

ESHB 1220 - S AMD TO HEA COMM AMD (S-2400.1/11) **248**
By Senator Parlette

OUT OF ORDER 04/07/2011

1 On page 2, after line 32 of the amendment, insert the following:

2 "Sec. 2. RCW 48.21.045 and 2010 c 292 s 7 are each amended to read
3 as follows:

4 (1)((+)) An insurer offering any health benefit plan to a small
5 employer, either directly or through an association or member-governed
6 group formed specifically for the purpose of purchasing health care,
7 may offer and actively market to the small employer ((a)) no more than
8 one health benefit plan featuring a limited schedule of covered health
9 care services. ~~((Nothing in this subsection shall preclude an insurer~~
10 ~~from offering, or a small employer from purchasing, other health~~
11 ~~benefit plans that may have more comprehensive benefits than those~~
12 ~~included in the product offered under this subsection. An insurer~~
13 ~~offering a health benefit plan under this subsection shall clearly~~
14 ~~disclose all covered benefits to the small employer in a brochure filed~~
15 ~~with the commissioner.~~

16 ~~(b) A health benefit plan offered under this subsection shall~~
17 ~~provide coverage for hospital expenses and services rendered by a~~
18 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~
19 ~~to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142,~~
20 ~~48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200,~~
21 ~~48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.244, 48.21.250,~~
22 ~~48.21.300, 48.21.310, or 48.21.320.~~

23 ~~(+)) (a) The plan offered under this subsection may be offered~~
24 ~~with a choice of cost-sharing arrangements, and may, but is not~~
25 ~~required to, comply with: RCW 48.21.130 through 48.21.280, 48.21.300~~
26 ~~through 48.21.320, 48.43.045(1) except as required in (b) of this~~
27 ~~subsection, 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or~~
28 ~~48.42.100.~~

29 (b) In offering the plan under this subsection, the insurer must

1 offer the small employer the option of permitting every category of
2 health care provider to provide health services or care for conditions
3 covered by the plan pursuant to RCW 48.43.045(1).

4 (2) An insurer offering the plan under subsection (1) of this
5 section must also offer and actively market to the small employer at
6 least one additional health benefit plan.

7 (3) Nothing in this section shall prohibit an insurer from
8 offering, or a purchaser from seeking, health benefit plans with
9 benefits in excess of the health benefit plan offered under subsection
10 (1) of this section. All forms, policies, and contracts shall be
11 submitted for approval to the commissioner, and the rates of any plan
12 offered under this section shall be reasonable in relation to the
13 benefits thereto.

14 ~~((+3))~~ (4) Premium rates for health benefit plans for small
15 employers as defined in this section shall be subject to the following
16 provisions:

17 (a) The insurer shall develop its rates based on an adjusted
18 community rate and may only vary the adjusted community rate for:

- 19 (i) Geographic area;
- 20 (ii) Family size;
- 21 (iii) Age; and
- 22 (iv) Wellness activities.

23 (b) The adjustment for age in (a)(iii) of this subsection may not
24 use age brackets smaller than five-year increments, which shall begin
25 with age twenty and end with age sixty-five. Employees under the age
26 of twenty shall be treated as those age twenty.

27 (c) The insurer shall be permitted to develop separate rates for
28 individuals age sixty-five or older for coverage for which medicare is
29 the primary payer and coverage for which medicare is not the primary
30 payer. Both rates shall be subject to the requirements of this
31 subsection ~~((+3))~~ (4).

32 (d) The permitted rates for any age group shall be no more than
33 four hundred twenty-five percent of the lowest rate for all age groups
34 on January 1, 1996, four hundred percent on January 1, 1997, and three
35 hundred seventy-five percent on January 1, 2000, and thereafter.

36 (e) A discount for wellness activities shall be permitted to
37 reflect actuarially justified differences in utilization or cost
38 attributed to such programs. Up to a twenty percent variance may be

1 allowed for small employers that develop and implement a wellness
2 program or activities that directly improve employee wellness.
3 Employers shall document program activities with the carrier and may,
4 after three years of implementation, request a reduction in premiums
5 based on improved employee health and wellness. While carriers may
6 review the employer's claim history when making a determination
7 regarding whether the employer's wellness program has improved employee
8 health, the carrier may not use maternity or prevention services claims
9 to deny the employer's request. Carriers may consider issues such as
10 improved productivity or a reduction in absenteeism due to illness if
11 submitted by the employer for consideration. Interested employers may
12 also work with the carrier to develop a wellness program and a means to
13 track improved employee health.

14 (f) The rate charged for a health benefit plan offered under this
15 section may not be adjusted more frequently than annually except that
16 the premium may be changed to reflect:

17 (i) Changes to the enrollment of the small employer;

18 (ii) Changes to the family composition of the employee;

19 (iii) Changes to the health benefit plan requested by the small
20 employer; or

21 (iv) Changes in government requirements affecting the health
22 benefit plan.

23 (g) On the census date, as defined in RCW 48.21.047, rating factors
24 shall produce premiums for identical groups that differ only by the
25 amounts attributable to plan design, and differences in census date
26 between new and renewal groups, with the exception of discounts for
27 health improvement programs.

28 (h) For the purposes of this section, a health benefit plan that
29 contains a restricted network provision shall not be considered similar
30 coverage to a health benefit plan that does not contain such a
31 provision, provided that the restrictions of benefits to network
32 providers result in substantial differences in claims costs. A carrier
33 may develop its rates based on claims costs (~~(due to network provider~~
34 ~~reimbursement schedules or type of network)) for a plan. This
35 subsection does not restrict or enhance the portability of benefits as
36 provided in RCW 48.43.015.~~

37 (i) Except for small group health benefit plans that qualify as
38 insurance coverage combined with a health savings account defined by

1 the United States internal revenue service, adjusted community rates
2 established under this section shall pool the medical experience of all
3 small groups purchasing coverage, including the small group
4 participants in the health insurance partnership established in RCW
5 70.47A.030. However, annual rate adjustments for each small group
6 health benefit plan may vary by up to plus or minus (~~four~~) eight
7 percentage points from the overall adjustment of a carrier's entire
8 small group pool, (~~such overall adjustment to be approved by the~~
9 ~~commissioner, upon a showing by the carrier, certified by a member of~~
10 ~~the American academy of actuaries that: (i) The variation is a result~~
11 ~~of deductible leverage, benefit design, or provider network~~
12 ~~characteristics; and (ii) for a rate renewal period, the projected~~
13 ~~weighted average of all small group benefit plans will have a revenue~~
14 ~~neutral effect on the carrier's small group pool. Variations of~~
15 ~~greater than four percentage points are subject to review by the~~
16 ~~commissioner, and must be approved or denied within sixty days of~~
17 ~~submittal)) if certified by a member of the American academy of
18 actuaries, that: (i) The variation is a result of deductible leverage,
19 benefit design, claims cost trend for the plan, or provider network
20 characteristics; and (ii) for a rate renewal period, the projected
21 weighted average of all small group benefit plans will have a revenue
22 neutral effect on the carrier's small group pool. Variations of
23 greater than eight percentage points are subject to review by the
24 commissioner and must be approved or denied within thirty days of
25 submittal. A variation that is not denied within (~~sixty~~) thirty days
26 shall be deemed approved. The commissioner must provide to the carrier
27 a detailed actuarial justification for any denial (~~within thirty~~
28 ~~days~~) at the time of the denial.~~

29 (j) For health benefit plans purchased through the health insurance
30 partnership established in chapter 70.47A RCW:

31 (i) Any surcharge established pursuant to RCW 70.47A.030(2)(e)
32 shall be applied only to health benefit plans purchased through the
33 health insurance partnership; and

34 (ii) Risk adjustment or reinsurance mechanisms may be used by the
35 health insurance partnership program to redistribute funds to carriers
36 participating in the health insurance partnership based on differences
37 in risk attributable to individual choice of health plans or other

1 factors unique to health insurance partnership participation. Use of
2 such mechanisms shall be limited to the partnership program and will
3 not affect small group health plans offered outside the partnership.

4 (k) If the rate developed under this section varies the adjusted
5 community rate for the factors listed in (a) of this subsection, the
6 date for determining those factors must be no more than ninety days
7 prior to the effective date of the health benefit plan.

8 ~~((+4))~~ (5) Nothing in this section shall restrict the right of
9 employees to collectively bargain for insurance providing benefits in
10 excess of those provided herein.

11 ~~((+5))~~ (6)(a) Except as provided in this subsection and subsection
12 ~~((+3))~~ (4)(g) of this section, requirements used by an insurer in
13 determining whether to provide coverage to a small employer shall be
14 applied uniformly among all small employers applying for coverage or
15 receiving coverage from the carrier.

16 (b) An insurer shall not require a minimum participation level
17 greater than:

18 (i) One hundred percent of eligible employees working for groups
19 with three or less employees; and

20 (ii) Seventy-five percent of eligible employees working for groups
21 with more than three employees.

22 (c) In applying minimum participation requirements with respect to
23 a small employer, a small employer shall not consider employees or
24 dependents who have similar existing coverage in determining whether
25 the applicable percentage of participation is met.

26 (d) An insurer may not increase any requirement for minimum
27 employee participation or modify any requirement for minimum employer
28 contribution applicable to a small employer at any time after the small
29 employer has been accepted for coverage.

30 (e) Minimum participation requirements and employer premium
31 contribution requirements adopted by the health insurance partnership
32 board under RCW 70.47A.110 shall apply only to the employers and
33 employees who purchase health benefit plans through the health
34 insurance partnership.

35 ~~((+6))~~ (7) An insurer must offer coverage to all eligible
36 employees of a small employer and their dependents. An insurer may not
37 offer coverage to only certain individuals or dependents in a small
38 employer group or to only part of the group. An insurer may not modify

1 a health plan with respect to a small employer or any eligible employee
2 or dependent, through riders, endorsements or otherwise, to restrict or
3 exclude coverage or benefits for specific diseases, medical conditions,
4 or services otherwise covered by the plan.

5 ((+7)) (8) As used in this section, "health benefit plan," "small
6 employer," "adjusted community rate," and "wellness activities" mean
7 the same as defined in RCW 48.43.005.

8 **Sec. 3.** RCW 48.44.023 and 2010 c 292 s 4 are each amended to read
9 as follows:

10 (1)((+a)) A health care services contractor offering any health
11 benefit plan to a small employer, either directly or through an
12 association or member-governed group formed specifically for the
13 purpose of purchasing health care, may offer and actively market to the
14 small employer ((a)) no more than one health benefit plan featuring a
15 limited schedule of covered health care services. ~~((Nothing in this~~
16 ~~subsection shall preclude a contractor from offering, or a small~~
17 ~~employer from purchasing, other health benefit plans that may have more~~
18 ~~comprehensive benefits than those included in the product offered under~~
19 ~~this subsection. A contractor offering a health benefit plan under~~
20 ~~this subsection shall clearly disclose all covered benefits to the~~
21 ~~small employer in a brochure filed with the commissioner.~~

22 ~~(b) A health benefit plan offered under this subsection shall~~
23 ~~provide coverage for hospital expenses and services rendered by a~~
24 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~
25 ~~to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290,~~
26 ~~48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335,~~
27 ~~48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460.~~

28 (+2)) (a) The plan offered under this subsection may be offered
29 with a choice of cost-sharing arrangements, and may, but is not
30 required to, comply with: RCW 48.44.210, 48.44.212, 48.44.225,
31 48.44.240 through 48.44.245, 48.44.290 through 48.44.344, 48.44.360
32 through 48.44.380, 48.44.400, 48.44.420, 48.44.440 through 48.44.460,
33 48.44.500, 48.43.045(1) except as required in (b) of this subsection,
34 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or 48.42.100.

35 (b) In offering the plan under this subsection, the health care
36 service contractor must offer the small employer the option of

1 permitting every category of health care provider to provide health
2 services or care for conditions covered by the plan pursuant to RCW
3 48.43.045(1).

4 (2) A health care service contractor offering the plan under
5 subsection (1) of this section must also offer and actively market to
6 the small employer at least one additional health benefit plan.

7 (3) Nothing in this section shall prohibit a health care service
8 contractor from offering, or a purchaser from seeking, health benefit
9 plans with benefits in excess of the health benefit plan offered under
10 subsection (1) of this section. All forms, policies, and contracts
11 shall be submitted for approval to the commissioner, and the rates of
12 any plan offered under this section shall be reasonable in relation to
13 the benefits thereto.

14 ~~((3))~~ (4) Premium rates for health benefit plans for small
15 employers as defined in this section shall be subject to the following
16 provisions:

17 (a) The contractor shall develop its rates based on an adjusted
18 community rate and may only vary the adjusted community rate for:

- 19 (i) Geographic area;
- 20 (ii) Family size;
- 21 (iii) Age; and
- 22 (iv) Wellness activities.

23 (b) The adjustment for age in (a)(iii) of this subsection may not
24 use age brackets smaller than five-year increments, which shall begin
25 with age twenty and end with age sixty-five. Employees under the age
26 of twenty shall be treated as those age twenty.

27 (c) The contractor shall be permitted to develop separate rates for
28 individuals age sixty-five or older for coverage for which medicare is
29 the primary payer and coverage for which medicare is not the primary
30 payer. Both rates shall be subject to the requirements of this
31 subsection ~~((3))~~ (4).

32 (d) The permitted rates for any age group shall be no more than
33 four hundred twenty-five percent of the lowest rate for all age groups
34 on January 1, 1996, four hundred percent on January 1, 1997, and three
35 hundred seventy-five percent on January 1, 2000, and thereafter.

36 (e) A discount for wellness activities shall be permitted to
37 reflect actuarially justified differences in utilization or cost
38 attributed to such programs. Up to a twenty percent variance may be

1 allowed for small employers that develop and implement a wellness
2 program or activities that directly improve employee wellness.
3 Employers shall document program activities with the carrier and may,
4 after three years of implementation, request a reduction in premiums
5 based on improved employee health and wellness. While carriers may
6 review the employer's claim history when making a determination
7 regarding whether the employer's wellness program has improved employee
8 health, the carrier may not use maternity or prevention services claims
9 to deny the employer's request. Carriers may consider issues such as
10 improved productivity or a reduction in absenteeism due to illness if
11 submitted by the employer for consideration. Interested employers may
12 also work with the carrier to develop a wellness program and a means to
13 track improved employee health.

14 (f) The rate charged for a health benefit plan offered under this
15 section may not be adjusted more frequently than annually except that
16 the premium may be changed to reflect:

- 17 (i) Changes to the enrollment of the small employer;
18 (ii) Changes to the family composition of the employee;
19 (iii) Changes to the health benefit plan requested by the small
20 employer; or
21 (iv) Changes in government requirements affecting the health
22 benefit plan.

23 (g) On the census date, as defined in RCW 48.44.010, rating factors
24 shall produce premiums for identical groups that differ only by the
25 amounts attributable to plan design, and differences in census date
26 between new and renewal groups, with the exception of discounts for
27 health improvement programs.

28 (h) For the purposes of this section, a health benefit plan that
29 contains a restricted network provision shall not be considered similar
30 coverage to a health benefit plan that does not contain such a
31 provision, provided that the restrictions of benefits to network
32 providers result in substantial differences in claims costs. A carrier
33 may develop its rates based on claims costs (~~(due to network provider~~
34 ~~reimbursement schedules or type of network)) for a plan. This
35 subsection does not restrict or enhance the portability of benefits as
36 provided in RCW 48.43.015.~~

37 (i) Except for small group health benefit plans that qualify as
38 insurance coverage combined with a health savings account as defined by

1 the United States internal revenue service, adjusted community rates
2 established under this section shall pool the medical experience of all
3 groups purchasing coverage, including the small group participants in
4 the health insurance partnership established in RCW 70.47A.030.
5 However, annual rate adjustments for each small group health benefit
6 plan may vary by up to plus or minus ((four)) eight percentage points
7 from the overall adjustment of a carrier's entire small group pool((
8 such overall adjustment to be approved by the commissioner, upon a
9 showing by the carrier, certified by a member of the American academy
10 of actuaries that: (i) The variation is a result of deductible
11 leverage, benefit design, or provider network characteristics; and (ii)
12 for a rate renewal period, the projected weighted average of all small
13 group benefit plans will have a revenue neutral effect on the carrier's
14 small group pool. Variations of greater than four percentage points
15 are subject to review by the commissioner, and must be approved or
16 denied within sixty days of submittal)) if certified by a member of the
17 American academy of actuaries, that: (i) The variation is a result of
18 deductible leverage, benefit design, claims cost trend for the plan, or
19 provider network characteristics; and (ii) for a rate renewal period,
20 the projected weighted average of all small group benefit plans will
21 have a revenue neutral effect on the carrier's small group pool.
22 Variations of greater than eight percentage points are subject to
23 review by the commissioner and must be approved or denied within thirty
24 days of submittal. A variation that is not denied within ((sixty))
25 thirty days shall be deemed approved. The commissioner must provide to
26 the carrier a detailed actuarial justification for any denial ((within
27 thirty days)) at the time of the denial.

28 (j) For health benefit plans purchased through the health insurance
29 partnership established in chapter 70.47A RCW:

30 (i) Any surcharge established pursuant to RCW 70.47A.030(2)(e)
31 shall be applied only to health benefit plans purchased through the
32 health insurance partnership; and

33 (ii) Risk adjustment or reinsurance mechanisms may be used by the
34 health insurance partnership program to redistribute funds to carriers
35 participating in the health insurance partnership based on differences
36 in risk attributable to individual choice of health plans or other
37 factors unique to health insurance partnership participation. Use of

1 such mechanisms shall be limited to the partnership program and will
2 not affect small group health plans offered outside the partnership.

3 (k) If the rate developed under this section varies the adjusted
4 community rate for the factors listed in (a) of this subsection, the
5 date for determining those factors must be no more than ninety days
6 prior to the effective date of the health benefit plan.

7 ~~((+4))~~ (5) Nothing in this section shall restrict the right of
8 employees to collectively bargain for insurance providing benefits in
9 excess of those provided herein.

10 ~~((+5))~~ (6)(a) Except as provided in this subsection and subsection
11 ~~((+3))~~ (4)(g) of this section, requirements used by a contractor in
12 determining whether to provide coverage to a small employer shall be
13 applied uniformly among all small employers applying for coverage or
14 receiving coverage from the carrier.

15 (b) A contractor shall not require a minimum participation level
16 greater than:

17 (i) One hundred percent of eligible employees working for groups
18 with three or less employees; and

19 (ii) Seventy-five percent of eligible employees working for groups
20 with more than three employees.

21 (c) In applying minimum participation requirements with respect to
22 a small employer, a small employer shall not consider employees or
23 dependents who have similar existing coverage in determining whether
24 the applicable percentage of participation is met.

25 (d) A contractor may not increase any requirement for minimum
26 employee participation or modify any requirement for minimum employer
27 contribution applicable to a small employer at any time after the small
28 employer has been accepted for coverage.

29 (e) Minimum participation requirements and employer premium
30 contribution requirements adopted by the health insurance partnership
31 board under RCW 70.47A.110 shall apply only to the employers and
32 employees who purchase health benefit plans through the health
33 insurance partnership.

34 ~~((+6))~~ (7) A contractor must offer coverage to all eligible
35 employees of a small employer and their dependents. A contractor may
36 not offer coverage to only certain individuals or dependents in a small
37 employer group or to only part of the group. A contractor may not
38 modify a health plan with respect to a small employer or any eligible

1 employee or dependent, through riders, endorsements or otherwise, to
2 restrict or exclude coverage or benefits for specific diseases, medical
3 conditions, or services otherwise covered by the plan.

4 **Sec. 4.** RCW 48.46.066 and 2010 c 292 s 6 are each amended to read
5 as follows:

6 (1)~~((a))~~ A health maintenance organization offering any health
7 benefit plan to a small employer, either directly or through an
8 association or member-governed group formed specifically for the
9 purpose of purchasing health care, may offer and actively market to the
10 small employer ~~((a))~~ no more than one health benefit plan featuring a
11 limited schedule of covered health care services. ~~((Nothing in this~~
12 ~~subsection shall preclude a health maintenance organization from~~
13 ~~offering, or a small employer from purchasing, other health benefit~~
14 ~~plans that may have more comprehensive benefits than those included in~~
15 ~~the product offered under this subsection. A health maintenance~~
16 ~~organization offering a health benefit plan under this subsection shall~~
17 ~~clearly disclose all the covered benefits to the small employer in a~~
18 ~~brochure filed with the commissioner.~~

19 ~~(b) A health benefit plan offered under this subsection shall~~
20 ~~provide coverage for hospital expenses and services rendered by a~~
21 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~
22 ~~to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.350,~~
23 ~~48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510, 48.46.520, and~~
24 ~~48.46.530.~~

25 ~~(2))~~ (a) The plan offered under this subsection may be offered
26 with a choice of cost-sharing arrangements, and may, but is not
27 required to, comply with: RCW 48.46.250, 48.46.272 through 48.46.292,
28 48.46.320, 48.46.350, 48.46.375, 48.46.440 through 48.46.460,
29 48.46.480, 48.46.490, 48.46.510 through 48.46.530, 48.46.565 through
30 48.46.575, 48.43.045(1) except as required in (b) of this subsection,
31 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or 48.42.100.

32 (b) In offering the plan under this subsection, the health
33 maintenance organization must offer the small employer the option of
34 permitting every category of health care provider to provide health
35 services or care for conditions covered by the plan pursuant to RCW
36 48.43.045(1).

1 (2) A health maintenance organization offering the plan under
2 subsection (1) of this section must also offer and actively market to
3 the small employer at least one additional health benefit plan.

4 (3) Nothing in this section shall prohibit a health maintenance
5 organization from offering, or a purchaser from seeking, health benefit
6 plans with benefits in excess of the health benefit plan offered under
7 subsection (1) of this section. All forms, policies, and contracts
8 shall be submitted for approval to the commissioner, and the rates of
9 any plan offered under this section shall be reasonable in relation to
10 the benefits thereto.

11 ~~((3))~~ (4) Premium rates for health benefit plans for small
12 employers as defined in this section shall be subject to the following
13 provisions:

14 (a) The health maintenance organization shall develop its rates
15 based on an adjusted community rate and may only vary the adjusted
16 community rate for:

- 17 (i) Geographic area;
- 18 (ii) Family size;
- 19 (iii) Age; and
- 20 (iv) Wellness activities.

21 (b) The adjustment for age in (a)(iii) of this subsection may not
22 use age brackets smaller than five-year increments, which shall begin
23 with age twenty and end with age sixty-five. Employees under the age
24 of twenty shall be treated as those age twenty.

25 (c) The health maintenance organization shall be permitted to
26 develop separate rates for individuals age sixty-five or older for
27 coverage for which medicare is the primary payer and coverage for which
28 medicare is not the primary payer. Both rates shall be subject to the
29 requirements of this subsection ~~((3))~~ (4).

30 (d) The permitted rates for any age group shall be no more than
31 four hundred twenty-five percent of the lowest rate for all age groups
32 on January 1, 1996, four hundred percent on January 1, 1997, and three
33 hundred seventy-five percent on January 1, 2000, and thereafter.

34 (e) A discount for wellness activities shall be permitted to
35 reflect actuarially justified differences in utilization or cost
36 attributed to such programs. Up to a twenty percent variance may be
37 allowed for small employers that develop and implement a wellness
38 program or activities that directly improve employee wellness.

1 Employers shall document program activities with the carrier and may,
2 after three years of implementation, request a reduction in premiums
3 based on improved employee health and wellness. While carriers may
4 review the employer's claim history when making a determination
5 regarding whether the employer's wellness program has improved employee
6 health, the carrier may not use maternity or prevention services claims
7 to deny the employer's request. Carriers may consider issues such as
8 improved productivity or a reduction in absenteeism due to illness if
9 submitted by the employer for consideration. Interested employers may
10 also work with the carrier to develop a wellness program and a means to
11 track improved employee health.

12 (f) The rate charged for a health benefit plan offered under this
13 section may not be adjusted more frequently than annually except that
14 the premium may be changed to reflect:

15 (i) Changes to the enrollment of the small employer;

16 (ii) Changes to the family composition of the employee;

17 (iii) Changes to the health benefit plan requested by the small
18 employer; or

19 (iv) Changes in government requirements affecting the health
20 benefit plan.

21 (g) On the census date, as defined in RCW 48.46.020, rating factors
22 shall produce premiums for identical groups that differ only by the
23 amounts attributable to plan design, and differences in census date
24 between new and renewal groups, with the exception of discounts for
25 health improvement programs.

26 (h) For the purposes of this section, a health benefit plan that
27 contains a restricted network provision shall not be considered similar
28 coverage to a health benefit plan that does not contain such a
29 provision, provided that the restrictions of benefits to network
30 providers result in substantial differences in claims costs. A carrier
31 may develop its rates based on claims costs (~~(due to network provider
32 reimbursement schedules or type of network)~~) for a plan. This
33 subsection does not restrict or enhance the portability of benefits as
34 provided in RCW 48.43.015.

35 (i) Except for small group health benefit plans that qualify as
36 insurance coverage combined with a health savings account as defined by
37 the United States internal revenue service, adjusted community rates
38 established under this section shall pool the medical experience of all

1 groups purchasing coverage, including the small group participants in
2 the health insurance partnership established in RCW 70.47A.030.
3 However, annual rate adjustments for each small group health benefit
4 plan may vary by up to plus or minus (~~four~~) eight percentage points
5 from the overall adjustment of a carrier's entire small group pool(~~(~~
6 ~~such overall adjustment to be approved by the commissioner, upon a~~
7 ~~showing by the carrier, certified by a member of the American academy~~
8 ~~of actuaries that: (i) The variation is a result of deductible~~
9 ~~leverage, benefit design, or provider network characteristics; and (ii)~~
10 ~~for a rate renewal period, the projected weighted average of all small~~
11 ~~group benefit plans will have a revenue neutral effect on the carrier's~~
12 ~~small group pool. Variations of greater than four percentage points~~
13 ~~are subject to review by the commissioner, and must be approved or~~
14 ~~denied within sixty days of submittal)) if certified by a member of the~~
15 American academy of actuaries, that: (i) The variation is a result of
16 deductible leverage, benefit design, claims cost trend for the plan, or
17 provider network characteristics; and (ii) for a rate renewal period,
18 the projected weighted average of all small group benefit plans will
19 have a revenue neutral effect on the health maintenance organization's
20 small group pool. Variations of greater than eight percentage points
21 are subject to review by the commissioner and must be approved or
22 denied within thirty days of submittal. A variation that is not denied
23 within (~~sixty~~) thirty days shall be deemed approved. The
24 commissioner must provide to the carrier a detailed actuarial
25 justification for any denial (~~within thirty days~~) at the time of the
26 denial.

27 (j) For health benefit plans purchased through the health insurance
28 partnership established in chapter 70.47A RCW:

29 (i) Any surcharge established pursuant to RCW 70.47A.030(2)(e)
30 shall be applied only to health benefit plans purchased through the
31 health insurance partnership; and

32 (ii) Risk adjustment or reinsurance mechanisms may be used by the
33 health insurance partnership program to redistribute funds to carriers
34 participating in the health insurance partnership based on differences
35 in risk attributable to individual choice of health plans or other
36 factors unique to health insurance partnership participation. Use of
37 such mechanisms shall be limited to the partnership program and will
38 not affect small group health plans offered outside the partnership.

1 (k) If the rate developed under this section varies the adjusted
2 community rate for the factors listed in (a) of this subsection, the
3 date for determining those factors must be no more than ninety days
4 prior to the effective date of the health benefit plan.

5 ~~((+4))~~ (5) Nothing in this section shall restrict the right of
6 employees to collectively bargain for insurance providing benefits in
7 excess of those provided herein.

8 ~~((+5))~~ (6)(a) Except as provided in this subsection and subsection
9 ~~((+3))~~ (4)(g) of this section, requirements used by a health
10 maintenance organization in determining whether to provide coverage to
11 a small employer shall be applied uniformly among all small employers
12 applying for coverage or receiving coverage from the carrier.

13 (b) A health maintenance organization shall not require a minimum
14 participation level greater than:

15 (i) One hundred percent of eligible employees working for groups
16 with three or less employees; and

17 (ii) Seventy-five percent of eligible employees working for groups
18 with more than three employees.

19 (c) In applying minimum participation requirements with respect to
20 a small employer, a small employer shall not consider employees or
21 dependents who have similar existing coverage in determining whether
22 the applicable percentage of participation is met.

23 (d) A health maintenance organization may not increase any
24 requirement for minimum employee participation or modify any
25 requirement for minimum employer contribution applicable to a small
26 employer at any time after the small employer has been accepted for
27 coverage.

28 (e) Minimum participation requirements and employer premium
29 contribution requirements adopted by the health insurance partnership
30 board under RCW 70.47A.110 shall apply only to the employers and
31 employees who purchase health benefit plans through the health
32 insurance partnership.

33 ~~((+6))~~ (7) A health maintenance organization must offer coverage
34 to all eligible employees of a small employer and their dependents. A
35 health maintenance organization may not offer coverage to only certain
36 individuals or dependents in a small employer group or to only part of
37 the group. A health maintenance organization may not modify a health
38 plan with respect to a small employer or any eligible employee or

1 dependent, through riders, endorsements or otherwise, to restrict or
2 exclude coverage or benefits for specific diseases, medical conditions,
3 or services otherwise covered by the plan."

ESHB 1220 - S AMD TO HEA COMM AMD (S-2400.1/11)
By Senator Parlette

OUT OF ORDER 04/07/2011

4 On page 3, line 2 of the title amendment, after "48.02.120" insert
5 ", 48.21.045, 48.44.023, and 48.46.066"

EFFECT: Allows insurance companies to offer a mandate-free small
group health benefit plan.

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