
SUBSTITUTE HOUSE BILL 1338

State of Washington 65th Legislature 2017 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Cody, Schmick, Jinkins, Johnson, Robinson, and Riccelli)

READ FIRST TIME 02/10/17.

1 AN ACT Relating to the Washington state health insurance pool;
2 amending RCW 48.41.100 and 48.41.160; and creating a new section.

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

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

5 (a) The Washington state health insurance pool currently provides
6 subsidized health coverage to almost one thousand five hundred people
7 in medicare supplemental plans and nonmedicare health plans;

8 (b) Enrollees in Washington state health insurance pool plans
9 tend to have higher health care costs than enrollees in other types
10 of health plans;

11 (c) Having a separate insurance pool for high-risk individuals
12 benefits all purchasers of health insurance products by keeping
13 premium costs down;

14 (d) The costs of subsidizing Washington state health insurance
15 pool enrollees are borne disproportionately by purchasers of small
16 group and individual market plans;

17 (e) The Washington state health insurance pool is scheduled to
18 close its nonmedicare enrollment after December 31, 2017; and

19 (f) Uncertainty due to changes to the health care marketplace on
20 the federal and state levels increases the necessity of keeping the

1 Washington state health insurance pool open, at least in the short
2 term.

3 (2) The legislature therefore intends to:

4 (a) Extend the expiration date for nonmedicare coverage in the
5 Washington state health insurance pool; and

6 (b) Study:

7 (i) The necessity of continuing Washington state health insurance
8 pool coverage in the short and long terms;

9 (ii) The role of the Washington state health insurance pool in
10 light of the evolving health care landscape; and

11 (iii) The creation of a funding mechanism that equitably and
12 broadly apportions Washington state health insurance pool costs
13 across Washington's health care marketplace.

14 **Sec. 2.** RCW 48.41.100 and 2013 c 279 s 3 are each amended to
15 read as follows:

16 (1)(a) The following persons who are residents of this state are
17 eligible for pool coverage:

18 (i) Any resident of the state not eligible for medicare coverage
19 or medicaid coverage, and residing in a county where an individual
20 health plan other than a catastrophic health plan as defined in RCW
21 48.43.005 is not offered to the resident during defined open
22 enrollment or special enrollment periods at the time of application
23 to the pool, whether through the health benefit exchange operated
24 pursuant to chapter 43.71 RCW or in the private insurance market, and
25 who makes application to the pool for coverage prior to December 31,
26 ((2017)) 2022;

27 (ii) Any resident of the state not eligible for medicare
28 coverage, enrolled in the pool prior to December 31, 2013, shall
29 remain eligible for pool coverage except as provided in subsections
30 (2) and (3) of this section through December 31, ((2017)) 2022;

31 (iii) Any person becoming eligible for medicare before August 1,
32 2009, who provides evidence of (A) a rejection for medical reasons,
33 (B) a requirement of restrictive riders, (C) an up-rated premium, (D)
34 a preexisting conditions limitation, or (E) lack of access to or for
35 a comprehensive medicare supplemental insurance policy under chapter
36 48.66 RCW, the effect of any of which is to substantially reduce
37 coverage from that received by a person considered a standard risk by
38 at least one member within six months of the date of application; and

1 (iv) Any person becoming eligible for medicare on or after August
2 1, 2009, who does not have access to a reasonable choice of
3 comprehensive medicare part C plans, as defined in (b) of this
4 subsection, and who provides evidence of (A) a rejection for medical
5 reasons, (B) a requirement of restrictive riders, (C) an up-rated
6 premium, (D) a preexisting conditions limitation, or (E) lack of
7 access to or for a comprehensive medicare supplemental insurance
8 policy under chapter 48.66 RCW, the effect of any of which is to
9 substantially reduce coverage from that received by a person
10 considered a standard risk by at least one member within six months
11 of the date of application.

12 (b) For purposes of (a)(i) of this subsection, by December 1,
13 2013, the board shall develop and implement a process to determine an
14 applicant's eligibility based on the criteria specified in (a)(i) of
15 this subsection.

16 (c) For purposes of (a)(iv) of this subsection (1), a person does
17 not have access to a reasonable choice of plans unless the person has
18 a choice of health maintenance organization or preferred provider
19 organization medicare part C plans offered by at least three
20 different carriers that have had provider networks in the person's
21 county of residence for at least five years. The plan options must
22 include coverage at least as comprehensive as a plan F medicare
23 supplement plan combined with medicare parts A and B. The plan
24 options must also provide access to adequate and stable provider
25 networks that make up-to-date provider directories easily accessible
26 on the carrier web site, and will provide them in hard copy, if
27 requested. In addition, if no health maintenance organization or
28 preferred provider organization plan includes the health care
29 provider with whom the person has an established care relationship
30 and from whom he or she has received treatment within the past twelve
31 months, the person does not have reasonable access.

32 (2) The following persons are not eligible for coverage by the
33 pool:

34 (a) Any person having terminated coverage in the pool unless (i)
35 twelve months have lapsed since termination, or (ii) that person can
36 show continuous other coverage which has been involuntarily
37 terminated for any reason other than nonpayment of premiums. However,
38 these exclusions do not apply to eligible individuals as defined in
39 section 2741(b) of the federal health insurance portability and
40 accountability act of 1996 (42 U.S.C. Sec. 300gg-41(b));

1 (b) Inmates of public institutions and those persons who become
2 eligible for medical assistance after June 30, 2008, as defined in
3 RCW 74.09.010. However, these exclusions do not apply to eligible
4 individuals as defined in section 2741(b) of the federal health
5 insurance portability and accountability act of 1996 (42 U.S.C. Sec.
6 300gg-41(b)).

7 (3) When a carrier or insurer regulated under chapter 48.15 RCW
8 begins to offer an individual health benefit plan in a county where
9 no carrier had been offering an individual health benefit plan:

10 (a) If the health benefit plan offered is other than a
11 catastrophic health plan as defined in RCW 48.43.005, any person
12 enrolled in a pool plan pursuant to subsection (1)(a)(i) of this
13 section in that county shall no longer be eligible for coverage under
14 that plan pursuant to subsection (1)(a)(i) of this section; and

15 (b) The pool administrator shall provide written notice to any
16 person who is no longer eligible for coverage under a pool plan under
17 this subsection (3) within thirty days of the administrator's
18 determination that the person is no longer eligible. The notice
19 shall: (i) Indicate that coverage under the plan will cease ninety
20 days from the date that the notice is dated; (ii) describe any other
21 coverage options, either in or outside of the pool, available to the
22 person; and (iii) describe the enrollment process for the available
23 options outside of the pool.

24 **Sec. 3.** RCW 48.41.160 and 2013 c 279 s 4 are each amended to
25 read as follows:

26 (1) On or before December 31, 2007, the pool shall cancel all
27 existing pool policies and replace them with policies that are
28 identical to the existing policies except for the inclusion of a
29 provision providing for a guarantee of the continuity of coverage
30 consistent with this section. As a means to minimize the number of
31 policy changes for enrollees, replacement policies provided under
32 this subsection also may include the plan modifications authorized in
33 RCW 48.41.100, 48.41.110, and 48.41.120.

34 (2) A pool policy shall contain a guarantee of the individual's
35 right to continued coverage, subject to the provisions of subsections
36 (4), (5), (7), and (8) of this section.

37 (3) The guarantee of continuity of coverage required by this
38 section shall not prevent the pool from canceling or nonrenewing a
39 policy for:

- 1 (a) Nonpayment of premium;
- 2 (b) Violation of published policies of the pool;
- 3 (c) Failure of a covered person who becomes eligible for medicare
4 benefits by reason of age to apply for a pool medical supplement
5 plan, or a medicare supplement plan or other similar plan offered by
6 a carrier pursuant to federal laws and regulations;
- 7 (d) Failure of a covered person to pay any deductible or
8 copayment amount owed to the pool and not the provider of health care
9 services;
- 10 (e) Covered persons committing fraudulent acts as to the pool;
- 11 (f) Covered persons materially breaching the pool policy; or
- 12 (g) Changes adopted to federal or state laws when such changes no
13 longer permit the continued offering of such coverage.
- 14 (4)(a) The guarantee of continuity of coverage provided by this
15 section requires that if the pool replaces a plan, it must make the
16 replacement plan available to all individuals in the plan being
17 replaced. The replacement plan must include all of the services
18 covered under the replaced plan, and must not significantly limit
19 access to the kind of services covered under the replacement plan
20 through unreasonable cost-sharing requirements or otherwise. The pool
21 may also allow individuals who are covered by a plan that is being
22 replaced an unrestricted right to transfer to a fully comparable
23 plan.
- 24 (b) The guarantee of continuity of coverage provided by this
25 section requires that if the pool discontinues offering a plan: (i)
26 The pool must provide notice to each individual of the
27 discontinuation at least ninety days prior to the date of the
28 discontinuation; (ii) the pool must offer to each individual provided
29 coverage under the discontinued plan the option to enroll in any
30 other plan currently offered by the pool for which the individual is
31 otherwise eligible; and (iii) in exercising the option to discontinue
32 a plan and in offering the option of coverage under (b)(ii) of this
33 subsection, the pool must act uniformly without regard to any health
34 status-related factor of enrolled individuals or individuals who may
35 become eligible for this coverage.
- 36 (c) The pool cannot replace or discontinue a plan under this
37 subsection (4) until it has completed an evaluation of the impact of
38 replacing the plan upon:
- 39 (i) The cost and quality of care to pool enrollees;
- 40 (ii) Pool financing and enrollment;

1 (iii) The board's ability to offer comprehensive and other plans
2 to its enrollees;

3 (iv) Other items identified by the board.

4 In its evaluation, the board must request input from the
5 constituents represented by the board members.

6 (d) The guarantee of continuity of coverage provided by this
7 section does not apply if the pool has zero enrollment in a plan.

8 (5) The pool may not change the rates for pool policies except on
9 a class basis, with a clear disclosure in the policy of the pool's
10 right to do so.

11 (6) A pool policy offered under this chapter shall provide that,
12 upon the death of the individual in whose name the policy is issued,
13 every other individual then covered under the policy may elect,
14 within a period specified in the policy, to continue coverage under
15 the same or a different policy.

16 (7) All pool policies issued on or after January 1, 2014, must
17 reflect the new eligibility requirements of RCW 48.41.100 and contain
18 a statement of the intent to discontinue the pool coverage on
19 December 31, ((2017)) 2022, under pool nonmedicare plans.

20 (8) Pool policies issued prior to January 1, 2014, shall be
21 modified effective January 1, ((2013)) 2018, consistent with
22 subsection (3)(g) of this section, and contain a statement of the
23 intent to discontinue pool coverage on December 31, ((2017)) 2022,
24 under pool nonmedicare plans.

25 (9) The pool shall discontinue all nonmedicare pool plans
26 effective December 31, ((2017)) 2022.

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