
SENATE BILL 5052

State of Washington

61st Legislature

2009 Regular Session

By Senators Parlette and Holmquist

Read first time 01/12/09. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to health insurance options for young adults;
2 amending RCW 48.43.041, 48.44.022, 48.46.064, and 48.20.029; and adding
3 a new section to chapter 48.43 RCW.

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

5 **Sec. 1.** RCW 48.43.041 and 2000 c 79 s 26 are each amended to read
6 as follows:

7 (1) All individual health benefit plans, other than catastrophic
8 health plans(~~(, offered or renewed on or after October 1, 2000)~~) and
9 plans for young adults described in subsection (3) of this section,
10 shall include benefits described in this section. Nothing in this
11 section shall be construed to require a carrier to offer an individual
12 health benefit plan.

13 (a) Maternity services that include, with no enrollee cost-sharing
14 requirements beyond those generally applicable cost-sharing
15 requirements: Diagnosis of pregnancy; prenatal care; delivery; care
16 for complications of pregnancy; physician services; hospital services;
17 operating or other special procedure rooms; radiology and laboratory
18 services; appropriate medications; anesthesia; and services required
19 under RCW 48.43.115; and

1 (b) Prescription drug benefits with at least a two thousand dollar
2 benefit payable by the carrier annually.

3 (2) If a carrier offers a health benefit plan that is not a
4 catastrophic health plan to groups, and it chooses to offer a health
5 benefit plan to individuals, it must offer at least one health benefit
6 plan to individuals that is not a catastrophic health plan.

7 (3) Carriers may design and offer a separate health plan targeted
8 at young adults between nineteen and thirty-four years of age. The
9 plan may include the benefits required under subsections (1) and (2) of
10 this section but is not required to include these benefits. The health
11 plan designed for young adults is exempt from the requirements of RCW
12 48.43.045(1), 48.43.515(5), 48.44.327, 48.20.392, 48.46.277, 48.43.043,
13 48.20.580, 48.21.241, 48.44.341, and 48.46.291. Carriers who choose to
14 exclude maternity services from a young adult plan offered under this
15 section must allow enrollees who become pregnant to transfer to another
16 health benefit plan with similar cost-sharing provisions that provides
17 coverage for maternity services, once pregnancy is confirmed by a
18 licensed provider. Carriers shall allow the transfer to occur without
19 applying a preexisting condition waiting period or other limitation or
20 penalty including, but not limited to, satisfying a new deductible or
21 stop-loss requirement.

22 **Sec. 2.** RCW 48.44.022 and 2006 c 100 s 3 are each amended to read
23 as follows:

24 (1) Except for health benefit plans covered under RCW 48.44.021,
25 premium rates for health benefit plans for individuals shall be subject
26 to the following provisions:

27 (a) The health care service contractor shall develop its rates
28 based on an adjusted community rate and may only vary the adjusted
29 community rate for:

- 30 (i) Geographic area;
- 31 (ii) Family size;
- 32 (iii) Age;
- 33 (iv) Tenure discounts; and
- 34 (v) Wellness activities.

35 (b) The adjustment for age in (a)(iii) of this subsection may not
36 use age brackets smaller than five-year increments which shall begin

1 with age twenty and end with age sixty-five. Individuals under the age
2 of twenty shall be treated as those age twenty.

3 (c) The health care service contractor shall be permitted to
4 develop separate rates for individuals age sixty-five or older for
5 coverage for which medicare is the primary payer and coverage for which
6 medicare is not the primary payer. Both rates shall be subject to the
7 requirements of this subsection.

8 (d) Except as provided in subsection (2) of this section, the
9 permitted rates for any age group shall be no more than four hundred
10 twenty-five percent of the lowest rate for all age groups on January 1,
11 1996, four hundred percent on January 1, 1997, and three hundred
12 seventy-five percent on January 1, 2000, and thereafter.

13 (e) A discount for wellness activities shall be permitted to
14 reflect actuarially justified differences in utilization or cost
15 attributed to such programs.

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

19 (i) Changes to the family composition;

20 (ii) Changes to the health benefit plan requested by the
21 individual; or

22 (iii) Changes in government requirements affecting the health
23 benefit plan.

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

31 (h) A tenure discount for continuous enrollment in the health plan
32 of two years or more may be offered, not to exceed ten percent.

33 (2) Adjusted community rates established under this section shall
34 pool the medical experience of all individuals purchasing coverage,
35 except individuals purchasing coverage under RCW 48.44.021, and shall
36 not be required to be pooled with the medical experience of health
37 benefit plans offered to small employers under RCW 48.44.023. Carriers
38 may treat young adults and products developed specifically for them

1 consistent with RCW 48.43.041(3) as a single-banded experience pool for
2 purposes of establishing rates. The rates established for this age
3 group are not subject to subsection (1)(d) of this section.

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

7 **Sec. 3.** RCW 48.46.064 and 2006 c 100 s 5 are each amended to read
8 as follows:

9 (1) Except for health benefit plans covered under RCW 48.46.063,
10 premium rates for health benefit plans for individuals shall be subject
11 to the following provisions:

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

- 15 (i) Geographic area;
- 16 (ii) Family size;
- 17 (iii) Age;
- 18 (iv) Tenure discounts; and
- 19 (v) Wellness activities.

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

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

29 (d) Except as provided in subsection (2) of this section, the
30 permitted rates for any age group shall be no more than four hundred
31 twenty-five percent of the lowest rate for all age groups on January 1,
32 1996, four hundred percent on January 1, 1997, and three hundred
33 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.

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

4 (i) Changes to the family composition;

5 (ii) Changes to the health benefit plan requested by the
6 individual; or

7 (iii) Changes in government requirements affecting the health
8 benefit plan.

9 (g) For the purposes of this section, a health benefit plan that
10 contains a restricted network provision shall not be considered similar
11 coverage to a health benefit plan that does not contain such a
12 provision, provided that the restrictions of benefits to network
13 providers result in substantial differences in claims costs. This
14 subsection does not restrict or enhance the portability of benefits as
15 provided in RCW 48.43.015.

16 (h) A tenure discount for continuous enrollment in the health plan
17 of two years or more may be offered, not to exceed ten percent.

18 (2) Adjusted community rates established under this section shall
19 pool the medical experience of all individuals purchasing coverage,
20 except individuals purchasing coverage under RCW 48.46.063, and shall
21 not be required to be pooled with the medical experience of health
22 benefit plans offered to small employers under RCW 48.46.066. Carriers
23 may treat young adults and products developed specifically for them
24 consistent with RCW 48.43.041(3) as a single-banded experience pool for
25 purposes of establishing rates. The rates established for this age
26 group are not subject to subsection (1)(d) of this section.

27 (3) As used in this section and RCW 48.46.066, "health benefit
28 plan," "adjusted community rate," "small employer," and "wellness
29 activities" mean the same as defined in RCW 48.43.005.

30 **Sec. 4.** RCW 48.20.029 and 2006 c 100 s 2 are each amended to read
31 as follows:

32 (1) Premiums for health benefit plans for individuals who purchase
33 the plan as a member of a purchasing pool:

34 (a) Consisting of five hundred or more individuals affiliated with
35 a particular industry;

36 (b) To whom care management services are provided as a benefit of
37 pool membership; and

1 (c) Which allows contributions from more than one employer to be
2 used towards the purchase of an individual's health benefit plan;
3 shall be calculated using the adjusted community rating method that
4 spreads financial risk across the entire purchasing pool of which the
5 individual is a member. All such rates shall conform to the following:

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

- 8 (A) Geographic area;
- 9 (B) Family size;
- 10 (C) Age;
- 11 (D) Tenure discounts; and
- 12 (E) Wellness activities.

13 (ii) The adjustment for age in (c)(i)(C) of this subsection may not
14 use age brackets smaller than five-year increments which shall begin
15 with age twenty and end with age sixty-five. Individuals under the age
16 of twenty shall be treated as those age twenty.

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

21 (iv) Except as provided in subsection (2) of this section, the
22 permitted rates for any age group shall be no more than four hundred
23 twenty-five percent of the lowest rate for all age groups on January 1,
24 1996, four hundred percent on January 1, 1997, and three hundred
25 seventy-five percent on January 1, 2000, and thereafter.

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

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

- 32 (A) Changes to the family composition;
- 33 (B) Changes to the health benefit plan requested by the individual;

34 or

35 (C) Changes in government requirements affecting the health benefit
36 plan.

37 (vii) For the purposes of this section, a health benefit plan that
38 contains a restricted network provision shall not be considered similar

1 coverage to a health benefit plan that does not contain such a
2 provision, provided that the restrictions of benefits to network
3 providers result in substantial differences in claims costs. This
4 subsection does not restrict or enhance the portability of benefits as
5 provided in RCW 48.43.015.

6 (viii) A tenure discount for continuous enrollment in the health
7 plan of two years or more may be offered, not to exceed ten percent.

8 (2) Adjusted community rates established under this section shall
9 not be required to be pooled with the medical experience of health
10 benefit plans offered to small employers under RCW 48.21.045. Carriers
11 may treat young adults and products developed specifically for them
12 consistent with RCW 48.43.041(3) as a single-banded experience pool for
13 purposes of establishing rates. The rates established for this age
14 group are not subject to subsection (1)(c)(iv) of this section.

15 (3) As used in this section, "health benefit plan," "adjusted
16 community rates," and "wellness activities" mean the same as defined in
17 RCW 48.43.005.

18 NEW SECTION. Sec. 5. A new section is added to chapter 48.43 RCW
19 to read as follows:

20 The office of the insurance commissioner shall make available
21 educational and outreach materials targeted to young adults aged
22 nineteen to thirty-four, as funding becomes available. Education and
23 outreach efforts shall focus on educating young consumers on the
24 importance and value of health insurance, including educational
25 materials, public service messages, and other outreach activities. The
26 commissioner is authorized to fund these activities with grants,
27 donations, in-kind contributions, or other funding that may be
28 available.

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