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5 On page 14, beginning on line 15 of the amendment, after "(1)"
6 strike all material through "activities" on line 18 and insert
7 "~~((Adjusted))~~ Community rate" means the rating method used to
8 establish the premium for health plans adjusted to reflect actuarially
9 demonstrated differences in utilization or cost attributable to
10 geographic region(~~(, age,)~~) and family size(~~(, and use of wellness~~
11 ~~activities))"~~

12 Beginning on page 27, after line 18 of the amendment, strike all of
13 sections 206 through 208 and insert the following:

14 "**Sec. 206.** RCW 48.20.028 and 1995 c 265 s 13 are each amended to
15 read as follows:

16 (1)(a) An insurer offering any health benefit plan to any
17 individual shall offer and actively market to all individuals a health
18 benefit plan providing benefits identical to the schedule of covered
19 health services that are required to be delivered to an individual
20 enrolled in the basic health plan. Nothing in this subsection shall
21 preclude an insurer from offering, or an individual from purchasing,
22 other health benefit plans that may have more or less comprehensive
23 benefits than the basic health plan, provided such plans are in
24 accordance with this chapter. An insurer offering a health benefit
25 plan that does not include benefits provided in the basic health plan
26 shall clearly disclose these differences to the individual in a
27 brochure approved by the commissioner.

28 (b) A health benefit plan shall provide coverage for hospital
29 expenses and services rendered by a physician licensed under chapter
30 18.57 or 18.71 RCW but is not subject to the requirements of RCW
31 48.20.390, 48.20.393, 48.20.395, 48.20.397, 48.20.410, 48.20.411,
32 48.20.412, 48.20.416, and 48.20.420 if the health benefit plan is the
33 mandatory offering under (a) of this subsection that provides benefits
34 identical to the basic health plan, to the extent these requirements
35 differ from the basic health plan.

1 (2) Premiums for health benefit plans for individuals shall be
2 calculated using the ~~((adjusted))~~ community rating method that spreads
3 financial risk across the carrier's entire individual product
4 population. All such rates shall conform to the following:

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

- 7 (i) Geographic area; and
8 (ii) Family size(~~(+~~
9 ~~(iii) Age; and~~
10 ~~(iv) Wellness activities))~~).

11 (b) ~~((The adjustment for age in (a)(iii) of this subsection may not
12 use age brackets smaller than five year increments which shall begin
13 with age twenty and end with age sixty five. Individuals under the age
14 of twenty shall be treated as those age twenty.~~

15 ~~(c) The insurer shall be permitted to develop separate rates for
16 individuals age sixty five or older for coverage for which medicare is
17 the primary payer and coverage for which medicare is not the primary
18 payer. Both rates shall be subject to the requirements of this
19 subsection.~~

20 ~~(d) The permitted rates for any age group shall be no more than
21 four hundred twenty five percent of the lowest rate for all age groups
22 on January 1, 1996, four hundred percent on January 1, 1997, and three
23 hundred seventy five percent on January 1, 2000, and thereafter.~~

24 ~~(e) A discount for wellness activities shall be permitted to
25 reflect actuarially justified differences in utilization or cost
26 attributed to such programs not to exceed twenty percent.~~

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

- 30 (i) Changes to the family composition;
31 (ii) Changes to the health benefit plan requested by the
32 individual; or
33 (iii) Changes in government requirements affecting the health
34 benefit plan.

35 ~~((g))~~ (c) For the purposes of this section, a health benefit plan
36 that contains a restricted network provision shall not be considered
37 similar coverage to a health benefit plan that does not contain such a
38 provision, provided that the restrictions of benefits to network
39 providers result in substantial differences in claims costs. This

1 subsection does not restrict or enhance the portability of benefits as
2 provided in RCW 48.43.015.

3 (3) (~~Adjusted~~) Community rates established under this section
4 shall pool the medical experience of all individuals purchasing
5 coverage, and shall not be required to be pooled with the medical
6 experience of health benefit plans offered to small employers under RCW
7 48.21.045.

8 (4) As used in this section, "health benefit plan," "basic health
9 plan," "~~adjusted~~) community rate," and "wellness activities" mean
10 the same as defined in RCW 48.43.005.

11 **Sec. 207.** RCW 48.44.022 and 1995 c 265 s 15 are each amended to
12 read as follows:

13 (1)(a) A health care service contractor offering any health benefit
14 plan to any individual shall offer and actively market to all
15 individuals a health benefit plan providing benefits identical to the
16 schedule of covered health services that are required to be delivered
17 to an individual enrolled in the basic health plan. Nothing in this
18 subsection shall preclude a contractor from offering, or an individual
19 from purchasing, other health benefit plans that may have more or less
20 comprehensive benefits than the basic health plan, provided such plans
21 are in accordance with this chapter. A contractor offering a health
22 benefit plan that does not include benefits provided in the basic
23 health plan shall clearly disclose these differences to the individual
24 in a brochure approved by the commissioner.

25 (b) A health benefit plan shall provide coverage for hospital
26 expenses and services rendered by a physician licensed under chapter
27 18.57 or 18.71 RCW but is not subject to the requirements of RCW
28 48.44.225, 48.44.240, 48.44.245, 48.44.290, 48.44.300, 48.44.310,
29 48.44.320, 48.44.325, 48.44.330, 48.44.335, 48.44.340, 48.44.344,
30 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460 if the health
31 benefit plan is the mandatory offering under (a) of this subsection
32 that provides benefits identical to the basic health plan, to the
33 extent these requirements differ from the basic health plan.

34 (2) Premium rates for health benefit plans for individuals shall be
35 subject to the following provisions:

36 (a) The health care service contractor shall develop its rates
37 based on (~~an adjusted~~) a community rate and may only vary the
38 (~~adjusted~~) community rate for:

1 (i) Geographic area; and
2 (ii) Family size(~~(i~~
3 ~~(iii) Age; and~~
4 ~~(iv) Wellness activities))~~).

5 (b) ~~((The adjustment for age in (a)(iii) of this subsection may not~~
6 ~~use age brackets smaller than five year increments which shall begin~~
7 ~~with age twenty and end with age sixty five. Individuals under the age~~
8 ~~of twenty shall be treated as those age twenty.~~

9 (c) ~~The health care service contractor shall be permitted to~~
10 ~~develop separate rates for individuals age sixty five or older for~~
11 ~~coverage for which medicare is the primary payer and coverage for which~~
12 ~~medicare is not the primary payer. Both rates shall be subject to the~~
13 ~~requirements of this subsection.~~

14 (d) ~~The permitted rates for any age group shall be no more than~~
15 ~~four hundred twenty five percent of the lowest rate for all age groups~~
16 ~~on January 1, 1996, four hundred percent on January 1, 1997, and three~~
17 ~~hundred seventy five percent on January 1, 2000, and thereafter.~~

18 (e) ~~A discount for wellness activities shall be permitted to~~
19 ~~reflect actuarially justified differences in utilization or cost~~
20 ~~attributed to such programs not to exceed twenty percent.~~

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

24 (i) Changes to the family composition;
25 (ii) Changes to the health benefit plan requested by the
26 individual; or
27 (iii) Changes in government requirements affecting the health
28 benefit plan.

29 (~~g~~)) (c) For the purposes of this section, a health benefit plan
30 that contains a restricted network provision shall not be considered
31 similar coverage to a health benefit plan that does not contain such a
32 provision, provided that the restrictions of benefits to network
33 providers result in substantial differences in claims costs. This
34 subsection does not restrict or enhance the portability of benefits as
35 provided in RCW 48.43.015.

36 (3) (~~Adjusted~~) Community rates established under this section
37 shall pool the medical experience of all individuals purchasing
38 coverage, and shall not be required to be pooled with the medical

1 experience of health benefit plans offered to small employers under RCW
2 48.44.023.

3 (4) As used in this section and RCW 48.44.023 "health benefit
4 plan," "small employer," "basic health plan," "~~((adjusted))~~ community
5 rates," and "wellness activities" mean the same as defined in RCW
6 48.43.005.

7 **Sec. 208.** RCW 48.46.064 and 1995 c 265 s 17 are each amended to
8 read as follows:

9 (1)(a) A health maintenance organization offering any health
10 benefit plan to any individual shall offer and actively market to all
11 individuals a health benefit plan providing benefits identical to the
12 schedule of covered health services that are required to be delivered
13 to an individual enrolled in the basic health plan. Nothing in this
14 subsection shall preclude a health maintenance organization from
15 offering, or an individual from purchasing, other health benefit plans
16 that may have more or less comprehensive benefits than the basic health
17 plan, provided such plans are in accordance with this chapter. A
18 health maintenance organization offering a health benefit plan that
19 does not include benefits provided in the basic health plan shall
20 clearly disclose these differences to the individual in a brochure
21 approved by the commissioner.

22 (b) A health benefit plan shall provide coverage for hospital
23 expenses and services rendered by a physician licensed under chapter
24 18.57 or 18.71 RCW but is not subject to the requirements of RCW
25 48.46.275, ~~((48.26.280-[48.46.280]))~~ 48.46.280, 48.46.285, 48.46.290,
26 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510,
27 48.46.520, and 48.46.530 if the health benefit plan is the mandatory
28 offering under (a) of this subsection that provides benefits identical
29 to the basic health plan, to the extent these requirements differ from
30 the basic health plan.

31 (2) Premium rates for health benefit plans for individuals shall be
32 subject to the following provisions:

33 (a) The health maintenance organization shall develop its rates
34 based on ~~((an adjusted))~~ a community rate and may only vary the
35 ~~((adjusted))~~ community rate for:

36 (i) Geographic area; and

37 (ii) Family size(~~(+~~

38 ~~(iii) Age; and~~

1 ~~(iv) Wellness activities)).~~

2 ~~(b) ((The adjustment for age in (a)(iii) of this subsection may not~~
3 ~~use age brackets smaller than five year increments which shall begin~~
4 ~~with age twenty and end with age sixty five. Individuals under the age~~
5 ~~of twenty shall be treated as those age twenty.~~

6 ~~(c) The health maintenance organization shall be permitted to~~
7 ~~develop separate rates for individuals age sixty five or older for~~
8 ~~coverage for which medicare is the primary payer and coverage for which~~
9 ~~medicare is not the primary payer. Both rates shall be subject to the~~
10 ~~requirements of this subsection.~~

11 ~~(d) The permitted rates for any age group shall be no more than~~
12 ~~four hundred twenty five percent of the lowest rate for all age groups~~
13 ~~on January 1, 1996, four hundred percent on January 1, 1997, and three~~
14 ~~hundred seventy five percent on January 1, 2000, and thereafter.~~

15 ~~(e) A discount for wellness activities shall be permitted to~~
16 ~~reflect actuarially justified differences in utilization or cost~~
17 ~~attributed to such programs not to exceed twenty percent.~~

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

21 (i) Changes to the family composition;

22 (ii) Changes to the health benefit plan requested by the
23 individual; or

24 (iii) Changes in government requirements affecting the health
25 benefit plan.

26 ~~((g))~~ (c) For the purposes of this section, a health benefit plan
27 that contains a restricted network provision shall not be considered
28 similar 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. This
31 subsection does not restrict or enhance the portability of benefits as
32 provided in RCW 48.43.015.

33 (3) ~~((Adjusted))~~ Community rates established under this section
34 shall pool the medical experience of all individuals purchasing
35 coverage, and shall not be required to be pooled with the medical
36 experience of health benefit plans offered to small employers under RCW
37 48.46.066.

38 (4) As used in this section and RCW 48.46.066, "health benefit
39 plan," "basic health plan," "~~((adjusted))~~ community rate," "small

1 employer," and "wellness activities" mean the same as defined in RCW
2 48.43.005."

3 EFFECT: Deletes adjusted community rating provisions that include
4 "age" and "wellness," and exempts small businesses from compliance.
5 Inserts new community rating provisions that permit adjustments only
6 for geographic differences and family size, per the 1993 Health Reform
7 Act.

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