
SENATE BILL 5628

State of Washington

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By Senators Prentice, Fraser, L. Smith, Skratek, A. Smith and von Reichbauer

Read first time 02/05/93. Referred to Committee on Health & Human Services.

1 AN ACT Relating to prohibiting discrimination against health care
2 providers; amending RCW 48.01.030, 48.02.160, 48.05.140, 48.06.050,
3 48.11.070, 48.18.480, 48.20.412, 48.20.460, 48.21.142, 48.30.300,
4 48.34.070, 48.36A.160, 48.36A.370, 48.41.030, 48.42.080, 48.44.035,
5 48.44.310, and 48.66.041; adding new sections to chapter 48.46 RCW;
6 adding new sections to chapter 48.62 RCW; and declaring an emergency.

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

8 **Sec. 1.** RCW 48.01.030 and 1947 c 79 s .01.03 are each amended to
9 read as follows:

10 The business of insurance is one affected by the public interest,
11 requiring that all persons be actuated by good faith, abstain from
12 deception, abstain from discrimination against health care providers,
13 and practice honesty and equity in all insurance matters. Upon the
14 insurer, the insured, and their representatives rests the duty of
15 preserving inviolate the integrity of insurance.

16 **Sec. 2.** RCW 48.02.160 and 1988 c 248 s 1 are each amended to read
17 as follows:

18 The commissioner shall:

1 (1) Obtain and publish for the use of courts and appraisers
2 throughout the state, tables showing the average expectancy of life and
3 values of annuities and of life and term estates.

4 (2) Disseminate information concerning the insurance laws of this
5 state.

6 (3) Provide assistance to members of the public in obtaining
7 information about insurance products and in resolving complaints
8 involving insurers and other licensees.

9 (4) Conduct investigations, hold hearings, and issue orders to
10 ensure that all licensed health care providers including allopathic,
11 osteopathic, chiropractic, podiatric, dental, naturopathic, or other
12 licensed professionals are treated without discrimination in access,
13 coverage, and payments by insurers and their representatives.

14 **Sec. 3.** RCW 48.05.140 and 1973 1st ex.s. c 152 s 1 are each
15 amended to read as follows:

16 The commissioner may refuse, suspend, or revoke an insurer's
17 certificate of authority, in addition to other grounds therefor in this
18 code, if the insurer:

19 (1) Fails to comply with any provision of this code other than
20 those for violation of which refusal, suspension, or revocation is
21 mandatory, or fails to comply with any proper order or regulation of
22 the commissioner.

23 (2) Is found by the commissioner to be in such condition that its
24 further transaction of insurance in this state would be hazardous to
25 policyholders and the people in this state.

26 (3) Refuses to remove or discharge a director or officer who has
27 been convicted of any crime involving fraud, dishonesty, or like moral
28 turpitude.

29 (4) Usually compels claimants under policies either to accept less
30 than the amount due them or to bring suit against it to secure full
31 payment of the amount due.

32 (5) Is affiliated with and under the same general management, or
33 interlocking directorate, or ownership as another insurer which
34 transacts insurance in this state without having a certificate of
35 authority therefor, except as is permitted by this code.

36 (6) Refuses to be examined, or if its directors, officers,
37 employees or representatives refuse to submit to examination or to
38 produce its accounts, records, and files for examination by the

1 commissioner when required, or refuse to perform any legal obligation
2 relative to the examination.

3 (7) Fails to pay any final judgment rendered against it in this
4 state upon any policy, bond, recognizance, or undertaking issued or
5 guaranteed by it, within thirty days after the judgment became final or
6 within thirty days after time for taking an appeal has expired, or
7 within thirty days after dismissal of an appeal before final
8 determination, whichever date is the later.

9 (8) Is found by the commissioner, after investigation or upon
10 receipt of reliable information, to be managed by persons, whether by
11 its directors, officers, or by any other means, who are incompetent or
12 untrustworthy or so lacking in insurance company managerial experience
13 as to make a proposed operation hazardous to the insurance-buying
14 public; or that there is good reason to believe it is affiliated
15 directly or indirectly through ownership, control, reinsurance or other
16 insurance or business relations, with any person or persons whose
17 business operations are or have been marked, to the detriment of
18 policyholders or stockholders or investors or creditors or of the
19 public, by bad faith or by manipulation of assets, or of accounts, or
20 of reinsurance.

21 (9) Does business through agents or brokers in this state or in any
22 other state who are not properly licensed under applicable laws and
23 duly enacted regulations adopted pursuant thereto.

24 (10) Persists in discriminating or wrongfully limiting access,
25 coverage, or payment to health care licensees providing services.

26 **Sec. 4.** RCW 48.06.050 and 1967 c 150 s 7 are each amended to read
27 as follows:

28 The commissioner shall expeditiously examine the application for a
29 solicitation permit and make any investigation relative thereto deemed
30 necessary. If the commissioner finds that:

31 (1) The application is complete; and

32 (2) The documents therewith filed are equitable in terms and proper
33 in form; and

34 (3) The management of the company, whether by its directors,
35 officers, or by any other means is competent and trustworthy and not so
36 lacking in managerial experience as to make a proposed operation
37 hazardous to the insurance-buying public; and that there is no reason
38 to believe the company is affiliated, directly or indirectly, through

1 ownership, control, reinsurance, or other insurance or business
2 relations, with any other person or persons whose business operations
3 are or have been marked, to the detriment of the policyholders or
4 stockholders or investors or creditors or of the public, by bad faith
5 or by manipulation of assets, or of accounts, or of reinsurance; and

6 (4) The agreements made or proposed are equitable to present and
7 future shareholders, subscribers, members or policyholders, he shall
8 give notice to the applicant that he will issue a solicitation permit,
9 stating the terms to be contained therein, upon the filing of the bond
10 required by RCW 48.06.110 of this code; and

11 (5) The insurance contracts proposed to be offered under RCW
12 48.06.040(2)(d) comply with applicable provisions of chapters 48.44 and
13 48.46 RCW.

14 If the commissioner does not so find, he shall give notice to the
15 applicant that the permit will not be granted, stating the grounds
16 therefor, and shall refund to the applicant all sums so deposited
17 except the application fee.

18 **Sec. 5.** RCW 48.11.070 and 1987 c 185 s 18 are each amended to read
19 as follows:

20 "General casualty insurance" includes vehicle insurance as defined
21 in RCW 48.11.060, and in addition is insurance:

22 (1) Against legal liability for the death, injury, or disability of
23 any human being, or for damage to property.

24 (2) Of medical, chiropractic, hospital, surgical and funeral
25 benefits to persons injured, irrespective of legal liability of the
26 insured, when issued with or supplemental to insurance against legal
27 liability for the death, injury or disability of human beings.

28 (3) Of the obligations accepted by, imposed upon, or assumed by
29 employers under law for workers' compensation.

30 (4) Against loss or damage by burglary, theft, larceny, robbery,
31 forgery, fraud, vandalism, malicious mischief, confiscation or wrongful
32 conversion, disposal or concealment, or from any attempt of any of the
33 foregoing; also insurance against loss of or damage to moneys, coins,
34 bullion, securities, notes, drafts, acceptances or any other valuable
35 papers or documents, resulting from any cause, except while in the
36 custody or possession of and being transported by any carrier for hire
37 or in the mail.

38 (5) Upon personal effects against loss or damage from any cause.

1 (6) Against loss or damage to glass, including its lettering,
2 ornamentation and fittings.

3 (7) Against any liability and loss or damage to property resulting
4 from accidents to or explosions of boilers, pipes, pressure containers,
5 machinery, or apparatus and to make inspection of and issue
6 certificates of inspection upon elevators, boilers, machinery, and
7 apparatus of any kind.

8 (8) Against loss or damage to any property caused by the breakage
9 or leakage of sprinklers, water pipes and containers, or by water
10 entering through leaks or openings in buildings.

11 (9) Against loss or damage resulting from failure of debtors to pay
12 their obligations to the insured (credit insurance).

13 (10) Against any other kind of loss, damage, or liability properly
14 the subject of insurance and not within any other kind or kinds of
15 insurance as defined in this chapter, if such insurance is not contrary
16 to law or public policy.

17 **Sec. 6.** RCW 48.18.480 and 1957 c 193 s 12 are each amended to read
18 as follows:

19 No insurer shall make or permit any unfair discrimination between
20 insureds or subjects of insurance having substantially like insuring,
21 risk, and exposure factors, and expense elements, in the terms or
22 conditions of any insurance contract, or in the rate or amount of
23 premium charged therefor, or in the benefits payable or in any other
24 rights or privileges accruing thereunder. No insurer shall make or
25 permit discrimination in access, coverage, or payments between health
26 care licensees properly licensed under chapters 18.22, 18.25, 18.32,
27 18.36A, 18.53, 18.57, and 18.71 RCW. This provision shall not prohibit
28 fair discrimination by a life insurer as between individuals having
29 unequal expectation of life.

30 **Sec. 7.** RCW 48.20.412 and 1971 ex.s. c 13 s 1 are each amended to
31 read as follows:

32 Notwithstanding any provision of any disability insurance contract
33 as provided for in this chapter, benefits shall not be denied
34 thereunder, nor discriminatory access, coverage, or payments tendered,
35 for any health care service performed by a holder of a license issued
36 pursuant to chapter 18.22 or 18.25 RCW if (1) the service performed was
37 within the lawful scope of such person's license, and (2) such contract

1 would have provided benefits if such service had been performed by a
2 holder of a license issued pursuant to chapter 18.71 RCW(~~(:—PROVIDED,~~
3 ~~HOWEVER, That)~~). No provision of chapter 18.71 RCW shall be asserted
4 to deny benefits under this section.

5 The provisions of this section are intended to be remedial and
6 procedural to the extent they do not impair the obligation of any
7 existing contract.

8 **Sec. 8.** RCW 48.20.460 and 1981 c 339 s 19 are each amended to read
9 as follows:

10 (1) The commissioner shall issue regulations to establish minimum
11 standards for benefits under each of the following categories of
12 coverage in individual policies, other than conversion policies issued
13 pursuant to a contractual conversion privilege under a group policy, of
14 disability insurance:

- 15 (a) Basic hospital expense coverage;
- 16 (b) Basic medical-surgical expense coverage;
- 17 (c) Hospital confinement indemnity coverage;
- 18 (d) Major medical expense coverage;
- 19 (e) Chiropractic expense coverage;
- 20 ~~(f)~~ Disability income protection coverage;
- 21 ~~((f))~~ (g) Accident only coverage;
- 22 ~~((g))~~ (h) Specified disease or specified accident coverage;
- 23 ~~((h))~~ (i) Medicare supplemental coverage; and
- 24 ~~((i))~~ (j) Limited benefit coverage.

25 (2) Nothing in this section shall preclude the issuance of any
26 policy which combines two or more of the categories of coverage
27 enumerated in items (a) through ~~((f))~~ (g) of subsection (1) of this
28 section.

29 (3) No policy shall be delivered or issued for delivery in this
30 state which does not meet the prescribed minimum standards for the
31 categories of coverage listed in items (a) through ~~((i))~~ (g) of
32 subsection (1) of this section, unless the commissioner finds such
33 policy will be in the public interest and such policy meets the
34 requirements set forth in RCW 48.18.110.

35 (4) The commissioner shall prescribe the method of identification
36 of policies based upon coverages provided.

1 **Sec. 9.** RCW 48.21.142 and 1971 ex.s. c 13 s 2 are each amended to
2 read as follows:

3 Notwithstanding any provision of any group disability insurance
4 contract or blanket disability insurance contract as provided for in
5 this chapter, benefits shall not be denied thereunder, nor
6 discriminatory payments tendered, for any health service performed by
7 a holder of a license issued pursuant to chapter 18.22 or 18.25 RCW if
8 (1) the service performed was within the lawful scope of such person's
9 license, and (2) such contract would have provided benefits if such
10 service had been performed by a holder of a license issued pursuant to
11 chapter 18.71 RCW(~~(:—PROVIDED, HOWEVER, That))~~). No provision of
12 chapter 18.71 RCW shall be asserted to deny benefits under this
13 section.

14 The provisions of this section are intended to be remedial and
15 procedural to the extent they do not impair the obligation of any
16 existing contract.

17 **Sec. 10.** RCW 48.30.300 and 1975-'76 2nd ex.s. c 119 s 7 are each
18 amended to read as follows:

19 (1) No person or entity engaged in the business of insurance in
20 this state shall refuse to issue any contract of insurance or cancel or
21 decline to renew such contract because of the sex or marital status, or
22 the presence of any sensory, mental, or physical handicap of the
23 insured or prospective insured. The amount of benefits payable, or any
24 term, rate, condition, or type of coverage shall not be restricted,
25 modified, excluded, increased or reduced on the basis of the sex or
26 marital status, or be restricted, modified, excluded or reduced on the
27 basis of the presence of any sensory, mental, or physical handicap of
28 the insured or prospective insured. These provisions shall not
29 prohibit fair discrimination on the basis of sex, or marital status, or
30 the presence of any sensory, mental, or physical handicap when bona
31 fide statistical differences in risk or exposure have been
32 substantiated.

33 (2) Notwithstanding a provision of a casualty, automotive, health,
34 or disability insurance contract, benefits shall not be denied
35 thereunder, nor discriminatory access, coverage, or payments tendered,
36 for a health service performed by a holder of a license issued under
37 chapter 18.22 or 18.25 RCW if (a) the service performed was within the
38 lawful scope of the person's license, and (b) the contract would have

1 provided benefits if the service had been performed by a holder of a
2 license issued pursuant to chapter 18.71 RCW. However, no provision of
3 chapter 18.71 RCW shall be asserted to deny benefits under this
4 section.

5 The provisions of this section are intended to be remedial and
6 procedural to the extent they do not impair the obligation of an
7 existing contract.

8 **Sec. 11.** RCW 48.34.070 and 1961 c 219 s 7 are each amended to read
9 as follows:

10 The total amount of periodic indemnity payable by credit accident
11 and health insurance in the event of disability, as defined in the
12 policy, shall not exceed the aggregate of the periodic scheduled unpaid
13 installments of the indebtedness; and the amount of such periodic
14 indemnity payment shall not exceed the original indebtedness divided by
15 the number of periodic installments.

16 In no event shall a limitation on amount of periodic indemnity be
17 utilized to discriminate or unequally pay for services rendered by
18 licensees under chapters 18.25, 18.57, and 18.71 RCW.

19 **Sec. 12.** RCW 48.36A.160 and 1987 c 366 s 16 are each amended to
20 read as follows:

21 (1) A society may provide the following contractual benefits in any
22 form:

- 23 (a) Death benefits;
- 24 (b) Endowment benefits;
- 25 (c) Annuity benefits;
- 26 (d) Temporary or permanent disability benefits;
- 27 (e) Hospital, medical, or nursing benefits;
- 28 (f) Monument or tombstone benefits to the memory of deceased
29 members; and

30 (g) Such other benefits as authorized for life insurers and which
31 are not inconsistent with this chapter.

32 (2) A society shall specify in its rules those persons who may be
33 issued, or covered by, the contractual benefits in subsection (1) of
34 this section, consistent with providing benefits to members and their
35 dependents. A society may provide benefits on the lives of children
36 under the minimum age for adult membership upon application of an adult
37 person.

1 (3) Contractual benefits provided by a society may not discriminate
2 with regard to access to or payment for services rendered by licensees
3 under chapter 18.25, 18.57, or 18.71 RCW.

4 **Sec. 13.** RCW 48.36A.370 and 1987 c 366 s 37 are each amended to
5 read as follows:

6 (1) With the exception of RCW 48.36A.160(3) and 48.36A.340(1),
7 nothing contained in this chapter shall be so construed as to affect or
8 apply to:

9 (a) Grand or subordinate lodges of Masons, Odd Fellows, Improved
10 Order of Red Men, Fraternal Order of Eagles, Loyal Order of Moose, or
11 Knights of Pythias, exclusive of the insurance department of the
12 Supreme Lodge of Knights of Pythias, the Grand Aerie Fraternal Order of
13 Eagles, and the Junior Order of United American Mechanics, exclusive of
14 the beneficiary degree of insurance branch of the National Council
15 Junior Order (~~{ef}~~) of United American Mechanics, or similar
16 societies which do not issue insurance certificates;

17 (b) Orders, societies, or associations which admit to membership
18 only persons engaged in one or more crafts or hazardous occupations, in
19 the same or similar lines of business, insuring only their own members
20 and their families, and the ladies' societies or ladies' auxiliaries to
21 such orders, societies, or associations;

22 (c) Any association of local lodges of a society now doing business
23 in this state which provides death benefits not exceeding three hundred
24 dollars to any one person, or disability benefit not exceeding three
25 hundred dollars in any one year to any one person, or both; or any
26 contracts of reinsurance business on such plan in this state;

27 (d) Domestic societies which limit their membership to the
28 employees of a particular city or town, designated firm, business
29 house, or corporation;

30 (e) Domestic lodges, orders, or associations of a purely religious,
31 charitable, and benevolent description, which do not provide for a
32 death benefit of more than one hundred dollars, or for disability
33 benefits of more than one hundred fifty dollars to any one person in
34 any one year(~~(:—PROVIDED, That any such)~~). A domestic order or
35 society which has more than five hundred members and provides for death
36 or disability benefits, and any such domestic lodge, order, or society
37 which issues to any person a certificate providing for the payment of

1 benefits, shall not be exempt by the provisions of this section, but
2 shall comply with all the requirements of this chapter.

3 The commissioner may require from any society such information as
4 will enable the commissioner to determine whether the society is exempt
5 from the provisions of this chapter.

6 (2) No society, which is exempt by the provisions of this section
7 from the requirements of this chapter shall give or allow or promise to
8 give or allow to any person any compensation for procuring new members.

9 (3) Any fraternal benefit society, heretofore organized and
10 incorporated and operating as set forth in RCW 48.36A.010, 48.36A.020,
11 and 48.36A.030, providing for benefits in case of death or disability
12 resulting solely from accidents, but which does not obligate itself to
13 pay other death or sick benefits, may be licensed under the provisions
14 of this chapter, and shall have all the privileges and shall be subject
15 to all the provisions and regulations of this chapter, except that the
16 provisions of this chapter requiring medical examinations, valuations
17 of benefit certificates, and that the certificate shall specify the
18 amount of benefits, shall not apply to such society.

19 (4) The commissioner may require from any society or association,
20 by examination or otherwise, such information as will enable the
21 commissioner to determine whether the society or association is exempt
22 from the provisions of this chapter.

23 (5) Societies, exempted under the provisions of this section, shall
24 also be exempt from all other provisions of the insurance laws of this
25 state.

26 **Sec. 14.** RCW 48.41.030 and 1989 c 121 s 1 are each amended to read
27 as follows:

28 As used in this chapter, the following terms have the meaning
29 indicated, unless the context requires otherwise:

30 (1) "Accounting year" means a twelve-month period determined by the
31 board for purposes of record-keeping and accounting. The first
32 accounting year may be more or less than twelve months and, from time
33 to time in subsequent years, the board may order an accounting year of
34 other than twelve months as may be required for orderly management and
35 accounting of the pool.

36 (2) "Administrator" means the entity chosen by the board to
37 administer the pool under RCW 48.41.080.

38 (3) "Board" means the board of directors of the pool.

1 (4) "Commissioner" means the insurance commissioner.

2 (5) "Health care facility" has the same meaning as in RCW
3 70.38.025.

4 (6) "Health care provider" means any physician, facility, or health
5 care professional, including health care professionals licensed under
6 chapters 18.25, 18.57, and 18.71 RCW, who is licensed in Washington
7 state and entitled to reimbursement for health care services.

8 (7) "Health care services" means services for the purpose of
9 preventing, alleviating, curing, or healing human illness or injury.

10 (8) "Health insurance" means any group or individual disability
11 insurance policy, health care service contract, and health maintenance
12 agreement, except those contracts entered into for the provision of
13 health care services pursuant to Title XVIII of the Social Security
14 Act, 42 U.S.C. Sec. 1395 et seq. The term does not include short-term
15 care, long-term care, dental, vision, accident, fixed indemnity,
16 disability income contracts, civilian health and medical program for
17 the uniform services (CHAMPUS), 10 U.S.C. 55, limited benefit or credit
18 insurance, coverage issued as a supplement to liability insurance,
19 insurance arising out of the worker's compensation or similar law,
20 automobile medical payment insurance, or insurance under which benefits
21 are payable with or without regard to fault and which is statutorily
22 required to be contained in any liability insurance policy or
23 equivalent self-insurance.

24 (9) "Health plan" means any arrangement by which persons, including
25 dependents or spouses, covered or making application to be covered
26 under this pool, have access to hospital and medical benefits or
27 reimbursement including any group or individual disability insurance
28 policy; health care service contract; health maintenance agreement;
29 uninsured arrangements of group or group-type contracts including
30 employer self-insured, cost-plus, or other benefit methodologies not
31 involving insurance or not governed by Title 48 RCW; coverage under
32 group-type contracts which are not available to the general public and
33 can be obtained only because of connection with a particular
34 organization or group; and coverage by medicare or other governmental
35 benefits. This term includes coverage through "health insurance" as
36 defined under this section, and specifically excludes those types of
37 programs excluded under the definition of "health insurance" in
38 subsection (8) of this section.

1 (10) "Insured" means any individual resident of this state who is
2 eligible to receive benefits from any member, or other health plan.

3 (11) "Medical assistance" means coverage under Title XIX of the
4 federal Social Security Act (42 U.S.C., Sec. 1396 et seq.) and chapter
5 74.09 RCW.

6 (12) "Medicare" means coverage under Title XVIII of the Social
7 Security Act, (42 U.S.C. Sec. 1395 et seq., as amended).

8 (13) "Member" means any commercial insurer which provides
9 disability insurance, any health care service contractor, and any
10 health maintenance organization licensed under Title 48 RCW. "Member"
11 shall also mean, as soon as authorized by federal law, employers and
12 other entities, including a self-funding entity and employee welfare
13 benefit plans that provide health plan benefits in this state on or
14 after May 18, 1987. "Member" does not include any insurer, health care
15 service contractor, or health maintenance organization whose products
16 are exclusively dental products or those products excluded from the
17 definition of "health insurance" set forth in subsection (8) of this
18 section.

19 (14) "Plan of operation" means the pool, including articles, by-
20 laws, and operating rules, adopted by the board pursuant to RCW
21 48.41.050.

22 (15) "Pool" means the Washington state health insurance pool as
23 created in RCW 48.41.040.

24 (16) "Substantially equivalent health plan" means a "health plan"
25 as defined in subsection (9) of this section which, in the judgment of
26 the board or the administrator, offers persons including dependents or
27 spouses covered or making application to be covered by this pool an
28 overall level of benefits deemed approximately equivalent to the
29 minimum benefits available under this pool.

30 **Sec. 15.** RCW 48.42.080 and 1984 c 56 s 3 are each amended to read
31 as follows:

32 Guidelines for assessing the impact of proposed mandated or
33 mandatorily offered health coverage to the extent that information is
34 available, shall include, but not be limited to, the following:

35 (1) The social impact: (a) To what extent is the treatment or
36 service generally utilized by a significant portion of the population?
37 (b) To what extent is the insurance coverage already generally
38 available? (c) If coverage is not generally available, to what extent

1 does the lack of coverage result in persons avoiding necessary health
2 care treatments? (d) If the coverage is not generally available, to
3 what extent does the lack of coverage result in unreasonable financial
4 hardship? (e) What is the level of public demand for the treatment or
5 service? (f) What is the level of public demand for insurance coverage
6 of treatment or service? (g) What is the level of interest of
7 collective bargaining agents in negotiating privately for inclusion of
8 this coverage in group contracts?

9 (2) The financial impact: (a) To what extent will the coverage
10 increase or decrease the cost of treatment or service? (b) To what
11 extent will the coverage increase the appropriate use of the treatment
12 or service? (c) To what extent will the mandated treatment or service
13 be a substitute for more expensive treatment or service? (d) To what
14 extent will the coverage increase or decrease the administrative
15 expenses of insurance companies and the premium and administrative
16 expenses of policyholders? (e) What will be the impact of this
17 coverage on the total cost of health care?

18 (3) Notwithstanding subsections (1) and (2) of this section, no
19 mandated health coverage shall discriminate against licensees under
20 chapter 18.22, 18.25, 18.57, or 18.71 RCW with respect to access,
21 coverage, benefits, or payments for services rendered by or between
22 these licensees.

23 **Sec. 16.** RCW 48.44.035 and 1990 c 120 s 3 are each amended to read
24 as follows:

25 (1) For purposes of this section only, "limited health care
26 service" means dental care services, vision care services, mental
27 health services, chemical dependency services, pharmaceutical services,
28 podiatric care services, and such other services as may be determined
29 by the commissioner to be limited health services, but does not include
30 hospital, medical, surgical, chiropractic, emergency, or out-of-area
31 services except as those services are provided incidentally to the
32 limited health services set forth in this subsection.

33 (2) For purposes of this section only, a "limited health care
34 service contractor" means a health care service contractor that offers
35 one and only one limited health care service.

36 (3) For all limited health care service contractors that have had
37 a certificate of registration for less than three years, their
38 uncovered expenditures shall be either insured or guaranteed by a

1 foreign or domestic carrier admitted in the state of Washington or by
2 another carrier acceptable to the commissioner. All such contractors
3 shall also deposit with the commissioner one-half of one percent of
4 their projected premium for the next year in cash, approved surety
5 bond, securities, or other form acceptable to the commissioner.

6 (4) For all limited health care service contractors that have had
7 a certificate of registration for three years or more, their uncovered
8 expenditures shall be assured by depositing with the insurance
9 commissioner twenty-five percent of their last year's uncovered
10 expenditures as reported to the commissioner and adjusted to reflect
11 any anticipated increases or decreases during the ensuing year plus an
12 amount for unearned prepayments; in cash, approved surety bond,
13 securities, or other form acceptable to the commissioner. Compliance
14 with subsection (3) of this section shall also constitute compliance
15 with this requirement.

16 (5) Limited health service contractors need not comply with RCW
17 48.44.030 or 48.44.037.

18 **Sec. 17.** RCW 48.44.310 and 1986 c 223 s 8 are each amended to read
19 as follows:

20 (1) Each group contract for comprehensive health care service which
21 is entered into, or renewed, on or after September 8, 1983, between a
22 health care service contractor and the person or persons to receive
23 such care shall offer coverage for chiropractic care on the same basis
24 as any other care.

25 (2) A patient of a chiropractor shall not be denied benefits under
26 a contract because the practitioner is not licensed under chapter 18.57
27 or 18.71 RCW.

28 (3) This section shall not apply to a group contract for
29 comprehensive health care services entered into in accordance with a
30 collective bargaining agreement between management and labor
31 representatives. Benefits for chiropractic care shall be offered by
32 the employer in good faith on the same basis as any other care as a
33 subject for collective bargaining for group contracts for health care
34 services.

35 (4) Notwithstanding a provision of a disability insurance contract
36 as provided for in this chapter, access, coverage, or payments shall
37 not be denied thereunder for a health care service performed by a
38 holder of a license issued pursuant to chapter 18.25 RCW if (a) the

1 service performed was within the lawful scope of the person's license,
2 and (b) the contract would have provided benefits if the service had
3 been performed by a holder of a license issued pursuant to chapter
4 18.71 RCW. No provision of chapter 18.71 RCW shall be asserted to deny
5 benefits under this section. The provisions of this subsection are
6 intended to be remedial and procedural to the extent they do not impair
7 the obligation of any existing contract.

8 **Sec. 18.** RCW 48.66.041 and 1992 c 138 s 4 are each amended to read
9 as follows:

10 (1) The insurance commissioner shall adopt rules to establish
11 minimum standards for benefits in medicare supplement insurance
12 policies and certificates.

13 (2) The commissioner shall adopt rules to establish specific
14 standards for medicare supplement insurance policy or certificate
15 provisions. These rules may include but are not limited to:

16 (a) Terms of renewability;

17 (b) Nonduplication of coverage;

18 (c) Benefit limitations, exceptions, and reductions;

19 (d) Definitions of terms;

20 (e) Requiring refunds or credits if the policies or certificates do
21 not meet loss ratio requirements;

22 (f) Establishing uniform methodology for calculating and reporting
23 loss ratios;

24 (g) Assuring public access to policies, premiums, and loss ratio
25 information of an issuer of medicare supplement insurance;

26 (h) Establishing a process for approving or disapproving proposed
27 premium increases; and

28 (i) Establishing standards for medicare SELECT policies and
29 certificates.

30 (3) The insurance commissioner may adopt rules that establish
31 disclosure standards for replacement of policies or certificates by
32 persons eligible for medicare by reason of age.

33 (4) The insurance commissioner may by rule prescribe that an
34 informational brochure, designed to improve the buyer's understanding
35 of medicare and ability to select the most appropriate coverage, be
36 provided to persons eligible for medicare by reason of age. The
37 commissioner may require that the brochure be provided to applicants
38 concurrently with delivery of the outline of coverage, except with

1 respect to direct response insurance, when the brochure may be provided
2 upon request but no later than the delivery of the policy.

3 (5) In the case of a state or federally qualified health
4 maintenance organization, the commissioner may waive compliance with
5 one or all provisions of this section until January 1, 1983.

6 (6) Notwithstanding a provision of a casualty, automotive, health,
7 or disability insurance contract, benefits shall not be denied
8 thereunder, nor discriminatory access, coverage, or payments tendered,
9 for a health service performed by a holder of a license issued under
10 chapter 18.22 or 18.25 RCW if: (a) The service performed was within
11 the lawful scope of the person's license; and (b) the contract would
12 have provided benefits if the service had been performed by a holder of
13 a license issued pursuant to chapter 18.71 RCW. No provision of
14 chapter 18.71 RCW shall be asserted to deny benefits under this
15 section. Every contract for health care service shall offer coverage
16 for chiropractic and naturopathic care on the same basis as any other
17 care. The provisions of this section are intended to be remedial and
18 procedural to the extent they do not impair the obligation of an
19 existing contract.

20 NEW SECTION. Sec. 19. A new section is added to chapter 48.46 RCW
21 to read as follows:

22 Notwithstanding a provision of a disability insurance contract as
23 provided for in this chapter, benefits shall not be denied thereunder
24 nor discriminatory payments tendered, for a health care service
25 performed by a holder of a license issued pursuant to chapter 18.22 or
26 18.25 RCW if (1) the service performed was within the lawful scope of
27 the person's license, and (2) the contract would have provided benefits
28 if the service had been performed by a holder of a license issued
29 pursuant to chapter 18.71 RCW. No provision of chapter 18.71 RCW shall
30 be asserted to deny benefits under this section.

31 The provisions of this section are intended to be remedial and
32 procedural to the extent they do not impair the obligation of an
33 existing contract.

34 NEW SECTION. Sec. 20. A new section is added to chapter 48.46 RCW
35 to read as follows:

36 (1) The commissioner shall issue regulations to establish minimum
37 standards for benefits under each of the following categories of

1 coverage in individual policies, other than conversion policies issued
2 pursuant to a contractual conversion privilege under a group policy, of
3 disability insurance:

4 (a) Basic hospital expense coverage;

5 (b) Basic medical-surgical expense coverage;

6 (c) Hospital confinement indemnity coverage;

7 (d) Major medical expense coverage;

8 (e) Chiropractic expense coverage;

9 (f) Disability income protection coverage;

10 (g) Accident only coverage;

11 (h) Specified disease or specified accident coverage;

12 (i) Medicare supplemental coverage; and

13 (j) Limited benefit coverage.

14 (2) Nothing in this section shall preclude the issuance of a policy
15 that combines two or more of the categories of coverage enumerated in
16 subsection (1) (a) through (g) of this section.

17 (3) No policy shall be delivered or issued for delivery in this
18 state which does not meet the prescribed minimum standards for the
19 categories of coverage listed in subsection (1) (a) through (g) of this
20 section, unless the commissioner finds the policy will be in the public
21 interest and the policy meets the requirements set forth in RCW
22 48.18.110.

23 (4) The commissioner shall prescribe the method of identification
24 of policies based upon coverages provided.

25 NEW SECTION. **Sec. 21.** A new section is added to chapter 48.46 RCW
26 to read as follows:

27 (1) For purposes of this section only, "limited health care
28 service" means dental care services, vision care services, mental
29 health services, chemical dependency services, pharmaceutical services,
30 podiatric care services, and other services as may be determined by the
31 commissioner to be limited health services, but does not include
32 hospital, medical, surgical, chiropractic, emergency, or out-of-area
33 services except as those services are provided incidentally to the
34 limited health services set forth in this subsection.

35 (2) For purposes of this section only, a "limited health care
36 service contractor" means a health care service contractor that offers
37 one and only one limited health care service.

1 (3) For all limited health care service contractors that have had
2 a certificate of registration for less than three years, their
3 uncovered expenditures shall be either insured or guaranteed by a
4 foreign or domestic carrier admitted in the state of Washington or by
5 another carrier acceptable to the commissioner. All such contractors
6 shall also deposit with the commissioner one-half of one percent of
7 their projected premium for the next year in cash, approved surety
8 bond, securities, or other form acceptable to the commissioner.

9 (4) For all limited health care service contractors that have had
10 a certificate of registration for three years or more, their uncovered
11 expenditures shall be assured by depositing with the insurance
12 commissioner twenty-five percent of their last year's uncovered
13 expenditures as reported to the commissioner and adjusted to reflect
14 any anticipated increases or decreases during the ensuing year plus an
15 amount for unearned prepayments; in cash, approved surety bond,
16 securities, or other form acceptable to the commissioner. Compliance
17 with subsection (3) of this section shall also constitute compliance
18 with this requirement.

19 (5) Limited health service contractors need not comply with RCW
20 48.44.030 or 48.44.037.

21 NEW SECTION. **Sec. 22.** A new section is added to chapter 48.46 RCW
22 to read as follows:

23 (1) Each group contract for comprehensive health care service which
24 is entered into, or renewed, on or after July 1, 1993, between a health
25 maintenance organization and the person or persons to receive the care
26 shall offer coverage for chiropractic care on the same basis as any
27 other care.

28 (2) A patient of a chiropractor shall not be denied benefits under
29 a contract because the practitioner is not licensed under chapter 18.57
30 or 18.71 RCW.

31 (3) This section shall not apply to a group contract for
32 comprehensive health care services entered into in accordance with a
33 collective bargaining agreement between management and labor
34 representatives. Benefits for chiropractic care shall be offered by
35 the employer in good faith on the same basis as other care as a subject
36 for collective bargaining for group contracts for health care services.

1 NEW SECTION. **Sec. 23.** A new section is added to chapter 48.62 RCW
2 to read as follows:

3 Notwithstanding a provision of a disability insurance contract as
4 provided for in this chapter, benefits shall not be denied thereunder
5 for a health care service performed by a holder of a license issued
6 pursuant to chapter 18.25 RCW if (1) the service performed was within
7 the lawful scope of the person's license, and (2) the contract would
8 have provided benefits if the service had been performed by a holder of
9 a license issued pursuant to chapter 18.71 RCW. No provision of
10 chapter 18.71 RCW shall be asserted to deny benefits under this
11 section.

12 The provisions of this section are intended to be remedial and
13 procedural to the extent they do not impair the obligation of an
14 existing contract.

15 NEW SECTION. **Sec. 24.** A new section is added to chapter 48.62 RCW
16 to read as follows:

17 (1) Each group contract for comprehensive health care service which
18 is entered into, or renewed, on or after July 1, 1993, between a health
19 care service contractor and the person or persons to receive the care
20 shall offer coverage for chiropractic care on the same basis as other
21 care.

22 (2) A patient of a chiropractor shall not be denied benefits under
23 a contract because the practitioner is not licensed under chapter 18.57
24 or 18.71 RCW.

25 NEW SECTION. **Sec. 25.** If any provision of this act or its
26 application to any person or circumstance is held invalid, the
27 remainder of the act or the application of the provision to other
28 persons or circumstances is not affected.

29 NEW SECTION. **Sec. 26.** This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of the
31 state government and its existing public institutions, and shall take
32 effect immediately.

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