

**RCW 48.30.360 Performance standards—Premiums—Application—**

**Rules.** (1) For purposes of this section, "performance standard" means a contractual provision in a group insurance contract that establishes a specific standard for the insurer's or health carrier's performance of an obligation in the contract, and under which the insurer or health carrier is required to remit a penalty payment, based on a percentage of the premium or a set dollar amount, to the group policyholder for the next policy term if the insurer or health carrier fails to comply with the standard. Group policyholders and insurers or health carriers may calculate the amount of the penalty based on a percentage of the overall premium owed to the insurer or health carrier by the policyholder.

(2) Remittance of a performance payment to the group policyholder in compliance with this section does not constitute a premium under RCW 48.18.170 and 48.43.005. Nothing in this section prevents the health care authority from including performance standards in contracts.

(3) If a group insurance contract includes any performance standards, the insurer or health carrier must describe the performance standards in the group insurance contract and file the contract with the commissioner.

(4) Remittance of a performance payment to the group policyholder in compliance with this section must not be considered a return premium for purposes of RCW 48.14.020 and 48.14.0201.

(5) This section does not apply to small groups as defined in RCW 48.43.005.

(6) The commissioner may adopt rules to implement this section.

(7) For the purposes of this section, "health carrier" has the meaning provided in RCW 48.43.005. [2022 c 13 s 2.]

**Intent—2022 c 13:** "The legislature intends to align the insurance code and performance-based contracting to ensure the continued practice of using performance standards and performance guarantees in group insurance contracts, including those entered into by the health care authority." [2022 c 13 s 1.]