

2 EHB 2837 - S COMM AMD

3 By Committee on Health & Long-Term Care

4 SCOPE & OBJECT RAISED 2/29/96; RULED BEYOND S/O 3/1/96

5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 48.66.020 and 1995 c 85 s 1 are each amended to read  
8 as follows:

9 Unless the context clearly requires otherwise, the definitions in  
10 this section apply throughout this chapter.

11 (1) "Medicare supplemental insurance" or "medicare supplement  
12 insurance policy" refers to a group or individual policy of disability  
13 insurance or a subscriber contract of a health care service contractor,  
14 a health maintenance organization, or a fraternal benefit society,  
15 which relates its benefits to medicare, or which is advertised,  
16 marketed, or designed primarily as a supplement to reimbursements under  
17 medicare for the hospital, medical, or surgical expenses of persons  
18 eligible for medicare. Such term does not include:

19 (a) A policy or contract of one or more employers or labor  
20 organizations, or of the trustees of a fund established by one or more  
21 employers or labor organizations, or combination thereof, for employees  
22 or former employees, or combination thereof, or for members or former  
23 members, or combination thereof, of the labor organizations; or

24 (b) A policy issued pursuant to a contract under Section 1876 (~~or~~  
25 ~~Section 1833~~) of the federal social security act (42 U.S.C. Sec. 1395  
26 et seq.), or an issued policy under a demonstration (~~project~~  
27 ~~authorized pursuant to amendments to the federal social security act~~)  
28 specified in 42 U.S.C. Sec. 1395ss(g)(1); or

29 (c) Insurance policies or health care benefit plans, including  
30 group conversion policies, provided to medicare eligible persons, that  
31 are not marketed or held to be medicare supplement policies or benefit  
32 plans.

33 (2) "Medicare" means the "Health Insurance for the Aged Act," Title  
34 XVIII of the Social Security Amendments of 1965, as then constituted or  
35 later amended.

1 (3) "Medicare eligible expenses" means health care expenses of the  
2 kinds covered by medicare, to the extent recognized as reasonable and  
3 medically necessary by medicare.

4 (4) "Applicant" means:

5 (a) In the case of an individual medicare supplement insurance  
6 policy or subscriber contract, the person who seeks to contract for  
7 insurance benefits; and

8 (b) In the case of a group medicare supplement insurance policy or  
9 subscriber contract, the proposed certificate holder.

10 (5) "Certificate" means any certificate delivered or issued for  
11 delivery in this state under a group medicare supplement insurance  
12 policy.

13 (6) "Loss ratio" means the incurred claims as a percentage of the  
14 earned premium computed under rules adopted by the insurance  
15 commissioner.

16 (7) "Preexisting condition" means a covered person's medical  
17 condition that caused that person to have received medical advice or  
18 treatment during a specified time period immediately prior to the  
19 effective date of coverage.

20 (8) "Disclosure form" means the form designated by the insurance  
21 commissioner which discloses medicare benefits, the supplemental  
22 benefits offered by the insurer, and the remaining amount for which the  
23 insured will be responsible.

24 (9) "Issuer" includes insurance companies, health care service  
25 contractors, health maintenance organizations, fraternal benefit  
26 societies, and any other entity delivering or issuing for delivery  
27 medicare supplement policies or certificates to a resident of this  
28 state.

29 **Sec. 2.** RCW 41.05.197 and 1993 c 492 s 223 are each amended to  
30 read as follows:

31 (1) If a waiver of the medicare statute, Title XVIII of the federal  
32 social security act, sufficient to meet the requirements of chapter  
33 492, Laws of 1993 is not granted on or before January 1, 1995, the  
34 medicare supplemental insurance policies authorized under RCW 41.05.195  
35 shall be made available to any resident of the state eligible for  
36 medicare benefits. Except for those retired state or school district  
37 employees eligible to purchase medicare supplemental benefits through  
38 the authority and as provided for under subsection (2) of this section,

1 persons purchasing a medicare supplemental insurance policy under this  
2 section shall be required to pay the full cost of any such policy.

3 (2) Subject to the availability of appropriated funds, the funds  
4 shall be used to offset the premiums of persons purchasing a medicare  
5 supplemental insurance policy under this section for those persons  
6 whose family income is less than two hundred percent of the federal  
7 poverty level and who are not otherwise eligible as qualified medicare  
8 beneficiaries under the medicaid program eligibility rules in effect  
9 January 1996. The administrator shall design and implement a structure  
10 of premiums due from persons receiving the offset that is based upon  
11 gross family income, giving appropriate consideration to family size.  
12 The premium structure shall be similar in concept to the basic health  
13 plan subsidy structure under chapter 70.47 RCW, but may recognize  
14 differences in: (a) The health care provided under the medicare  
15 supplemental insurance policies; (b) the population served under this  
16 section; and (c) other factors. The offset shall be available to  
17 eligible persons purchasing a medicare supplemental insurance policy  
18 beginning October 1, 1997.

19 NEW SECTION. Sec. 3. The legislature finds that rapid changes  
20 occurring in the provision of health insurance to our state's senior  
21 citizens through the federal medicare program may begin making  
22 prescription drugs more difficult to afford, especially for those  
23 living on fixed incomes near the poverty level. For this reason, the  
24 legislature determines there is need to move quickly and decisively to  
25 provide assistance to this vulnerable population so that new programs  
26 are in place as federal changes are implemented.

27 NEW SECTION. Sec. 4. A new section is added to chapter 41.05 RCW  
28 to read as follows:

29 (1) The administrator shall determine the activities required to  
30 establish a reasonable and cost-effective prescription drug insurance  
31 plan that would be made available to any state resident enrolled in  
32 medicare.

33 (2) Unless there is a specific federal statutory prohibition, or  
34 except as provided in section 6 of this act, the administrator shall  
35 implement a comprehensive prescription drug insurance plan that, by  
36 January 1, 1998, must be made available to any state resident enrolled  
37 in medicare.

1 (3) By December 1, 1996, the administrator shall report to the  
2 appropriate committees of the legislature and the health care policy  
3 board if, with the written advice of the attorney general, federal  
4 statutory prohibitions exist to implementation of this program, or if  
5 actual premium rates established following competitive bidding of the  
6 prescription drug insurance plan substantially exceed expectations,  
7 creating questions regarding public interest in the program. The  
8 report shall include estimated premium costs, administrative costs to  
9 the state, and specific recommendations for removing any state or  
10 federal legislative or regulatory barriers to implementation of the  
11 insurance.

12 (4) The administrator shall use any funds appropriated for this  
13 section to implement this section, including to offset premiums of the  
14 persons purchasing prescription drug insurance under this section for  
15 those persons whose family income is at or below two hundred percent of  
16 the federal poverty level and who are not receiving prescription drug  
17 benefits as qualified medicare beneficiaries. The administrator shall  
18 design and implement a structure of premiums due from persons receiving  
19 the offset that is based upon gross family income, giving appropriate  
20 consideration to family size. The premium structure must be similar to  
21 the basic health plan subsidy structure under chapter 70.47 RCW, but  
22 may reflect differences in: (a) The limited benefits provided under  
23 this act; (b) the population served; and (c) other factors. The offset  
24 must be available to eligible persons beginning January 1, 1998.

25 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.05 RCW  
26 to read as follows:

27 The insurance commissioner shall adopt any rules needed to  
28 accommodate implementation of section 4 of this act. If timelines  
29 required under section 4 of this act require the adoption of rules on  
30 an emergency basis, the insurance commissioner shall do so.

31 NEW SECTION. **Sec. 6.** In the event funds are not appropriated to  
32 implement section 4 of this act, including funds for a premium offset,  
33 the prescription drug insurance plan under section 4 of this act shall  
34 not be implemented until such time as funding is appropriated to fund  
35 the plan.

