

ESHB 2408 - S COMM AMD

By Committee on Health & Long Term Care

ADOPTED 03/07/2018

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) Access to health care is fundamental to the health and safety  
5 of the citizens of Washington state;

6 (b) Health insurance coverage is necessary for most people to  
7 access health care;

8 (c) Due to uncertainty in the health insurance marketplace,  
9 volatility in the current federal regulatory environment, and rising  
10 health care costs, ensuring access to the private health insurance  
11 market in every county in Washington state is becoming more  
12 difficult;

13 (d) The consequences of losing private health insurance coverage  
14 in a county would be catastrophic, leading to deteriorating health  
15 outcomes, lost productivity, and lower quality of life; and

16 (e) If the private market fails to provide coverage in a county,  
17 the state must intervene.

18 (2) The legislature therefore intends to:

19 (a) Leverage the provider networks used by private insurers  
20 offering coverage to state and school employees to ensure private  
21 insurance coverage is available in all counties where those insurers  
22 offer coverage to state and school employees; and

23 (b) Until such coverage is available, make coverage in the  
24 Washington state health insurance pool more affordable to persons  
25 residing in counties where no private insurance is available.

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

28 (1) For plan years beginning January 1, 2020, at least one health  
29 carrier in an insurance holding company system must offer in the  
30 exchange at least one silver and one gold qualified health plan in  
31 any county in which any health carrier in that insurance holding

1 company system offers a fully insured health plan that was approved,  
2 on or after the effective date of this section, by the school  
3 employees' benefits board or the public employees' benefits board to  
4 be offered to employees and their covered dependents under this  
5 chapter.

6 (2) The rates for a health plan approved by the school employees'  
7 benefits board or the public employees' benefits board may not  
8 include the administrative costs or actuarial risks associated with a  
9 qualified health plan offered under subsection (1) of this section.

10 (3) The authority shall perform an actuarial review during the  
11 annual rate setting process for plans approved by the school  
12 employees' benefits board or the public employees' benefits board to  
13 ensure compliance with subsection (2) of this section.

14 (4) For purposes of this section, "exchange" and "health carrier"  
15 have the same meaning as in RCW 48.43.005.

16 (5) For purposes of this section, "insurance holding company  
17 system" has the same meaning as in RCW 48.31B.005.

18 **Sec. 3.** RCW 48.41.200 and 2007 c 259 s 28 are each amended to  
19 read as follows:

20 (1) The pool shall determine the standard risk rate by  
21 calculating the average individual standard rate charged for coverage  
22 comparable to pool coverage by the five largest members, measured in  
23 terms of individual market enrollment, offering such coverages in the  
24 state. In the event five members do not offer comparable coverage,  
25 the standard risk rate shall be established using reasonable  
26 actuarial techniques and shall reflect anticipated experience and  
27 expenses for such coverage in the individual market.

28 (2) Subject to subsection (3) of this section, maximum rates for  
29 pool coverage shall be as follows:

30 (a) Maximum rates for a pool indemnity health plan shall be one  
31 hundred fifty percent of the rate calculated under subsection (1) of  
32 this section;

33 (b) Maximum rates for a pool care management plan shall be one  
34 hundred twenty-five percent of the rate calculated under subsection  
35 (1) of this section; and

36 (c) Maximum rates for a person eligible for pool coverage  
37 pursuant to RCW 48.41.100(1)(a) who was enrolled at any time during  
38 the sixty-three day period immediately prior to the date of  
39 application for pool coverage in a group health benefit plan or an

1 individual health benefit plan other than a catastrophic health plan  
2 as defined in RCW 48.43.005, where such coverage was continuous for  
3 at least eighteen months, shall be:

4 (i) For a pool indemnity health plan, one hundred twenty-five  
5 percent of the rate calculated under subsection (1) of this section;  
6 and

7 (ii) For a pool care management plan, one hundred ten percent of  
8 the rate calculated under subsection (1) of this section.

9 (3)(a) Subject to (b) and (c) of this subsection:

10 (i) The rate for any person, other than a person eligible for a  
11 rate reduction under subsection (4) of this section, whose current  
12 gross family income is less than two hundred fifty-one percent of the  
13 federal poverty level shall be reduced by thirty percent from what it  
14 would otherwise be;

15 (ii) The rate for any person, other than a person eligible for a  
16 rate reduction under subsection (4) of this section, whose current  
17 gross family income is more than two hundred fifty but less than  
18 three hundred one percent of the federal poverty level shall be  
19 reduced by fifteen percent from what it would otherwise be;

20 (iii) The rate for any person who has been enrolled in the pool  
21 for more than thirty-six months shall be reduced by five percent from  
22 what it would otherwise be.

23 (b) In no event shall the rate for any person be less than one  
24 hundred ten percent of the rate calculated under subsection (1) of  
25 this section.

26 (c) Rate reductions under (a)(i) and (ii) of this subsection  
27 shall be available only to the extent that funds are specifically  
28 appropriated for this purpose in the omnibus appropriations act.

29 (4) The rate for any person eligible for pool coverage under RCW  
30 48.41.100(1)(a)(i) shall be reduced as follows:

31 (a) The rate for a person whose current modified adjusted gross  
32 income is less than or equal to two hundred percent of the federal  
33 poverty level must be reduced by eighty percent from what it  
34 otherwise would be;

35 (b) The rate for a person whose current modified adjusted gross  
36 income is more than two hundred percent, but less than or equal to  
37 three hundred percent of the federal poverty level must be reduced by  
38 sixty percent from what it otherwise would be;

39 (c) The rate for a person whose current modified adjusted gross  
40 income is more than three hundred percent, but less than or equal to

1 four hundred percent of the federal poverty level must be reduced by  
2 fifty percent from what it otherwise would be; and

3 (d) The rate for a person whose current modified adjusted gross  
4 income is more than four hundred percent of the federal poverty level  
5 must be reduced by thirty percent from what it otherwise would be.

6 **Sec. 4.** RCW 48.41.090 and 2013 2nd sp.s. c 6 s 7 are each  
7 amended to read as follows:

8 (1) Following the close of each accounting year, the pool  
9 administrator shall determine the total net cost of pool operation  
10 which shall include:

11 (a) Net premium (premiums less administrative expense  
12 allowances), the pool expenses of administration, and incurred losses  
13 for the year, taking into account investment income and other  
14 appropriate gains and losses; ~~((and))~~

15 (b) The amount of pool contributions specified in the state  
16 omnibus appropriations act for deposit into the health benefit  
17 exchange account under RCW 43.71.060, to assist with the transition  
18 of enrollees from the pool into the health benefit exchange created  
19 by chapter 43.71 RCW; and

20 (c) Any rate reductions received by individuals under RCW  
21 48.41.200(4).

22 (2)(a) Each member's proportion of participation in the pool  
23 shall be determined annually by the board based on annual statements  
24 and other reports deemed necessary by the board and filed by the  
25 member with the commissioner; and shall be determined by multiplying  
26 the total cost of pool operation by a fraction. The numerator of the  
27 fraction equals that member's total number of resident insured  
28 persons, including spouse and dependents, covered under all health  
29 plans in the state by that member during the preceding calendar year.  
30 The denominator of the fraction equals the total number of resident  
31 insured persons, including spouses and dependents, covered under all  
32 health plans in the state by all pool members during the preceding  
33 calendar year.

34 (b) For purposes of calculating the numerator and the denominator  
35 under (a) of this subsection:

36 (i) All health plans in the state by the state health care  
37 authority include only the uniform medical plan;

1 (ii) Each ten resident insured persons, including spouse and  
2 dependents, under a stop loss plan or the uniform medical plan shall  
3 count as one resident insured person;

4 (iii) Health plans serving medical care services program clients  
5 under RCW 74.09.035 are exempted from the calculation; and

6 (iv) Health plans established to serve elderly clients or  
7 medicaid clients with disabilities under chapter 74.09 RCW when the  
8 plan has been implemented on a demonstration or pilot project basis  
9 are exempted from the calculation until July 1, 2009.

10 (c) Except as provided in RCW 48.41.037, any deficit incurred by  
11 the pool, including pool contributions for deposit into the health  
12 benefit exchange account, shall be recouped by assessments among  
13 members apportioned under this subsection pursuant to the formula set  
14 forth by the board among members. The monthly per member assessment  
15 may not exceed the 2013 assessment level. If the maximum assessment  
16 is insufficient to cover a pool deficit the assessment shall be used  
17 first to pay all incurred losses and pool administrative expenses,  
18 with the remainder being available for deposit in the health benefit  
19 exchange account.

20 (3) The board may abate or defer, in whole or in part, the  
21 assessment of a member if, in the opinion of the board, payment of  
22 the assessment would endanger the ability of the member to fulfill  
23 its contractual obligations. If an assessment against a member is  
24 abated or deferred in whole or in part, the amount by which such  
25 assessment is abated or deferred may be assessed against the other  
26 members in a manner consistent with the basis for assessments set  
27 forth in subsection (2) of this section. The member receiving such  
28 abatement or deferment shall remain liable to the pool for the  
29 deficiency.

30 (4) Subject to the limitation imposed in subsection (2)(c) of  
31 this section, the pool administrator shall transfer the assessments  
32 for pool contributions for the operation of the health benefit  
33 exchange to the treasurer for deposit into the health benefit  
34 exchange account with the quarterly assessments for 2014 as specified  
35 in the state omnibus appropriations act. If assessments exceed actual  
36 losses and administrative expenses of the pool and pool contributions  
37 for deposit into the health benefit exchange account, the excess  
38 shall be held at interest and used by the board to offset future  
39 losses or to reduce pool premiums. As used in this subsection,

1 "future losses" includes reserves for incurred but not reported  
2 claims.

3 NEW SECTION. **Sec. 5.** Sections 3 and 4 of this act expire  
4 December 31, 2019.

5 NEW SECTION. **Sec. 6.** If any provision of this act or its  
6 application to any person or circumstance is held invalid, the  
7 remainder of the act or the application of the provision to other  
8 persons or circumstances is not affected."

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**ADOPTED 03/07/2018**

9 On page 1, line 2 of the title, after "state;" strike the  
10 remainder of the title and insert "amending RCW 48.41.200 and  
11 48.41.090; adding a new section to chapter 41.05 RCW; creating a new  
12 section; and providing an expiration date."

EFFECT: Removes provisions allowing someone to purchase coverage in another county if there are no individual market plan options in their county and restores language allowing individuals to purchase WSHIP coverage at lower rates depending on their income. Expires provisions allowing certain individuals to purchase WSHIP coverage at a lower rate, on December 31, 2019. Permits any health carrier within an insurance holding company to offer a silver and gold plan on the Exchange if any health carrier in that same holding company offers a fully insured plan approved by PEBB or SEBB, as opposed to requiring the same carrier that offers the PEBB or SEBB approved option to offer options on the Exchange.

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