
SENATE BILL 5595

State of Washington

64th Legislature

2015 Regular Session

By Senators Becker and Bailey

Read first time 01/26/15. Referred to Committee on Health Care.

1 AN ACT Relating to clarifying association health plans
2 provisions; amending RCW 48.21.010, 48.44.070, and 48.46.060;
3 creating new sections; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the offering of
6 affordable health care to Washington residents is a critical public
7 policy objective. The legislature further finds that as the
8 affordable care act is fully implemented, it is critical that quality
9 health care coverage continue to be available to residents of the
10 state. The legislature further finds that association health care
11 plans are an important means of delivering quality and affordable
12 health care coverage and that continuation of such plans will help
13 mitigate the costs of implementing the affordable care act.
14 Therefore, the legislature declares that association health care
15 plans meeting certain standards should be continued as a means of
16 providing health care as the affordable care act is implemented.

17 **Sec. 2.** RCW 48.21.010 and 2011 c 81 s 1 are each amended to read
18 as follows:

19 (1) Group disability insurance is that form of disability
20 insurance, including stop loss insurance as defined in RCW 48.11.030,

1 provided by a master policy issued to an employer, to a trustee
2 appointed by an employer or employers, or to an association of
3 employers formed for purposes other than obtaining such insurance,
4 covering, with or without their dependents, the employees, or
5 specified categories of the employees, of such employers or their
6 subsidiaries or affiliates, or issued to a labor union, or to an
7 association of employees formed for purposes other than obtaining
8 such insurance, covering, with or without their dependents, the
9 members, or specified categories of the members, of the labor union
10 or association, or issued pursuant to RCW 48.21.030. Group disability
11 insurance includes the following groups that qualify for group life
12 insurance:

13 RCW 48.24.020, 48.24.035, 48.24.040, 48.24.045, 48.24.050,
14 48.24.060, 48.24.070, 48.24.080, 48.24.090, and 48.24.095. A group
15 under RCW 48.24.027 does not qualify as a group for the purposes of
16 this chapter.

17 (2) Group disability insurance for lines of coverage identified
18 in RCW 48.43.005(~~((+19+))~~) (26) (e), (h), and (k) offered to a resident
19 of this state under a group disability insurance policy may be issued
20 to a group other than the groups described in subsection (1) of this
21 section subject to the requirements in this subsection.

22 (a) A group disability insurance policy offered under this
23 subsection may not be delivered in this state unless the commissioner
24 finds that:

25 (i) The issuance of the group policy is not contrary to the best
26 interest of the public;

27 (ii) The issuance of the group policy would result in economies
28 of acquisition or administration; and

29 (iii) The benefits are reasonable in relation to the premium
30 charged.

31 (b) A group disability insurance coverage may not be offered
32 under this subsection in this state by an insurer under a policy
33 issued in another state unless the commissioner or the insurance
34 commissioner of another state having requirements substantially
35 similar to those contained in this subsection has made a
36 determination that the requirements have been met.

37 (3) Until or unless the United States department of labor
38 prohibits the treatment of a health plan issued to an association or
39 member-governed group as a large group plan, any rate or form filed
40 by any life and disability carrier for health benefit coverage to

1 employers purchasing health plans through that association and
2 member-governed group shall be deemed and may only be reviewed as a
3 negotiated large group filing by the insurance commissioner if the
4 carrier in good faith certifies that:

5 (a) The association or member-governed group operates solely
6 within the borders of a single state and only includes member
7 employers having registered Washington state unified business
8 identifiers;

9 (b) The association or member-governed group has minimum
10 enrollment of one hundred participants;

11 (c) Any filed health plan includes all benefit mandates
12 applicable to fully insured large group health plans;

13 (d) A filed health plan will not underwrite individuals based
14 upon health conditions of the individual;

15 (e) A filed health plan will not be issued to any association
16 that conditions membership based on age, health status, or medical
17 claims experience; and

18 (f) A filed health plan will be offered to all eligible
19 association members, regardless of their age, health status, or
20 medical claims experience.

21 **Sec. 3.** RCW 48.44.070 and 1990 c 120 s 9 are each amended to
22 read as follows:

23 (1) Forms of contracts between health care service contractors
24 and participating providers shall be filed with the insurance
25 commissioner prior to use.

26 (2) Any contract form not affirmatively disapproved within
27 fifteen days of filing shall be deemed approved, except that the
28 commissioner may extend the approval period an additional fifteen
29 days upon giving notice before the expiration of the initial fifteen-
30 day period. The commissioner may approve such a contract form for
31 immediate use at any time. Approval may be subsequently withdrawn for
32 cause.

33 (3) Until or unless the United States department of labor
34 prohibits the treatment of a health plan issued to an association or
35 member-governed group as a large group plan, any rate or form filed
36 by any health care service contractor for health benefit coverage to
37 employers purchasing health plans through that association and
38 member-governed group shall be deemed and may only be reviewed as a

1 negotiated large group filing by the insurance commissioner if the
2 carrier in good faith certifies that:

3 (a) The association or member-governed group operates solely
4 within the borders of a single state and only includes member
5 employers having registered Washington state unified business
6 identifiers;

7 (b) The association or member-governed group has minimum
8 enrollment of one hundred participants;

9 (c) Any filed health plan includes all benefit mandates
10 applicable to fully insured large group health plans;

11 (d) A filed health plan will not underwrite individuals based
12 upon health conditions of the individual;

13 (e) A filed health plan will not be issued to any association
14 that conditions membership based on age, health status, or medical
15 claims experience; and

16 (f) A filed health plan will be offered to all eligible
17 association members, regardless of their age, health status, or
18 medical claims experience.

19 (4) Subject to the right of the health care service contractor to
20 demand and receive a hearing and an automatic stay under chapters
21 48.04 and 34.05 RCW, the commissioner may disapprove such a contract
22 form if it is in any respect in violation of this chapter or if it
23 fails to conform to minimum provisions or standards required by the
24 commissioner by rule under chapter 34.05 RCW.

25 **Sec. 4.** RCW 48.46.060 and 2008 c 303 s 3 are each amended to
26 read as follows:

27 (1) Any health maintenance organization may enter into agreements
28 with or for the benefit of persons or groups of persons, which
29 require prepayment for health care services by or for such persons in
30 consideration of the health maintenance organization providing health
31 care services to such persons. Such activity is not subject to the
32 laws relating to insurance if the health care services are rendered
33 directly by the health maintenance organization or by any provider
34 which has a contract or other arrangement with the health maintenance
35 organization to render health services to enrolled participants.

36 (2) All forms of health maintenance agreements issued by the
37 organization to enrolled participants or other marketing documents
38 purporting to describe the organization's comprehensive health care
39 services shall comply with such minimum standards as the commissioner

1 deems reasonable and necessary in order to carry out the purposes and
2 provisions of this chapter, and which fully inform enrolled
3 participants of the health care services to which they are entitled,
4 including any limitations or exclusions thereof, and such other
5 rights, responsibilities and duties required of the contracting
6 health maintenance organization.

7 (3) Until or unless the United States department of labor
8 prohibits the treatment of a health plan issued to an association or
9 member-governed group as a large group plan, any rate or form filed
10 by any health maintenance organization for health benefit coverage to
11 employers purchasing health plans through that association and
12 member-governed group shall be deemed and may only be reviewed as a
13 negotiated large group filing by the insurance commissioner if the
14 carrier in good faith certifies that:

15 (a) The association or member-governed group operates solely
16 within the borders of a single state and only includes member
17 employers having registered Washington state unified business
18 identifiers;

19 (b) The association or member-governed group has minimum
20 enrollment of one hundred participants;

21 (c) Any filed health plan includes all benefit mandates
22 applicable to fully insured large group health plans;

23 (d) A filed health plan will not underwrite individuals based
24 upon health conditions of the individual;

25 (e) A filed health plan will not be issued to any association
26 that conditions membership based on age, health status, or medical
27 claims experience; and

28 (f) A filed health plan will be offered to all eligible
29 association members, regardless of their age, health status, or
30 medical claims experience.

31 (4) Subject to the right of the health maintenance organization
32 to demand and receive a hearing and an automatic stay under chapters
33 48.04 and 34.05 RCW, the commissioner may disapprove an individual or
34 group agreement form for any of the following grounds:

35 (a) If it contains or incorporates by reference any inconsistent,
36 ambiguous, or misleading clauses, or exceptions or conditions which
37 unreasonably or deceptively affect the risk purported to be assumed
38 in the general coverage of the agreement;

39 (b) If it has any title, heading, or other indication which is
40 misleading;

1 (c) If purchase of health care services thereunder is being
2 solicited by deceptive advertising;

3 (d) If it contains unreasonable restrictions on the treatment of
4 patients;

5 (e) If it is in any respect in violation of this chapter or if it
6 fails to conform to minimum provisions or standards required by the
7 commissioner by rule under chapter 34.05 RCW; or

8 (f) If any agreement for health care services with any state
9 agency, division, subdivision, board, or commission or with any
10 political subdivision, municipal corporation, or quasi-municipal
11 corporation fails to comply with state law.

12 ~~((4))~~ (5) In addition to the grounds listed in subsection (2)
13 of this section, the commissioner may disapprove any agreement if the
14 benefits provided therein are unreasonable in relation to the amount
15 charged for the agreement. Rates, or any modification of rates
16 effective on or after July 1, 2008, for individual health benefit
17 plans may not be used until sixty days after they are filed with the
18 commissioner. If the commissioner does not disapprove a rate filing
19 within sixty days after the health maintenance organization has filed
20 the documents required in RCW 48.46.062(2) and any rules adopted
21 pursuant thereto, the filing shall be deemed approved.

22 ~~((5))~~ (6) No health maintenance organization authorized under
23 this chapter shall cancel or fail to renew the enrollment on any
24 basis of an enrolled participant or refuse to transfer an enrolled
25 participant from a group to an individual basis for reasons relating
26 solely to age, sex, race, or health status. Nothing contained herein
27 shall prevent cancellation of an agreement with enrolled participants
28 (a) who violate any published policies of the organization which have
29 been approved by the commissioner, or (b) who are entitled to become
30 eligible for medicare benefits and fail to enroll for a medicare
31 supplement plan offered by the health maintenance organization and
32 approved by the commissioner, or (c) for failure of such enrolled
33 participant to pay the approved charge, including cost-sharing,
34 required under such contract, or (d) for a material breach of the
35 health maintenance agreement.

36 ~~((6))~~ (7) No agreement form or amendment to an approved
37 agreement form shall be used unless it is first filed with the
38 commissioner.

1 NEW SECTION. **Sec. 5.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 6.** If any part of this act is found to be in
6 conflict with federal requirements that are a prescribed condition to
7 the allocation of federal funds to the state, the conflicting part of
8 this act is inoperative solely to the extent of the conflict and with
9 respect to the agencies directly affected, and this finding does not
10 affect the operation of the remainder of this act in its application
11 to the agencies concerned. Rules adopted under this act must meet
12 federal requirements that are a necessary condition to the receipt of
13 federal funds by the state.

14 NEW SECTION. **Sec. 7.** The commissioner shall take the necessary
15 steps to ensure that this act is implemented on its effective date.

16 NEW SECTION. **Sec. 8.** Section 3 of this act takes effect July 1,
17 2017.

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