

2SSB 5930 - S AMD

By Senators Parlette, Haugen

OUT OF ORDER 03/09/2007

1 On page 38, after line 24, insert the following:

2 "NEW SECTION. Sec. 34. The legislature finds that many small
3 employers struggle with the cost of providing employer-sponsored health
4 insurance coverage to their employees, while others are unable to offer
5 coverage due to its high cost. It is the intent of the legislature to
6 encourage the availability of less expensive health insurance plans,
7 and expand the flexibility of small employers to purchase less
8 expensive products.

9 **Sec. 35.** RCW 70.47A.040 and 2006 c 255 s 4 are each amended to
10 read as follows:

11 (1) Beginning July 1, 2007, the administrator shall accept
12 applications from eligible employees, on behalf of themselves, their
13 spouses, and their dependent children, to receive premium subsidies
14 through the small employer health insurance partnership program.

15 (2) Premium subsidy payments may be provided to eligible employees
16 ~~((if+))~~ or participating carriers on behalf of employees.

17 (a) The eligible employee ~~((is))~~ must be employed by a small
18 employer~~((+))~~.

19 ~~((The actuarial value of the health benefit plan offered by the
20 small employer is at least equivalent to that of the basic health plan
21 benefit offered under chapter 70.47 RCW. The office of the insurance
22 commissioner under Title 48 RCW shall certify those small employer
23 health benefit plans that are at least actuarially equivalent to the
24 basic health plan benefit; and))~~ Small employers may offer any
25 available health benefit plan including health savings accounts.
26 Health savings account subsidy payments may be provided to eligible
27 employees if the eligible employee participates in an
28 employer-sponsored high deductible health plan and health savings

1 account that conforms to the requirements of the United States internal
2 revenue service.

3 (c) The small employer will pay at least forty percent of the
4 monthly premium cost for health benefit plan coverage of the eligible
5 employee.

6 (3) The amount of an eligible employee's premium subsidy shall be
7 determined by applying the sliding scale subsidy schedule developed for
8 subsidized basic health plan enrollees under RCW 70.47.060 to the
9 employee's premium obligation for his or her employer's health benefit
10 plan.

11 (4) After an eligible individual has enrolled in the program, the
12 program shall issue subsidies in an amount determined pursuant to
13 subsection (3) of this section to either the eligible employee or to
14 the carrier designated by the eligible employee.

15 (5) An eligible employee must agree to provide verification of
16 continued enrollment in his or her small employer's health benefit plan
17 on a semiannual basis or to notify the administrator whenever his or
18 her enrollment status changes, whichever is earlier. Verification or
19 notification may be made directly by the employee, or through his or
20 her employer or the carrier providing the small employer health benefit
21 plan. When necessary, the administrator has the authority to perform
22 retrospective audits on premium subsidy accounts. The administrator
23 may suspend or terminate an employee's participation in the program and
24 seek repayment of any subsidy amounts paid due to the omission or
25 misrepresentation of an applicant or enrolled employee. The
26 administrator shall adopt rules to define the appropriate application
27 of these sanctions and the processes to implement the sanctions
28 provided in this subsection, within available resources.

29 **Sec. 36.** RCW 48.21.045 and 2004 c 244 s 1 are each amended to read
30 as follows:

31 (1)((~~a~~)) An insurer offering any health benefit plan to a small
32 employer, either directly or through an association or member-governed
33 group formed specifically for the purpose of purchasing health care,
34 may offer and actively market to the small employer ((~~a~~)) no more than
35 one health benefit plan featuring a limited schedule of covered health
36 care services. ((~~Nothing in this subsection shall preclude an insurer~~
37 ~~from offering, or a small employer from purchasing, other health~~

1 benefit plans that may have more comprehensive benefits than those
2 included in the product offered under this subsection. An insurer
3 offering a health benefit plan under this subsection shall clearly
4 disclose all covered benefits to the small employer in a brochure filed
5 with the commissioner.

6 ~~(b) A health benefit plan offered under this subsection shall~~
7 ~~provide coverage for hospital expenses and services rendered by a~~
8 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~
9 ~~to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142,~~
10 ~~48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200,~~
11 ~~48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244,~~
12 ~~48.21.250, 48.21.300, 48.21.310, or 48.21.320.~~

13 ~~(2))~~ (a) The plan offered under this subsection may be offered
14 with a choice of cost-sharing arrangements, and may, but is not
15 required to, comply with: RCW 48.21.130 through 48.21.240, 48.21.244
16 through 48.21.280, 48.21.300 through 48.21.320, 48.43.045(1) except as
17 required in (b) of this subsection, 48.43.093, 48.43.115 through
18 48.43.185, 48.43.515(5), or 48.42.100.

19 (b) In offering the plan under this subsection, the insurer must
20 offer the small employer the option of permitting every category of
21 health care provider to provide health services or care for conditions
22 covered by the plan pursuant to RCW 48.43.045(1).

23 (2) An insurer offering the plan under subsection (1) of this
24 section must also offer and actively market to the small employer at
25 least one additional health benefit plan.

26 (3) Nothing in this section shall prohibit an insurer from
27 offering, or a purchaser from seeking, health benefit plans with
28 benefits in excess of the health benefit plan offered under subsection
29 (1) of this section. All forms, policies, and contracts shall be
30 submitted for approval to the commissioner, and the rates of any plan
31 offered under this section shall be reasonable in relation to the
32 benefits thereto.

33 ~~((3))~~ (4) Premium rates for health benefit plans for small
34 employers as defined in this section shall be subject to the following
35 provisions:

36 (a) The insurer shall develop its rates based on an adjusted
37 community rate and may only vary the adjusted community rate for:

38 (i) Geographic area;

- 1 (ii) Family size;
2 (iii) Age; and
3 (iv) Wellness activities.

4 (b) The adjustment for age in (a)(iii) of this subsection may not
5 use age brackets smaller than five-year increments, which shall begin
6 with age twenty and end with age sixty-five. Employees under the age
7 of twenty shall be treated as those age twenty.

8 (c) The insurer shall be permitted to develop separate rates for
9 individuals age sixty-five or older for coverage for which medicare is
10 the primary payer and coverage for which medicare is not the primary
11 payer. Both rates shall be subject to the requirements of this
12 subsection (~~((+3))~~) (4).

13 (d) The permitted rates for any age group shall be no more than
14 four hundred twenty-five percent of the lowest rate for all age groups
15 on January 1, 1996, four hundred percent on January 1, 1997, and three
16 hundred seventy-five percent on January 1, 2000, and thereafter.

17 (e) A discount for wellness activities shall be permitted to
18 reflect actuarially justified differences in utilization or cost
19 attributed to such programs.

20 (f) The rate charged for a health benefit plan offered under this
21 section may not be adjusted more frequently than annually except that
22 the premium may be changed to reflect:

- 23 (i) Changes to the enrollment of the small employer;
24 (ii) Changes to the family composition of the employee;
25 (iii) Changes to the health benefit plan requested by the small
26 employer; or
27 (iv) Changes in government requirements affecting the health
28 benefit plan.

29 (g) Rating factors shall produce premiums for identical groups that
30 differ only by the amounts attributable to plan design, with the
31 exception of discounts for health improvement programs.

32 (h) For the purposes of this section, a health benefit plan that
33 contains a restricted network provision shall not be considered similar
34 coverage to a health benefit plan that does not contain such a
35 provision, provided that the restrictions of benefits to network
36 providers result in substantial differences in claims costs. A carrier
37 may develop its rates based on claims costs (~~((due to network provider~~

1 reimbursement schedules or type of network)) for a plan. This
2 subsection does not restrict or enhance the portability of benefits as
3 provided in RCW 48.43.015.

4 (i) Except for small group health benefit plans that qualify as
5 insurance coverage combined with a health savings account defined by
6 the United States internal revenue service, adjusted community rates
7 established under this section shall pool the medical experience of all
8 small groups purchasing coverage. However, annual rate adjustments for
9 each small group health benefit plan may vary by up to plus or minus
10 ~~((four))~~ eight percentage points from the overall adjustment of a
11 carrier's entire small group pool, ~~((such overall adjustment to be~~
12 ~~approved by the commissioner, upon a showing by the carrier, certified~~
13 ~~by a member of the American academy of actuaries that: (i) The~~
14 ~~variation is a result of deductible leverage, benefit design, or~~
15 ~~provider network characteristics; and (ii) for a rate renewal period,~~
16 ~~the projected weighted average of all small group benefit plans will~~
17 ~~have a revenue neutral effect on the carrier's small group pool.~~
18 ~~Variations of greater than four percentage points are subject to review~~
19 ~~by the commissioner, and must be approved or denied within sixty days~~
20 ~~of submittal)) if certified by a member of the American academy of~~
21 actuaries, that: (i) The variation is a result of deductible leverage,
22 benefit design, claims cost trend for the plan, or provider network
23 characteristics; and (ii) for a rate renewal period, the projected
24 weighted average of all small group benefit plans will have a revenue
25 neutral effect on the carrier's small group pool. Variations of
26 greater than eight percentage points are subject to review by the
27 commissioner and must be approved or denied within thirty days of
28 submittal. A variation that is not denied within ~~((sixty))~~ thirty days
29 shall be deemed approved. The commissioner must provide to the carrier
30 a detailed actuarial justification for any denial ~~((within thirty~~
31 ~~days)) at the time of the denial.~~

32 ~~((+4))~~ (5) Nothing in this section shall restrict the right of
33 employees to collectively bargain for insurance providing benefits in
34 excess of those provided herein.

35 ~~((+5))~~ (6)(a) Except as provided in this subsection, requirements
36 used by an insurer in determining whether to provide coverage to a
37 small employer shall be applied uniformly among all small employers
38 applying for coverage or receiving coverage from the carrier.

1 (b) An insurer shall not require a minimum participation level
2 greater than:

3 (i) One hundred percent of eligible employees working for groups
4 with three or less employees; and

5 (ii) Seventy-five percent of eligible employees working for groups
6 with more than three employees.

7 (c) In applying minimum participation requirements with respect to
8 a small employer, a small employer shall not consider employees or
9 dependents who have similar existing coverage in determining whether
10 the applicable percentage of participation is met.

11 (d) An insurer may not increase any requirement for minimum
12 employee participation or modify any requirement for minimum employer
13 contribution applicable to a small employer at any time after the small
14 employer has been accepted for coverage.

15 ~~((+6))~~ (7) An insurer must offer coverage to all eligible
16 employees of a small employer and their dependents. An insurer may not
17 offer coverage to only certain individuals or dependents in a small
18 employer group or to only part of the group. An insurer may not modify
19 a health plan with respect to a small employer or any eligible employee
20 or dependent, through riders, endorsements or otherwise, to restrict or
21 exclude coverage or benefits for specific diseases, medical conditions,
22 or services otherwise covered by the plan.

23 ~~((+7))~~ (8) As used in this section, "health benefit plan," "small
24 employer," "adjusted community rate," and "wellness activities" mean
25 the same as defined in RCW 48.43.005.

26 **Sec. 37.** RCW 48.44.023 and 2004 c 244 s 7 are each amended to read
27 as follows:

28 (1)~~((+a))~~ A health care services contractor offering any health
29 benefit plan to a small employer, either directly or through an
30 association or member-governed group formed specifically for the
31 purpose of purchasing health care, may offer and actively market to the
32 small employer ~~((a))~~ no more than one health benefit plan featuring a
33 limited schedule of covered health care services. ~~((Nothing in this
34 subsection shall preclude a contractor from offering, or a small
35 employer from purchasing, other health benefit plans that may have more
36 comprehensive benefits than those included in the product offered under~~

1 ~~this subsection. A contractor offering a health benefit plan under~~
2 ~~this subsection shall clearly disclose all covered benefits to the~~
3 ~~small employer in a brochure filed with the commissioner.~~

4 ~~(b) A health benefit plan offered under this subsection shall~~
5 ~~provide coverage for hospital expenses and services rendered by a~~
6 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~
7 ~~to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290,~~
8 ~~48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335,~~
9 ~~48.44.340, 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and~~
10 ~~48.44.460.~~

11 ~~(2))~~ (a) The plan offered under this subsection may be offered
12 with a choice of cost-sharing arrangements, and may, but is not
13 required to, comply with: RCW 48.44.210, 48.44.212, 48.44.225,
14 48.44.240 through 48.44.245, 48.44.290 through 48.44.340, 48.44.344,
15 48.44.360 through 48.44.380, 48.44.400, 48.44.420, 48.44.440 through
16 48.44.460, 48.44.500, 48.43.045(1) except as required in (b) of this
17 subsection, 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or
18 48.42.100.

19 (b) In offering the plan under this subsection, the health care
20 service contractor must offer the small employer the option of
21 permitting every category of health care provider to provide health
22 services or care for conditions covered by the plan pursuant to RCW
23 48.43.045(1).

24 (2) A health care service contractor offering the plan under
25 subsection (1) of this section must also offer and actively market to
26 the small employer at least one additional health benefit plan.

27 (3) Nothing in this section shall prohibit a health care service
28 contractor from offering, or a purchaser from seeking, health benefit
29 plans with benefits in excess of the health benefit plan offered under
30 subsection (1) of this section. All forms, policies, and contracts
31 shall be submitted for approval to the commissioner, and the rates of
32 any plan offered under this section shall be reasonable in relation to
33 the benefits thereto.

34 ~~((3))~~ (4) Premium rates for health benefit plans for small
35 employers as defined in this section shall be subject to the following
36 provisions:

37 (a) The contractor shall develop its rates based on an adjusted
38 community rate and may only vary the adjusted community rate for:

- 1 (i) Geographic area;
2 (ii) Family size;
3 (iii) Age; and
4 (iv) Wellness activities.

5 (b) The adjustment for age in (a)(iii) of this subsection may not
6 use age brackets smaller than five-year increments, which shall begin
7 with age twenty and end with age sixty-five. Employees under the age
8 of twenty shall be treated as those age twenty.

9 (c) The contractor shall be permitted to develop separate rates for
10 individuals age sixty-five or older for coverage for which medicare is
11 the primary payer and coverage for which medicare is not the primary
12 payer. Both rates shall be subject to the requirements of this
13 subsection (~~((3))~~) (4).

14 (d) The permitted rates for any age group shall be no more than
15 four hundred twenty-five percent of the lowest rate for all age groups
16 on January 1, 1996, four hundred percent on January 1, 1997, and three
17 hundred seventy-five percent on January 1, 2000, and thereafter.

18 (e) A discount for wellness activities shall be permitted to
19 reflect actuarially justified differences in utilization or cost
20 attributed to such programs.

21 (f) The rate charged for a health benefit plan offered under this
22 section may not be adjusted more frequently than annually except that
23 the premium may be changed to reflect:

- 24 (i) Changes to the enrollment of the small employer;
25 (ii) Changes to the family composition of the employee;
26 (iii) Changes to the health benefit plan requested by the small
27 employer; or
28 (iv) Changes in government requirements affecting the health
29 benefit plan.

30 (g) Rating factors shall produce premiums for identical groups that
31 differ only by the amounts attributable to plan design, with the
32 exception of discounts for health improvement programs.

33 (h) For the purposes of this section, a health benefit plan that
34 contains a restricted network provision shall not be considered similar
35 coverage to a health benefit plan that does not contain such a
36 provision, provided that the restrictions of benefits to network
37 providers result in substantial differences in claims costs. A carrier
38 may develop its rates based on claims costs (~~((due to network provider~~

1 reimbursement schedules or type of network)) for a plan. This
2 subsection does not restrict or enhance the portability of benefits as
3 provided in RCW 48.43.015.

4 (i) Except for small group health benefit plans that qualify as
5 insurance coverage combined with a health savings account as defined by
6 the United States internal revenue service, adjusted community rates
7 established under this section shall pool the medical experience of all
8 groups purchasing coverage. However, annual rate adjustments for each
9 small group health benefit plan may vary by up to plus or minus
10 ~~((four))~~ eight percentage points from the overall adjustment of a
11 carrier's entire small group pool(~~(, such overall adjustment to be~~
12 ~~approved by the commissioner, upon a showing by the carrier, certified~~
13 ~~by a member of the American academy of actuaries that: (i) The~~
14 ~~variation is a result of deductible leverage, benefit design, or~~
15 ~~provider network characteristics; and (ii) for a rate renewal period,~~
16 ~~the projected weighted average of all small group benefit plans will~~
17 ~~have a revenue neutral effect on the carrier's small group pool.~~
18 ~~Variations of greater than four percentage points are subject to review~~
19 ~~by the commissioner, and must be approved or denied within sixty days~~
20 ~~of submittal)) if certified by a member of the American academy of
21 actuaries, that: (i) The variation is a result of deductible leverage,
22 benefit design, claims cost trend for the plan, or provider network
23 characteristics; and (ii) for a rate renewal period, the projected
24 weighted average of all small group benefit plans will have a revenue
25 neutral effect on the carrier's small group pool. Variations of
26 greater than eight percentage points are subject to review by the
27 commissioner and must be approved or denied within thirty days of
28 submittal. A variation that is not denied within ~~((sixty))~~ thirty days
29 shall be deemed approved. The commissioner must provide to the carrier
30 a detailed actuarial justification for any denial ~~((within thirty~~
31 ~~days)) at the time of the denial.~~~~

32 ~~((+4))~~ (5) Nothing in this section shall restrict the right of
33 employees to collectively bargain for insurance providing benefits in
34 excess of those provided herein.

35 ~~((+5))~~ (6)(a) Except as provided in this subsection, requirements
36 used by a contractor in determining whether to provide coverage to a
37 small employer shall be applied uniformly among all small employers
38 applying for coverage or receiving coverage from the carrier.

1 (b) A contractor shall not require a minimum participation level
2 greater than:

3 (i) One hundred percent of eligible employees working for groups
4 with three or less employees; and

5 (ii) Seventy-five percent of eligible employees working for groups
6 with more than three employees.

7 (c) In applying minimum participation requirements with respect to
8 a small employer, a small employer shall not consider employees or
9 dependents who have similar existing coverage in determining whether
10 the applicable percentage of participation is met.

11 (d) A contractor may not increase any requirement for minimum
12 employee participation or modify any requirement for minimum employer
13 contribution applicable to a small employer at any time after the small
14 employer has been accepted for coverage.

15 ~~((+6+))~~ (7) A contractor must offer coverage to all eligible
16 employees of a small employer and their dependents. A contractor may
17 not offer coverage to only certain individuals or dependents in a small
18 employer group or to only part of the group. A contractor may not
19 modify a health plan with respect to a small employer or any eligible
20 employee or dependent, through riders, endorsements or otherwise, to
21 restrict or exclude coverage or benefits for specific diseases, medical
22 conditions, or services otherwise covered by the plan.

23 **Sec. 38.** RCW 48.46.066 and 2004 c 244 s 9 are each amended to read
24 as follows:

25 (1)~~((+a+))~~ A health maintenance organization offering any health
26 benefit plan to a small employer, either directly or through an
27 association or member-governed group formed specifically for the
28 purpose of purchasing health care, may offer and actively market to the
29 small employer ~~((a))~~ no more than one health benefit plan featuring a
30 limited schedule of covered health care services. ~~((Nothing in this
31 subsection shall preclude a health maintenance organization from
32 offering, or a small employer from purchasing, other health benefit
33 plans that may have more comprehensive benefits than those included in
34 the product offered under this subsection. A health maintenance
35 organization offering a health benefit plan under this subsection shall
36 clearly disclose all the covered benefits to the small employer in a
37 brochure filed with the commissioner.~~

1 ~~(b) A health benefit plan offered under this subsection shall~~
2 ~~provide coverage for hospital expenses and services rendered by a~~
3 ~~physician licensed under chapter 18.57 or 18.71 RCW but is not subject~~
4 ~~to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290,~~
5 ~~48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510,~~
6 ~~48.46.520, and 48.46.530.~~

7 ~~(2)) (a) The plan offered under this subsection may be offered~~
8 ~~with a choice of cost-sharing arrangements, and may, but is not~~
9 ~~required to, comply with: RCW 48.46.250, 48.46.272 through 48.46.290,~~
10 ~~48.46.320, 48.46.350, 48.46.375, 48.46.440 through 48.46.460,~~
11 ~~48.46.480. 48.46.490, 48.46.510, 48.46.520, 48.46.530, 48.46.565,~~
12 ~~48.46.570, 48.46.575, 48.43.045(1) except as required in (b) of this~~
13 ~~subsection, 48.43.093, 48.43.115 through 48.43.185, 48.43.515(5), or~~
14 ~~48.42.100.~~

15 ~~(b) In offering the plan under this subsection, the health~~
16 ~~maintenance organization must offer the small employer the option of~~
17 ~~permitting every category of health care provider to provide health~~
18 ~~services or care for conditions covered by the plan pursuant to RCW~~
19 ~~48.43.045(1).~~

20 ~~(2) A health maintenance organization offering the plan under~~
21 ~~subsection (1) of this section must also offer and actively market to~~
22 ~~the small employer at least one additional health benefit plan.~~

23 ~~(3) Nothing in this section shall prohibit a health maintenance~~
24 ~~organization from offering, or a purchaser from seeking, health benefit~~
25 ~~plans with benefits in excess of the health benefit plan offered under~~
26 ~~subsection (1) of this section. All forms, policies, and contracts~~
27 ~~shall be submitted for approval to the commissioner, and the rates of~~
28 ~~any plan offered under this section shall be reasonable in relation to~~
29 ~~the benefits thereto.~~

30 ~~((3)) (4) Premium rates for health benefit plans for small~~
31 ~~employers as defined in this section shall be subject to the following~~
32 ~~provisions:~~

33 ~~(a) The health maintenance organization shall develop its rates~~
34 ~~based on an adjusted community rate and may only vary the adjusted~~
35 ~~community rate for:~~

36 ~~(i) Geographic area;~~

37 ~~(ii) Family size;~~

38 ~~(iii) Age; and~~

1 (iv) Wellness activities.

2 (b) The adjustment for age in (a)(iii) of this subsection may not
3 use age brackets smaller than five-year increments, which shall begin
4 with age twenty and end with age sixty-five. Employees under the age
5 of twenty shall be treated as those age twenty.

6 (c) The health maintenance organization shall be permitted to
7 develop separate rates for individuals age sixty-five or older for
8 coverage for which medicare is the primary payer and coverage for which
9 medicare is not the primary payer. Both rates shall be subject to the
10 requirements of this subsection (~~(+3+)~~) (4).

11 (d) The permitted rates for any age group shall be no more than
12 four hundred twenty-five percent of the lowest rate for all age groups
13 on January 1, 1996, four hundred percent on January 1, 1997, and three
14 hundred seventy-five percent on January 1, 2000, and thereafter.

15 (e) A discount for wellness activities shall be permitted to
16 reflect actuarially justified differences in utilization or cost
17 attributed to such programs.

18 (f) The rate charged for a health benefit plan offered under this
19 section may not be adjusted more frequently than annually except that
20 the premium may be changed to reflect:

21 (i) Changes to the enrollment of the small employer;
22 (ii) Changes to the family composition of the employee;
23 (iii) Changes to the health benefit plan requested by the small
24 employer; or
25 (iv) Changes in government requirements affecting the health
26 benefit plan.

27 (g) Rating factors shall produce premiums for identical groups that
28 differ only by the amounts attributable to plan design, with the
29 exception of discounts for health improvement programs.

30 (h) For the purposes of this section, a health benefit plan that
31 contains a restricted network provision shall not be considered similar
32 coverage to a health benefit plan that does not contain such a
33 provision, provided that the restrictions of benefits to network
34 providers result in substantial differences in claims costs. A carrier
35 may develop its rates based on claims costs (~~(due to network provider
36 reimbursement schedules or type of network)~~) for a plan. This
37 subsection does not restrict or enhance the portability of benefits as
38 provided in RCW 48.43.015.

1 (i) Except for small group health benefit plans that qualify as
2 insurance coverage combined with a health savings account as defined by
3 the United States internal revenue service, adjusted community rates
4 established under this section shall pool the medical experience of all
5 groups purchasing coverage. However, annual rate adjustments for each
6 small group health benefit plan may vary by up to plus or minus
7 ~~((four))~~ eight percentage points from the overall adjustment of a
8 carrier's entire small group pool(~~(, such overall adjustment to be~~
9 ~~approved by the commissioner, upon a showing by the carrier, certified~~
10 ~~by a member of the American academy of actuaries that: (i) The~~
11 ~~variation is a result of deductible leverage, benefit design, or~~
12 ~~provider network characteristics; and (ii) for a rate renewal period,~~
13 ~~the projected weighted average of all small group benefit plans will~~
14 ~~have a revenue neutral effect on the carrier's small group pool.~~
15 ~~Variations of greater than four percentage points are subject to review~~
16 ~~by the commissioner, and must be approved or denied within sixty days~~
17 ~~of submittal)) if certified by a member of the American academy of
18 actuaries, that: (i) The variation is a result of deductible leverage,
19 benefit design, claims cost trend for the plan, or provider network
20 characteristics; and (ii) for a rate renewal period, the projected
21 weighted average of all small group benefit plans will have a revenue
22 neutral effect on the health maintenance organization's small group
23 pool. Variations of greater than eight percentage points are subject
24 to review by the commissioner and must be approved or denied within
25 thirty days of submittal. A variation that is not denied within
26 ~~((sixty))~~ thirty days shall be deemed approved. The commissioner must
27 provide to the carrier a detailed actuarial justification for any
28 denial ~~((within thirty days))~~ at the time of the denial.~~

29 ~~((+4))~~ (5) Nothing in this section shall restrict the right of
30 employees to collectively bargain for insurance providing benefits in
31 excess of those provided herein.

32 ~~((+5))~~ (6)(a) Except as provided in this subsection, requirements
33 used by a health maintenance organization in determining whether to
34 provide coverage to a small employer shall be applied uniformly among
35 all small employers applying for coverage or receiving coverage from
36 the carrier.

37 (b) A health maintenance organization shall not require a minimum
38 participation level greater than:

1 (i) One hundred percent of eligible employees working for groups
2 with three or less employees; and

3 (ii) Seventy-five percent of eligible employees working for groups
4 with more than three employees.

5 (c) In applying minimum participation requirements with respect to
6 a small employer, a small employer shall not consider employees or
7 dependents who have similar existing coverage in determining whether
8 the applicable percentage of participation is met.

9 (d) A health maintenance organization may not increase any
10 requirement for minimum employee participation or modify any
11 requirement for minimum employer contribution applicable to a small
12 employer at any time after the small employer has been accepted for
13 coverage.

14 ~~((+6+))~~ (7) A health maintenance organization must offer coverage
15 to all eligible employees of a small employer and their dependents. A
16 health maintenance organization may not offer coverage to only certain
17 individuals or dependents in a small employer group or to only part of
18 the group. A health maintenance organization may not modify a health
19 plan with respect to a small employer or any eligible employee or
20 dependent, through riders, endorsements or otherwise, to restrict or
21 exclude coverage or benefits for specific diseases, medical conditions,
22 or services otherwise covered by the plan.

23 **Sec. 39.** RCW 48.21.047 and 2005 c 223 s 11 are each amended to
24 read as follows:

25 (1) An insurer may not offer any health benefit plan to any small
26 employer without complying with RCW 48.21.045(~~((+3+))~~) (4).

27 (2) Employers purchasing health plans provided through associations
28 or through member-governed groups formed specifically for the purpose
29 of purchasing health care are not small employers and the plans are not
30 subject to RCW 48.21.045(~~((+3+))~~) (4).

31 (3) For purposes of this section, "health benefit plan," "health
32 plan," and "small employer" mean the same as defined in RCW 48.43.005.

33 **Sec. 40.** RCW 48.43.028 and 2001 c 196 s 10 are each amended to
34 read as follows:

35 To the extent required of the federal health insurance portability
36 and accountability act of 1996, the eligibility of an employer or group

1 to purchase a health benefit plan set forth in RCW 48.21.045(1)((~~b~~)),
2 48.44.023(1)((~~b~~)), and 48.46.066(1)((~~b~~)) must be extended to all
3 small employers and small groups as defined in RCW 48.43.005.

4 **Sec. 41.** RCW 48.44.024 and 2003 c 248 s 15 are each amended to
5 read as follows:

6 (1) A health care service contractor may not offer any health
7 benefit plan to any small employer without complying with RCW
8 48.44.023((~~3~~)) (4).

9 (2) Employers purchasing health plans provided through associations
10 or through member-governed groups formed specifically for the purpose
11 of purchasing health care are not small employers and the plans are not
12 subject to RCW 48.44.023((~~3~~)) (4).

13 (3) For purposes of this section, "health benefit plan," "health
14 plan," and "small employer" mean the same as defined in RCW 48.43.005.

15 **Sec. 42.** RCW 48.46.068 and 2003 c 248 s 16 are each amended to
16 read as follows:

17 (1) A health maintenance organization may not offer any health
18 benefit plan to any small employer without complying with RCW
19 48.46.066((~~3~~)) (4).

20 (2) Employers purchasing health plans provided through associations
21 or through member-governed groups formed specifically for the purpose
22 of purchasing health care are not small employers and are not subject
23 to RCW 48.46.066((~~3~~)) (4).

24 (3) For purposes of this section, "health benefit plan," "health
25 plan," and "small employer" mean the same as defined in RCW 48.43.005."

26 Renumber the remaining sections consecutively.

2SSB 5930 - S AMD

By Senators Parlette, Haugen

OUT OF ORDER 03/09/2007

27 On page 1, line 5 of the title, after "41.05.075," strike "and

1 41.05.450" and insert "41.05.540, 70.47A.040, 48.21.045, 48.44.023,
2 48.46.066, 48.21.047, 48.43.028, 48.44.024, and 48.46.068"

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