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**HOUSE BILL 2901**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Representatives Riccelli, Cody, Robinson, Stonier, and Macri

Read first time 01/29/20. Referred to Committee on Finance.

1 AN ACT Relating to providing health care premium assistance by  
2 imposing a tax on claims paid; adding a new section to chapter 48.14  
3 RCW; and adding new sections to chapter 41.05 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.14  
6 RCW to read as follows:

7 (1) In addition to any other taxes imposed under this chapter,  
8 each covered entity must pay an additional tax. The measure of the  
9 tax is one percent of all paid claims by a covered entity during the  
10 preceding calendar year. The tax is due annually each March 1st and  
11 must be reported and paid in the manner prescribed by the  
12 commissioner's office. The first payment is due March 1, 2021, for  
13 paid claims during calendar year 2020.

14 (2) The proceeds of the tax must be deposited into the premium  
15 assistance account created in section 2 of this act.

16 (3) The definitions in this subsection apply throughout this  
17 section unless the context clearly requires otherwise.

18 (a) "Claims-related expenses" means:

19 (i) Cost containment expenses including payments for utilization  
20 review, care or case management, disease management, medication  
21 review management, risk assessment, and similar administrative

1 services intended to reduce the claims paid for health and medical  
2 services rendered to covered individuals by attempting to ensure the  
3 needed services are delivered in the most efficacious manner possible  
4 or by helping those covered individuals maintain or improve their  
5 health;

6 (ii) Payments that are made to or by an organized group of health  
7 or medical service providers in accordance with managed care risk  
8 arrangements or network access agreements if the payments are  
9 unrelated to the provision of services to specific covered  
10 individuals; and

11 (iii) General administrative expenses.

12 (b) "Covered entity" means health carriers as defined in RCW  
13 48.43.005, third-party administrators, and employers offering self-  
14 funded coverage.

15 (c) "Health and medical services" means:

16 (i) Services including furnishing medical care, dental care,  
17 pharmaceutical care, and care provided in a hospital or other medical  
18 facility;

19 (ii) Ancillary services, including ambulatory services and  
20 emergency and nonemergency transportation;

21 (iii) Services provided by any professional regulated under  
22 chapter 18.130 RCW, except for veterinarians, marriage and family  
23 therapists, athletic trainers, massage therapists, and mental health  
24 counselors; and

25 (iv) Behavioral health services, including mental health and  
26 substance use disorder treatment.

27 (d) "Paid claims" includes the net recovery of actual payments  
28 made on behalf of a Washington resident to a health and medical  
29 services provider or reimbursed to an individual by a covered entity.

30 "Paid claims" does not include:

31 (i) Claims-related expenses;

32 (ii) Payments made to a qualifying provider under an incentive  
33 compensation arrangement if the payments are not reflected in the  
34 processing of claims submitted for services rendered to specific  
35 covered individuals;

36 (iii) Claims paid by covered entities for specified accident,  
37 accident-only coverage, credit, disability income, long-term care,  
38 health-related claims under automobile insurance, homeowners  
39 insurance, farm owners insurance, commercial multiple peril

1 insurance, workers compensation, and coverage issued as a supplement  
2 to liability insurance;

3 (iv) Claims paid for services to a nonresident of Washington or  
4 for services provided outside of Washington;

5 (v) Claims paid under health coverage offered to federal  
6 employees;

7 (vi) Claims paid by a tribal government or a Taft-Hartley trust,  
8 or a third-party administrator acting on behalf of a tribal  
9 government or Taft-Hartley trust;

10 (vii) Claims paid under federal and state programs, including  
11 medicare, apple health, apple health for kids, tricare, and veterans  
12 administration coverage;

13 (viii) Reimbursement to an individual under a health  
14 reimbursement arrangement authorized under the federal internal  
15 revenue code, including a flexible spending arrangement, a health  
16 savings account, an Archer medical savings account, or a medicare  
17 advantage medical savings account;

18 (ix) Cost-sharing paid by an individual, including copayments,  
19 coinsurance, and deductibles;

20 (x) Claims paid by coverage offered under chapter 48.41 RCW.

21 (e) "Third-party administrators" means any person or entity who,  
22 on behalf of a health carrier or health care purchaser other than a  
23 tribal government or a Taft-Hartley trust, receives or collects  
24 charges or contributions for providers and facilities.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05  
26 RCW to read as follows:

27 The premium assistance account is created in the state treasury.  
28 All the proceeds from the tax imposed in section 1 of this act must  
29 be deposited into the account. Moneys in the account may be spent  
30 only after appropriation. Expenditures from the account may only be  
31 used for premium assistance pursuant to section 3 of this act.

32 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.05  
33 RCW to read as follows:

34 (1) An individual is eligible for premium assistance under this  
35 section if the individual:

36 (a) Is a resident of the state;

1 (b) Has income that is greater than or equal to one hundred  
2 thirty-three percent of the federal poverty level, but less than or  
3 equal to five hundred percent of the federal poverty level;

4 (c) Is enrolled in a qualified health plan; and

5 (d) Is ineligible for medicare, a federal or state medical  
6 assistance program administered by the authority under chapter 74.09  
7 RCW, or for premium assistance under RCW 43.71A.020.

8 (2) Subject to the availability of amounts appropriated for this  
9 specific purpose, the authority must provide premium assistance to an  
10 individual eligible under subsection (1) of this section. The  
11 authority must, by rule, establish the amount of premium assistance  
12 provided to eligible individuals under this section on a sliding  
13 scale.

14 (3) The authority may disqualify an individual from receiving  
15 premium assistance under this section if he or she:

16 (a) No longer meets the eligibility criteria in subsection (1) of  
17 this section;

18 (b) Fails, without good cause, to comply with any procedural or  
19 documentation requirements established by the authority in accordance  
20 with subsection (4) of this section;

21 (c) Fails, without good cause, to notify the authority of a  
22 change of address in a timely manner;

23 (d) Voluntarily withdraws from the program; or

24 (e) Performs an act, practice, or omission that constitutes  
25 fraud, and, as a result, an insurer rescinds the individual's policy  
26 for the qualified health plan.

27 (4) The authority must establish:

28 (a) An application process for premium assistance under this  
29 section; and

30 (b) Procedural requirements for continued participation in the  
31 program, including participant documentation requirements that are  
32 necessary for the authority to administer the program.

33 (5) If sufficient funds are not appropriated to fully fund  
34 premium assistance for all eligible individuals under this section,  
35 the authority must prioritize providing the premium assistance  
36 required under this section to eligible individuals with the lowest  
37 incomes.

38 (6) Premium assistance under this section must be available no  
39 later than the 2022 plan year.

1 (7) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Advance premium tax credit" means the premium assistance  
4 amount determined in accordance with the affordable care act.

5 (b) "Affordable care act" means the federal patient protection  
6 and affordable care act, P.L. 111-148, as amended by the federal  
7 health care and education reconciliation act of 2010, P.L. 111-152,  
8 or federal regulations or guidance issued under the affordable care  
9 act.

10 (c) "Exchange" means the Washington health benefit exchange  
11 established in chapter 43.71 RCW.

12 (d) "Income" means the modified adjusted gross income attributed  
13 to an individual for purposes of determining his or her eligibility  
14 for advance premium tax credits.

15 (e) "Qualified health plan" means a health benefit plan sold  
16 through the health benefit exchange.

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