
SENATE BILL 5849

State of Washington

55th Legislature

1997 Regular Session

By Senator Benton

Read first time 02/17/97. Referred to Committee on Financial Institutions, Insurance & Housing.

1 AN ACT Relating to payment of health care providers in the event of
2 a health insurer's insolvency; adding a new section to chapter 48.44
3 RCW; adding a new section to chapter 48.46 RCW; and creating a new
4 section.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature that
7 health care insurance companies that have received prepayment of
8 premiums for enrollees and subsequently become insolvent be required to
9 cover the services of health care providers providing services to those
10 enrollees through the duration of the prepayment.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.44 RCW
12 to read as follows:

13 (1) Every health care service contractor obtaining certification
14 from the insurance commissioner shall provide and maintain a funded
15 reserve of an amount equal to the sum of one month's premiums as
16 reported on the most recent financial statement filed with the
17 commissioner's office. The funded reserve must be deposited with the
18 commissioner or with any organization acceptable to the commissioner in

1 the form of cash, securities eligible for investment under chapter
2 48.13 RCW, approved surety bond, or any combination of these, and must
3 be equal to or exceed an amount equal to one month's premiums. The
4 funded reserve shall be established as an assurance that the unpaid
5 expenditure obligations of the health care service contractor to health
6 care providers on behalf of the enrolled Washington residents shall be
7 paid.

8 (2) Assets in the funded reserve must be used for the sole purpose
9 of reimbursing health care providers for the cost of products and
10 services incurred on behalf of enrollees in the event of insolvency.

11 (3) All income from the funded reserve on deposit with the
12 commissioner belongs to the depositing health care service contractor
13 and must be paid to it as it becomes available.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.46 RCW
15 to read as follows:

16 (1) Every health maintenance organization obtaining certification
17 from the insurance commissioner shall provide and maintain a funded
18 reserve of an amount equal to the sum of one month's premiums as
19 reported on the most recent financial statement filed with the
20 commissioner's office. The funded reserve must be deposited with the
21 commissioner or with any organization acceptable to the commissioner in
22 the form of cash, securities eligible for investment under chapter
23 48.13 RCW, approved surety bond, or any combination of these, and must
24 be equal to or exceed an amount equal to one month's premiums. The
25 funded reserve shall be established as an assurance that the unpaid
26 expenditure obligations of the health maintenance organization to
27 health care providers on behalf of the enrolled Washington residents
28 shall be paid.

29 (2) Assets in the funded reserve must be used for the sole purpose
30 of reimbursing health care providers for the cost of products and
31 services incurred on behalf of enrollees in the event of insolvency.

32 (3) All income from the funded reserve on deposit with the
33 commissioner belongs to the depositing health maintenance organization
34 and must be paid to it as it becomes available.

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