

**SHB 2679** - H AMD 1567

By Representative Schmick

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

3  
4 NEW SECTION. **Sec. 1.** (1) The legislature finds that  
5 nonprofit health insurance carriers in the state must:

6 (a) Be committed to a nonprofit corporate structure;  
7 (b) Provide individuals, businesses, and other groups with  
8 affordable and accessible health insurance; and

9 (c) Recognize a responsibility to contribute to the improvement  
10 of the overall health status of the residents of the jurisdictions  
11 in which they operate.

12 (2) The legislature further finds that access to health  
13 insurance and public services play a critical role in improving the  
14 health status of Washington residents.

15  
16 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.43  
17 RCW to read as follows:

18 (1) By July 1, 2021, and annually thereafter, nonprofit health  
19 carriers must submit to the commissioner the amount of the carrier's  
20 surplus.

21 (2)(a) By October 1, 2021, and annually thereafter, the  
22 commissioner must determine whether a nonprofit health carrier's  
23 surplus is excessive.

24 (b) The surplus of a nonprofit health carrier must be determined  
25 to be excessive if the surplus is greater than six hundred percent  
26 of the nonprofit health carrier's RBC requirements, in accordance  
27 with the formula set forth in the RBC instructions.

1 (3) (a) Except when a reduction in payment is permitted under  
2 subsection (4) of this section, if the commissioner determines the  
3 surplus of a nonprofit health carrier to be excessive, within ninety  
4 days of the determination the nonprofit health carrier must pay  
5 three percent of the excessive surplus to the commissioner's office  
6 for deposit into the fund.

7 (b) Nonprofit health carriers that offer health plans in ten  
8 counties or more through the health benefit exchange are exempt from  
9 the payment required under subsection 3(a) of this section.

10 (4)(a) Within thirty days of a determination by the commissioner  
11 that a nonprofit health carrier's surplus is excessive, a nonprofit  
12 health carrier may request a hearing by the commissioner to consider  
13 a reduction in the required amount of excessive surplus payment to  
14 the fund.

15 (b) The commissioner may only reduce a nonprofit health  
16 carrier's payment to the fund if the nonprofit health carrier  
17 presents clear and compelling evidence to the commissioner that the  
18 required amount of excessive surplus payment would render the  
19 nonprofit health carrier financially impaired under the laws of this  
20 state or any other state in which the nonprofit health carrier is  
21 authorized to do business.

22 (c) The hearing must be conducted in accordance with chapter  
23 34.05 RCW.

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

25 (6) The definitions in this subsection apply throughout this  
26 section and section 3 of this act unless the context clearly  
27 requires otherwise.

28 (a) "Excessive surplus" means the amount of a nonprofit health  
29 carrier's surplus above six hundred percent of the nonprofit health  
30 carrier's RBC requirements, as determined in subsection (2) of this  
31 section.

32 (b) "Fund" means the nonprofit health carrier community benefit  
33 fund created in section 3 of this act.

34 (c) "RBC" means risk-based capital.

1 (d) "RBC instructions" has the same meaning as in RCW 48.43.300.

2 (e) "Surplus" means the amount by which a nonprofit health  
3 carrier's assets exceed its liabilities.

4

5 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.70  
6 RCW to read as follows:

7 (1) The nonprofit health carrier community benefit fund is  
8 created in the state treasury. Moneys in the account may be spent  
9 only after appropriation.

10 (2) All receipts from nonprofit health carrier excessive surplus  
11 payments collected by the insurance commissioner pursuant to section  
12 2 of this act must be deposited in the nonprofit health carrier  
13 community benefit fund.

14 (3) Expenditures from the nonprofit health carrier community  
15 benefit fund must be used exclusively for:

16 (a) Subsidies for individuals purchasing individual market  
17 insurance coverage who are not eligible for federal insurance  
18 subsidies; and

19 (b) Foundational public health services pursuant to RCW 43.70.515.  
20

21 **Sec. 4.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14,  
22 2019 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each  
23 reenacted and amended to read as follows:

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

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

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

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

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

21 (a) The following accounts and funds shall receive their  
22 proportionate share of earnings based upon each account's and fund's  
23 average daily balance for the period: The abandoned recreational  
24 vehicle disposal account, the aeronautics account, the aircraft  
25 search and rescue account, the Alaskan Way viaduct replacement  
26 project account, the brownfield redevelopment trust fund account,  
27 the budget stabilization account, the capital vessel replacement  
28 account, the capitol building construction account, the Cedar River  
29 channel construction and operation account, the Central Washington  
30 University capital projects account, the charitable, educational,  
31 penal and reformatory institutions account, the Chehalis basin  
32 account, the cleanup settlement account, the Columbia river basin  
33 water supply development account, the Columbia river basin taxable  
34 bond water supply development account, the Columbia river basin

1 water supply revenue recovery account, the common school  
2 construction fund, the community forest trust account, the  
3 connecting Washington account, the county arterial preservation  
4 account, the county criminal justice assistance account, the  
5 deferred compensation administrative account, the deferred  
6 compensation principal account, the department of licensing services  
7 account, the department of licensing tuition recovery trust fund,  
8 the department of retirement systems expense account, the  
9 developmental disabilities community trust account, the diesel idle  
10 reduction account, the drinking water assistance account, the  
11 drinking water assistance administrative account, the early learning  
12 facilities development account, the early learning facilities  
13 revolving account, the Eastern Washington University capital  
14 projects account, the education construction fund, the education  
15 legacy trust account, the election account, the electric vehicle  
16 account, the energy freedom account, the energy recovery act  
17 account, the essential rail assistance account, The Evergreen State  
18 College capital projects account, the federal forest revolving  
19 account, the ferry bond retirement fund, the freight mobility  
20 investment account, the freight mobility multimodal account, the  
21 grade crossing protective fund, the nonprofit health carrier  
22 community benefit fund, the public health services account, the  
23 state higher education construction account, the higher education  
24 construction account, the highway bond retirement fund, the highway  
25 infrastructure account, the highway safety fund, the hospital safety  
26 net assessment fund, the industrial insurance premium refund  
27 account, the Interstate 405 and state route number 167 express toll  
28 lanes account, the judges' retirement account, the judicial  
29 retirement administrative account, the judicial retirement principal  
30 account, the local leasehold excise tax account, the local real  
31 estate excise tax account, the local sales and use tax account, the  
32 marine resources stewardship trust account, the medical aid account,  
33 the mobile home park relocation fund, the money-purchase retirement  
34 savings administrative account, the money-purchase retirement

1 savings principal account, the motor vehicle fund, the motorcycle  
2 safety education account, the multimodal transportation account, the  
3 multiuse roadway safety account, the municipal criminal justice  
4 assistance account, the natural resources deposit account, the  
5 oyster reserve land account, the pension funding stabilization  
6 account, the perpetual surveillance and maintenance account, the  
7 pollution liability insurance agency underground storage tank  
8 revolving account, the public employees' retirement system plan 1  
9 account, the public employees' retirement system combined plan 2 and  
10 plan 3 account, the public facilities construction loan revolving  
11 account beginning July 1, 2004, the public health supplemental  
12 account, the public works assistance account, the Puget Sound  
13 capital construction account, the Puget Sound ferry operations  
14 account, the Puget Sound Gateway facility account, the Puget Sound  
15 taxpayer accountability account, the real estate appraiser  
16 commission account, the recreational vehicle account, the regional  
17 mobility grant program account, the resource management cost  
18 account, the rural arterial trust account, the rural mobility grant  
19 program account, the rural Washington loan fund, the sexual assault  
20 prevention and response account, the site closure account, the  
21 skilled nursing facility safety net trust fund, the small city  
22 pavement and sidewalk account, the special category C account, the  
23 special wildlife account, the state employees' insurance account,  
24 the state employees' insurance reserve account, the state investment  
25 board expense account, the state investment board commingled trust  
26 fund accounts, the state patrol highway account, the state route  
27 number 520 civil penalties account, the state route number 520  
28 corridor account, the state wildlife account, the statewide  
29 broadband account, the statewide tourism marketing account, the  
30 student achievement council tuition recovery trust fund, the  
31 supplemental pension account, the Tacoma Narrows toll bridge  
32 account, the teachers' retirement system plan 1 account, the  
33 teachers' retirement system combined plan 2 and plan 3 account, the  
34 tobacco prevention and control account, the tobacco settlement

1 account, the toll facility bond retirement account, the  
2 transportation 2003 account (nickel account), the transportation  
3 equipment fund, the transportation future funding program account,  
4 the transportation improvement account, the transportation  
5 improvement board bond retirement account, the transportation  
6 infrastructure account, the transportation partnership account, the  
7 traumatic brain injury account, the tuition recovery trust fund, the  
8 University of Washington bond retirement fund, the University of  
9 Washington building account, the voluntary cleanup account, the  
10 volunteer firefighters' and reserve officers' relief and pension  
11 principal fund, the volunteer firefighters' and reserve officers'  
12 administrative fund, the vulnerable roadway user education account,  
13 the Washington judicial retirement system account, the Washington  
14 law enforcement officers' and firefighters' system plan 1 retirement  
15 account, the Washington law enforcement officers' and firefighters'  
16 system plan 2 retirement account, the Washington public safety  
17 employees' plan 2 retirement account, the Washington school  
18 employees' retirement system combined plan 2 and 3 account, the  
19 Washington state health insurance pool account, the Washington state  
20 patrol retirement account, the Washington State University building  
21 account, the Washington State University bond retirement fund, the  
22 water pollution control revolving administration account, the water  
23 pollution control revolving fund, the Western Washington University  
24 capital projects account, the Yakima integrated plan implementation  
25 account, the Yakima integrated plan implementation revenue recovery  
26 account, and the Yakima integrated plan implementation taxable bond  
27 account. Earnings derived from investing balances of the  
28 agricultural permanent fund, the normal school permanent fund, the  
29 permanent common school fund, the scientific permanent fund, the  
30 state university permanent fund, and the state reclamation revolving  
31 account shall be allocated to their respective beneficiary accounts.

32 (b) Any state agency that has independent authority over  
33 accounts or funds not statutorily required to be held in the state  
34 treasury that deposits funds into a fund or account in the state

1 treasury pursuant to an agreement with the office of the state  
2 treasurer shall receive its proportionate share of earnings based  
3 upon each account's or fund's average daily balance for the period.

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

7

8 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2021."

9

10 Correct the title.

11

12

EFFECT: Removes the tax on depreciated capital. Exempts  
nonprofit health carriers that offer health plans in 10 counties or  
more through the Health Benefit Exchange from the nonprofit health  
carrier's excessive surplus tax.

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