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HOUSE BILL 2350

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State of Washington

56th Legislature

2000 Regular Session

By Representatives Sullivan, O'Brien, Miloscia, D. Sommers, Conway and Ogden

Read first time 01/11/2000. Referred to Committee on Health Care.

1 AN ACT Relating to health insurance for individuals and families;  
2 amending RCW 48.14.0201; adding new sections to chapter 70.47 RCW;  
3 adding a new section to chapter 48.14 RCW; creating a new section; and  
4 providing an effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that health plans  
7 through the individual market are scarce and not available at all in  
8 many parts of the state, threatening the health of Washington residents  
9 who do not have access to health insurance through their employer,  
10 medicare, or medicaid. The legislature intends to provide a safety net  
11 for Washington citizens by establishing an affordable catastrophic  
12 health plan that is available throughout the state for individuals and  
13 their families.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.47 RCW  
15 to read as follows:

16 (1) The administrator shall offer a catastrophic health plan  
17 designed as follows:

1 (a) Copayments and other cost sharing shall be the same as the  
2 nonsubsidized basic health plan, as set forth in RCW 70.47.060, except  
3 that there shall be a requirement of a seven hundred fifty dollar  
4 annual deductible.

5 (b) The schedule of benefits shall be the same as the nonsubsidized  
6 basic health plan, as set forth in RCW 70.47.060, except there shall be  
7 exclusion of chemical dependency services, mental health services, and  
8 organ transplant services for those over sixty years old.

9 (c) Except as required by federal law, participating health  
10 carriers may impose a twelve-month waiting period for coverage of a  
11 preexisting condition if such condition existed, was diagnosed, or was  
12 treated during the six-month period prior to enrollment.

13 (d) Monthly premiums for this coverage shall not exceed eighty-five  
14 dollars per enrollee and twenty-five dollars per dependent. The  
15 administrator may increase these premiums by rule every five years  
16 based on the consumer price index.

17 (e) There is a lifetime limit of four hundred thousand dollars per  
18 enrollee.

19 (2)(a) Any health carrier that contracts with Washington state  
20 and/or the health care authority must offer or contract with another to  
21 offer the health plan described in this section in a manner required by  
22 the administrator in rule.

23 (b) The health care authority may offer the health plan under this  
24 section in areas not covered by health carriers or where health  
25 carriers do not have adequate networks in a similar manner as the  
26 uniform medical plan.

27 (3) The difference between the cost of providing the plan under  
28 this section and the premiums collected under subsection (1)(d) of this  
29 section shall be reimbursed from the account created in section 3 of  
30 this act and as provided in section 5 of this act.

31 (4) The administrator may adopt rules necessary to implement this  
32 section and section 5 of this act.

33 NEW SECTION. **Sec. 3.** A new section is added to chapter 70.47 RCW  
34 to read as follows:

35 The catastrophic health plan account is created in the custody of  
36 the state treasurer. A portion of insurance premium taxes shall be  
37 deposited in the account as prescribed in section 5 of this act.  
38 Expenditures from the account may be used only for expenses related to

1 the catastrophic health plan under section 2 of this act. Only the  
2 administrator of the health care authority or a designee may authorize  
3 expenditures from the account. The account is subject to allotment  
4 procedures under chapter 43.88 RCW, but no appropriation is required  
5 for expenditures.

6 **Sec. 4.** RCW 48.14.0201 and 1998 c 323 s 1 are each amended to read  
7 as follows:

8 (1) As used in this section, "taxpayer" means a health maintenance  
9 organization, as defined in RCW 48.46.020, or a health care service  
10 contractor, as defined in RCW 48.44.010.

11 (2) Each taxpayer shall pay a tax on or before the first day of  
12 March of each year to the state treasurer through the insurance  
13 commissioner's office. The tax shall be equal to the total amount of  
14 all premiums and prepayments for health care services received by the  
15 taxpayer during the preceding calendar year multiplied by the rate of  
16 two percent.

17 (3) Taxpayers shall prepay their tax obligations under this  
18 section. The minimum amount of the prepayments shall be percentages of  
19 the taxpayer's tax obligation for the preceding calendar year  
20 recomputed using the rate in effect for the current year. For the  
21 prepayment of taxes due during the first calendar year, the minimum  
22 amount of the prepayments shall be percentages of the taxpayer's tax  
23 obligation that would have been due had the tax been in effect during  
24 the previous calendar year. The tax prepayments shall be paid to the  
25 state treasurer through the commissioner's office by the due dates and  
26 in the following amounts:

- 27 (a) On or before June 15, forty-five percent;  
28 (b) On or before September 15, twenty-five percent;  
29 (c) On or before December 15, twenty-five percent.

30 (4) For good cause demonstrated in writing, the commissioner may  
31 approve an amount smaller than the preceding calendar year's tax  
32 obligation as recomputed for calculating the health maintenance  
33 organization's, health care service contractor's, or certified health  
34 plan's prepayment obligations for the current tax year.

35 (5) Except as provided in section 5 of this act, moneys collected  
36 under this section shall be deposited in ((the general fund through  
37 March 31, 1996, and in)) the health services account under RCW  
38 43.72.900 ((after March 31, 1996)).

1 (6) The taxes imposed in this section do not apply to:

2 (a) Amounts received by any taxpayer from the United States or any  
3 instrumentality thereof as prepayments for health care services  
4 provided under Title XVIII (medicare) of the federal social security  
5 act.

6 (b) Amounts received by any health care service contractor, as  
7 defined in RCW 48.44.010, as prepayments for health care services  
8 included within the definition of practice of dentistry under RCW  
9 18.32.020.

10 (7) Beginning January 1, 2000, the state does hereby preempt the  
11 field of imposing excise or privilege taxes upon taxpayers and no  
12 county, city, town, or other municipal subdivision shall have the right  
13 to impose any such taxes upon such taxpayers. This subsection shall be  
14 limited to premiums and payments for health benefit plans offered by  
15 health care service contractors under chapter 48.44 RCW and health  
16 maintenance organizations under chapter 48.46 RCW. The preemption  
17 authorized by this subsection shall not impair the ability of a county,  
18 city, town, or other municipal subdivision to impose excise or  
19 privilege taxes upon the health care services directly delivered by the  
20 employees of a health maintenance organization under chapter 48.46 RCW.

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

23 (1) Except for moneys deposited in the catastrophic health plan  
24 account as provided in subsection (2) of this section, the state  
25 treasurer shall deposit moneys received by the treasurer for the tax  
26 obligation under RCW 48.14.020 in the general fund and for the tax  
27 obligation under RCW 48.14.0201 in the health services account.

28 (2) The state treasurer shall deposit a percentage of the tax  
29 obligations under RCW 48.14.020 and 48.14.0201 in the catastrophic  
30 health plan account created in section 3 of this act. The percentage  
31 to be deposited in the catastrophic health plan account shall be  
32 determined by the administrator of the health care authority as  
33 provided in this subsection (2). The administrator of the health care  
34 authority shall adopt by rule a procedure to determine at least  
35 annually the amount of losses under section 2(3) of this act and shall  
36 express this amount as a percentage of the total premium taxes under  
37 RCW 48.14.020 and 48.14.0201. The state treasurer, at least annually,  
38 shall apply this percentage to the premium taxes received by the

1 treasurer and shall deposit this amount in the catastrophic health plan  
2 account created in section 3 of this act and shall deposit the  
3 remainder in the general fund or the health services account as  
4 provided in subsection (1) of this section.

5 (3) The state treasurer, the administrator of the health care  
6 authority, and the insurance commissioner shall collaborate on  
7 implementing this section and may adopt rules necessary to implement  
8 this section. The rules may provide for estimates of losses where  
9 appropriate and adjustments to be made for actual losses when that  
10 information is available the following year.

11 (4) The administrator of the health care authority shall estimate  
12 the amount necessary to cover the losses in the first year of operation  
13 of the catastrophic health plan established in section 2 of this act  
14 and calculate a percentage for the state treasurer to use under  
15 subsection (2) of this section beginning with moneys received on or  
16 after the effective date of this act. Adjustments based on the actual  
17 losses experienced in the first year of operation shall be made in the  
18 second year of the plan.

19 NEW SECTION. **Sec. 6.** This act takes effect July 1, 2000.

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