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HOUSE BILL 2040

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State of Washington                      52nd Legislature                      1991 Regular Session

By Representatives Sprenkle, Cantwell, Rust, Spanel, Morris, R. King, Sheldon, Prentice, Braddock and Anderson.

Read first time February 20, 1991. Referred to Committee on Health Care.

1            AN ACT Relating to health insurance; and adding a new section to  
2 chapter 48.42 RCW.

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

4            NEW SECTION.    **Sec. 1.** A new section is added to chapter 48.42 RCW  
5 to read as follows:

6            (1) As used in this section:

7            (a) "Insurer" means a disability insurer governed by chapter 48.20  
8 or 48.21 RCW, a health care service contractor governed by chapter  
9 48.44 RCW, or a health maintenance organization governed by chapter  
10 48.46 RCW.

11            (b) "Beneficiary" means an employee and his or her dependents  
12 covered under a policy.

13            (c) "Policy" means a disability or health insurance policy, a  
14 health care service contract, or a health maintenance agreement.

1 (2) Effective January 1, 1992, a policy shall be subject to the  
2 following provisions:

3 (a) Except in the case of a late enrollee, any preexisting  
4 conditions provision may not exclude coverage for a period beyond  
5 twelve months following the beneficiary's effective date of coverage  
6 and may only relate to conditions manifesting themselves or for which  
7 medical advice, diagnosis, care, or treatment was recommended or  
8 received during the six months immediately preceding the effective date  
9 of coverage or to pregnancy existing on the effective date of coverage.

10 (b) In determining whether a preexisting conditions provision  
11 applies to a beneficiary, all policies shall credit the time the  
12 beneficiary was covered under a previous policy as a resident of  
13 Washington if the previous coverage was continuous to a date not more  
14 than thirty days prior to the effective date of the new coverage,  
15 exclusive of any applicable waiting period under the new policy.

16 (c) Any policy shall be renewable with respect to all beneficiaries  
17 at the option of the insured except: (i) For nonpayment of the  
18 required premiums by the insured; (ii) for fraud or misrepresentation  
19 of the insured; (iii) for noncompliance with policy provisions; (iv) if  
20 the number of beneficiaries covered under the policy is less than the  
21 number of beneficiaries or percentage of beneficiaries required by  
22 participation requirements under the policy; or (v) if the insured is  
23 no longer actively engaged in the business in which it was engaged on  
24 the effective date of the policy.

25 (d) Except in the case of a late enrollee, the policy may not  
26 exclude a beneficiary who would otherwise be covered under the policy  
27 on the basis of an actual or expected health condition of the  
28 beneficiary.

29 (e) The process for determining premium rates charged or offered  
30 for a rating period shall be established by the insurance commissioner

1 through rule, but in no case may the premium rate increase exceed one  
2 hundred twenty-five percent of the premium rate for the previous rating  
3 period.