**2679-S AMH CALD H4867.2 - NOT FOR FLOOR USE**

**SHB 2679** - H AMD **1462**

By Representative Caldier

Strike everything after the enacting clause and insert the following:

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

(1) In addition to any other taxes imposed under this chapter, each covered entity must pay an additional tax. The measure of the tax is one percent of all paid claims by a covered entity during the preceding calendar year. The tax is due annually each March 1st and must be reported and paid in the manner prescribed by the commissioner's office. The first payment is due March 1, 2021, for paid claims during calendar year 2020.

(2) The proceeds of the tax must be deposited into the health carrier community benefit fund created in section 2 of this act.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Claims-related expenses" means:

(i) Cost containment expenses including payments for utilization review, care or case management, disease management, medication review management, risk assessment, and similar administrative services intended to reduce the claims paid for health and medical services rendered to covered individuals by attempting to ensure the needed services are delivered in the most efficacious manner possible or by helping those covered individuals maintain or improve their health;

(ii) Payments that are made to or by an organized group of health or medical service providers in accordance with managed care risk arrangements or network access agreements if the payments are unrelated to the provision of services to specific covered individuals; and

(iii) General administrative expenses.

(b) "Covered entity" means health carriers as defined in RCW 48.43.005, third-party administrators, and employers offering self-funded coverage.

(c) "Health and medical services" means:

(i) Services including furnishing medical care, dental care, pharmaceutical care, and care provided in a hospital or other medical facility;

(ii) Ancillary services, including ambulatory services and emergency and nonemergency transportation;

(iii) Services provided by any professional regulated under chapter 18.130 RCW, except for veterinarians, marriage and family therapists, athletic trainers, massage therapists, and mental health counselors; and

(iv) Behavioral health services, including mental health and substance use disorder treatment.

(d) "Paid claims" includes the net recovery of actual payments made on behalf of a Washington resident to a health and medical services provider or reimbursed to an individual by a covered entity. "Paid claims" does not include:

(i) Claims-related expenses;

(ii) Payments made to a qualifying provider under an incentive compensation arrangement if the payments are not reflected in the processing of claims submitted for services rendered to specific covered individuals;

(iii) Claims paid by covered entities for specified accident, accident-only coverage, credit, disability income, long-term care, health-related claims under automobile insurance, homeowners insurance, farm owners insurance, commercial multiple peril insurance, workers compensation, and coverage issued as a supplement to liability insurance;

(iv) Claims paid for services to a nonresident of Washington or for services provided outside of Washington;

(v) Claims paid under health coverage offered to federal employees;

(vi) Claims paid by a tribal government or a Taft-Hartley trust, or a third-party administrator acting on behalf of a tribal government or Taft-Hartley trust;

(vii) Claims paid under federal and state programs, including medicare, apple health, apple health for kids, tricare, and veterans administration coverage;

(viii) Reimbursement to an individual under a health reimbursement arrangement authorized under the federal internal revenue code, including a flexible spending arrangement, a health savings account, an Archer medical savings account, or a medicare advantage medical savings account;

(ix) Cost-sharing paid by an individual, including copayments, coinsurance, and deductibles;

(x) Claims paid by coverage offered under chapter 48.41 RCW.

(e) "Third-party administrators" means any person or entity who, on behalf of a health carrier or health care purchaser other than a tribal government or a Taft-Hartley trust, receives or collects charges or contributions for providers and facilities.

NEW SECTION. **Sec.**  A new section is added to chapter 43.70 RCW to read as follows:

(1) The health carrier community benefit fund is created in the state treasury. Moneys in the account may be spent only after appropriation.

(2) All receipts from tax collected by the insurance commissioner pursuant to section 1 of this act must be deposited in the health carrier community benefit fund.

(3) Expenditures from the health carrier community benefit fund must be used exclusively for:

(a) Subsidies for individuals purchasing individual market insurance coverage who are not eligible for federal insurance subsidies; and

(b) Foundational public health services pursuant to RCW 43.70.515.

**Sec.**  RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The abandoned recreational vehicle disposal account, the aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the Chehalis basin account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of licensing tuition recovery trust fund, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the early learning facilities development account, the early learning facilities revolving account, the Eastern Washington University capital projects account, the education construction fund, the education legacy trust account, the election account, the electric vehicle account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the health carrier community benefit fund, the public health services account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the hospital safety net assessment fund, the industrial insurance premium refund account, the Interstate 405 and state route number 167 express toll lanes account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the money-purchase retirement savings administrative account, the money-purchase retirement savings principal account, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the pollution liability insurance agency underground storage tank revolving account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puget Sound Gateway facility account, the Puget Sound taxpayer accountability account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the sexual assault prevention and response account, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the statewide broadband account, the statewide tourism marketing account, the student achievement council tuition recovery trust fund, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation future funding program account, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the voluntary cleanup account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the vulnerable roadway user education account, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. **Sec.**  This act takes effect January 1, 2021."

Correct the title.

EFFECT: Removes the tax on depreciated capital and the tax on a nonprofit health carrier's excessive surplus. Imposes a 1 percent tax on all paid claims by a covered health carrier. Remove "nonprofit" from the new account name.