas)

Read first time 03/05/97.

1 AN ACT Relating to agents for health plans; and amending RCW
2 70.47.120, 70.47.130, and 70.47.015.

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

4 **Sec. 1.** RCW 70.47.120 and 1987 1st ex.s. c 5 s 14 are each amended
5 to read as follows:

6 In addition to the powers and duties specified in RCW 70.47.040 and
7 70.47.060, the administrator has the power to enter into contracts for
8 the following functions and services:

9 (1) With public or private agencies, to assist the administrator in
10 her or his duties to design or revise the schedule of covered basic
11 health care services, and/or to monitor or evaluate the performance of
12 participating managed health care systems.

13 (2) With public or private agencies, to provide technical or
14 professional assistance to health care providers, particularly public
15 or private nonprofit organizations and providers serving rural areas,
16 who show serious intent and apparent capability to participate in the
17 plan as managed health care systems.

18 (3) With public or private agencies, including health care service
19 contractors registered under RCW 48.44.015, and doing business in the

1 state, for marketing and administrative services in connection with
2 participation of managed health care systems, enrollment of enrollees,
3 billing and collection services to the administrator, and other
4 administrative functions ordinarily performed by health care service
5 contractors, other than insurance. Any activities of a health care
6 service contractor pursuant to a contract with the administrator under
7 this section shall be exempt from the provisions and requirements of
8 Title 48 RCW except that persons appointed or authorized to solicit
9 applications for enrollment in the basic health plan shall comply with
10 chapter 48.17 RCW.

11 **Sec. 2.** RCW 70.47.130 and 1994 c 309 s 6 are each amended to read
12 as follows:

13 (1) The activities and operations of the Washington basic health
14 plan under this chapter, including those of managed health care systems
15 to the extent of their participation in the plan, are exempt from the
16 provisions and requirements of Title 48 RCW(~~(, except as provided in~~
17 ~~RCW 70.47.070 and that the premium and prepayment tax imposed under RCW~~
18 ~~48.14.0201 shall apply to amounts paid to a managed health care system~~
19 ~~by the basic health plan for participating in the basic health plan and~~
20 ~~providing health care services for nonsubsidized enrollees in the basic~~
21 ~~health plan)) except:~~

22 (a) Benefits as provided in RCW 70.47.070;

23 (b) Persons appointed or authorized to solicit applications for
24 enrollment in the basic health plan, including employees of the health
25 care authority, must comply with chapter 48.17 RCW; and

26 (c) Amounts paid to a managed health care system by the basic
27 health plan for participating in the basic health plan and providing
28 health care services for nonsubsidized enrollees in the basic health
29 plan must comply with RCW 48.14.0201.

30 (2) The purpose of the 1994 amendatory language to this section in
31 chapter 309, Laws of 1994 is to clarify the intent of the legislature
32 that premiums paid on behalf of nonsubsidized enrollees in the basic
33 health plan are subject to the premium and prepayment tax. The
34 legislature does not consider this clarifying language to either raise
35 existing taxes nor to impose a tax that did not exist previously.

36 **Sec. 3.** RCW 70.47.015 and 1995 c 265 s 1 are each amended to read
37 as follows:

1 (1) The legislature finds that the basic health plan has been an
2 effective program in providing health coverage for uninsured residents.
3 Further, since 1993, substantial amounts of public funds have been
4 allocated for subsidized basic health plan enrollment.

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

12 (3) Effective January 1, 1996, basic health plan enrollees whose
13 income is less than one hundred twenty-five percent of the federal
14 poverty level shall pay at least a ten-dollar premium share.

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

26 (5) No later than July 1, 1996, the administrator shall implement
27 procedures whereby health insurance agents and brokers, licensed under
28 chapter 48.17 RCW, may expeditiously assist patients and their families
29 in applying for basic health plan or medical assistance coverage, and
30 in submitting such applications directly to the health care authority
31 or the department of social and health services. The administrator may
32 establish: (a) Minimum educational requirements that must be completed
33 by the agents or brokers; (b) an appointment process for agents or
34 brokers marketing the basic health plan; or (c) standards for
35 revocation of the appointment of an agent or broker to submit
36 applications for cause, including untrustworthy or incompetent conduct
37 or harm to the public. Brokers and agents shall be entitled to receive
38 a commission for each individual sale of the basic health plan to
39 anyone not ((~~at anytime previously~~)) signed up within the previous five

1 years and a commission for each group sale of the basic health plan.
2 No commission shall be provided upon a renewal. Commissions shall be
3 determined based on the estimated annual cost of the basic health plan,
4 however, commissions shall not result in a reduction in the premium
5 amount paid to health carriers. For purposes of this section "health
6 carrier" is as defined in RCW 48.43.005. The health care authority and
7 the department of social and health services shall make every effort to
8 simplify and expedite the application and enrollment process.

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