

SHB 2679 - H AMD 1462

By Representative Caldier

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 48.14
4 RCW to read as follows:

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

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

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

16 (a) "Claims-related expenses" means:

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

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

30 (iii) General administrative expenses.

31 (b) "Covered entity" means health carriers as defined in RCW
32 48.43.005, third-party administrators, and employers offering self-
33 funded coverage.

1 (c) "Health and medical services" means:

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

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

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

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

13 (d) "Paid claims" includes the net recovery of actual payments
14 made on behalf of a Washington resident to a health and medical
15 services provider or reimbursed to an individual by a covered entity.

16 "Paid claims" does not include:

17 (i) Claims-related expenses;

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

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

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

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

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

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

38 (viii) Reimbursement to an individual under a health
39 reimbursement arrangement authorized under the federal internal
40 revenue code, including a flexible spending arrangement, a health

1 savings account, an Archer medical savings account, or a medicare
2 advantage medical savings account;

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

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

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

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.70
11 RCW to read as follows:

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

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

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

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

23 (b) Foundational public health services pursuant to RCW
24 43.70.515.

25 **Sec. 3.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019
26 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and
27 amended to read as follows:

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

31 (2) The treasury income account shall be utilized to pay or
32 receive funds associated with federal programs as required by the
33 federal cash management improvement act of 1990. The treasury income
34 account is subject in all respects to chapter 43.88 RCW, but no
35 appropriation is required for refunds or allocations of interest
36 earnings required by the cash management improvement act. Refunds of
37 interest to the federal treasury required under the cash management
38 improvement act fall under RCW 43.88.180 and shall not require

1 appropriation. The office of financial management shall determine the
2 amounts due to or from the federal government pursuant to the cash
3 management improvement act. The office of financial management may
4 direct transfers of funds between accounts as deemed necessary to
5 implement the provisions of the cash management improvement act, and
6 this subsection. Refunds or allocations shall occur prior to the
7 distributions of earnings set forth in subsection (4) of this
8 section.

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

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

22 (a) The following accounts and funds shall receive their
23 proportionate share of earnings based upon each account's and fund's
24 average daily balance for the period: The abandoned recreational
25 vehicle disposal account, the aeronautics account, the aircraft
26 search and rescue account, the Alaskan Way viaduct replacement
27 project account, the brownfield redevelopment trust fund account, the
28 budget stabilization account, the capital vessel replacement account,
29 the capitol building construction account, the Cedar River channel
30 construction and operation account, the Central Washington University
31 capital projects account, the charitable, educational, penal and
32 reformatory institutions account, the Chehalis basin account, the
33 cleanup settlement account, the Columbia river basin water supply
34 development account, the Columbia river basin taxable bond water
35 supply development account, the Columbia river basin water supply
36 revenue recovery account, the common school construction fund, the
37 community forest trust account, the connecting Washington account,
38 the county arterial preservation account, the county criminal justice
39 assistance account, the deferred compensation administrative account,
40 the deferred compensation principal account, the department of

1 licensing services account, the department of licensing tuition
2 recovery trust fund, the department of retirement systems expense
3 account, the developmental disabilities community trust account, the
4 diesel idle reduction account, the drinking water assistance account,
5 the drinking water assistance administrative account, the early
6 learning facilities development account, the early learning
7 facilities revolving account, the Eastern Washington University
8 capital projects account, the education construction fund, the
9 education legacy trust account, the election account, the electric
10 vehicle account, the energy freedom account, the energy recovery act
11 account, the essential rail assistance account, The Evergreen State
12 College capital projects account, the federal forest revolving
13 account, the ferry bond retirement fund, the freight mobility
14 investment account, the freight mobility multimodal account, the
15 grade crossing protective fund, the health carrier community benefit
16 fund, the public health services account, the state higher education
17 construction account, the higher education construction account, the
18 highway bond retirement fund, the highway infrastructure account, the
19 highway safety fund, the hospital safety net assessment fund, the
20 industrial insurance premium refund account, the Interstate 405 and
21 state route number 167 express toll lanes account, the judges'
22 retirement account, the judicial retirement administrative account,
23 the judicial retirement principal account, the local leasehold excise
24 tax account, the local real estate excise tax account, the local
25 sales and use tax account, the marine resources stewardship trust
26 account, the medical aid account, the mobile home park relocation
27 fund, the money-purchase retirement savings administrative account,
28 the money-purchase retirement savings principal account, the motor
29 vehicle fund, the motorcycle safety education account, the multimodal
30 transportation account, the multiuse roadway safety account, the
31 municipal criminal justice assistance account, the natural resources
32 deposit account, the oyster reserve land account, the pension funding
33 stabilization account, the perpetual surveillance and maintenance
34 account, the pollution liability insurance agency underground storage
35 tank revolving account, the public employees' retirement system plan
36 1 account, the public employees' retirement system combined plan 2
37 and plan 3 account, the public facilities construction loan revolving
38 account beginning July 1, 2004, the public health supplemental
39 account, the public works assistance account, the Puget Sound capital
40 construction account, the Puget Sound ferry operations account, the

1 Puget Sound Gateway facility account, the Puget Sound taxpayer
2 accountability account, the real estate appraiser commission account,
3 the recreational vehicle account, the regional mobility grant program
4 account, the resource management cost account, the rural arterial
5 trust account, the rural mobility grant program account, the rural
6 Washington loan fund, the sexual assault prevention and response
7 account, the site closure account, the skilled nursing facility
8 safety net trust fund, the small city pavement and sidewalk account,
9 the special category C account, the special wildlife account, the
10 state employees' insurance account, the state employees' insurance
11 reserve account, the state investment board expense account, the
12 state investment board commingled trust fund accounts, the state
13 patrol highway account, the state route number 520 civil penalties
14 account, the state route number 520 corridor account, the state
15 wildlife account, the statewide broadband account, the statewide
16 tourism marketing account, the student achievement council tuition
17 recovery trust fund, the supplemental pension account, the Tacoma
18 Narrows toll bridge account, the teachers' retirement system plan 1
19 account, the teachers' retirement system combined plan 2 and plan 3
20 account, the tobacco prevention and control account, the tobacco
21 settlement account, the toll facility bond retirement account, the
22 transportation 2003 account (nickel account), the transportation
23 equipment fund, the transportation future funding program account,
24 the transportation improvement account, the transportation
25 improvement board bond retirement account, the transportation
26 infrastructure account, the transportation partnership account, the
27 traumatic brain injury account, the tuition recovery trust fund, the
28 University of Washington bond retirement fund, the University of
29 Washington building account, the voluntary cleanup account, the
30 volunteer firefighters' and reserve officers' relief and pension
31 principal fund, the volunteer firefighters' and reserve officers'
32 administrative fund, the vulnerable roadway user education account,
33 the Washington judicial retirement system account, the Washington law
34 enforcement officers' and firefighters' system plan 1 retirement
35 account, the Washington law enforcement officers' and firefighters'
36 system plan 2 retirement account, the Washington public safety
37 employees' plan 2 retirement account, the Washington school
38 employees' retirement system combined plan 2 and 3 account, the
39 Washington state health insurance pool account, the Washington state
40 patrol retirement account, the Washington State University building

1 account, the Washington State University bond retirement fund, the
2 water pollution control revolving administration account, the water
3 pollution control revolving fund, the Western Washington University
4 capital projects account, the Yakima integrated plan implementation
5 account, the Yakima integrated plan implementation revenue recovery
6 account, and the Yakima integrated plan implementation taxable bond
7 account. Earnings derived from investing balances of the agricultural
8 permanent fund, the normal school permanent fund, the permanent
9 common school fund, the scientific permanent fund, the state
10 university permanent fund, and the state reclamation revolving
11 account shall be allocated to their respective beneficiary accounts.

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

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

21 NEW SECTION. **Sec. 4.** This act takes effect January 1, 2021."

22 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.

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