
HOUSE BILL 2551

State of Washington 61st Legislature 2010 Regular Session

By Representatives Cody, Green, Sullivan, Pedersen, Darneille, and Moeller

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1 AN ACT Relating to the establishment of the Washington vaccine
2 association; adding a new section to chapter 43.24 RCW; adding new
3 sections to chapter 43.131 RCW; adding a new chapter to Title 70 RCW;
4 prescribing penalties; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** The definitions in this section apply
7 throughout this chapter unless the context clearly requires otherwise.

8 (1) "Association" means the Washington vaccine association.

9 (2) "Covered lives" means all persons under the age of nineteen who
10 are:

11 (a) Covered under an individual or group health benefit plan issued
12 or delivered in Washington state; or

13 (b) Enrolled in a group health benefit plan administered by a
14 third-party administrator registered under section 7 of this act.
15 Persons under the age of nineteen for whom federal funding is used to
16 purchase vaccines are not considered "covered lives" under this
17 chapter.

18 (3) "Estimated vaccine cost" means the estimated cost to the state

1 over the course of a state fiscal year for the purchase, distribution,
2 and administration of vaccines purchased at the federal discount rate
3 by the department of health.

4 (4) "Health benefit plan" has the same meaning as defined in RCW
5 48.43.005.

6 (5) "Health carrier" has the same meaning as defined in RCW
7 48.43.005.

8 (6) "Secretary" means the secretary of the department of health.

9 (7) "Total nonfederal program cost" means the estimated vaccine
10 cost less the amount of federal revenue available to the state for the
11 purchase, distribution, and administration of vaccines.

12 (8) "Vaccine" means any preparations of killed microorganisms,
13 living attenuated organisms, or living fully virulent organisms that
14 are approved by the federal food and drug administration and
15 recommended by the advisory committee on immunization practices of the
16 centers for disease control and prevention for administration to
17 children of the state of Washington under the age of nineteen years for
18 the purposes of producing or artificially increasing immunity to
19 particular life-threatening and disabling diseases.

20 NEW SECTION. **Sec. 2.** There is created a nonprofit corporation to
21 be known as the Washington vaccine association. The association is
22 formed to assess health carriers and third-party administrators for the
23 cost of vaccines provided to certain children in Washington state.

24 NEW SECTION. **Sec. 3.** (1) The association is comprised of all
25 licensed health carriers currently writing or maintaining health
26 benefit plans in Washington state and all third-party administrators
27 who, on behalf of a health care purchaser, receive or collect charges,
28 contributions, or premiums for, or adjust or settle claims on or for,
29 residents of Washington state.

30 (2) The association is a not-for-profit, voluntary corporation
31 under chapter 24.03 RCW and possesses all general powers of a not-for-
32 profit corporation.

33 (3) The board of directors includes:

34 (a) Five representatives selected from the licensed health carriers
35 having the most covered lives in Washington state;

1 (b) Two third-party administrators, one representing the Taft-
2 Hartley health benefit plan with the most covered lives in Washington
3 and one representing private self-funded health care purchasers;
4 (c) Two health care provider representatives, one of whom must be
5 a board-certified pediatrician, appointed by the secretary; and
6 (d) The secretary, who shall serve as an ex officio member.
7 (4) The directors' terms and appointments must be specified in the
8 plan of operation adopted by the association.
9 (5) The board of directors of the association shall:
10 (a) Prepare and adopt articles of association and bylaws;
11 (b) Prepare and adopt a plan of operation;
12 (c) Submit the plan of operation to the secretary for approval
13 after the consultation with the secretary;
14 (d) Conduct all activities in accordance with the approved plan of
15 operation;
16 (e) On an annual basis, beginning on November 1, 2010, and by
17 November 1st of each year thereafter, establish the amount of the
18 assessment;
19 (f) Enter into contracts as necessary or proper to collect and
20 disburse the assessment;
21 (g) Enter into contracts as necessary or proper to administer the
22 plan of operation;
23 (h) Sue or be sued, including taking any legal action necessary or
24 proper for the recovery of any assessment for, on behalf of, or against
25 members of the association or other participating person;
26 (i) Appoint, from among its directors, committees as necessary to
27 provide technical assistance in the operation of the association,
28 including the hiring of independent consultants as necessary;
29 (j) Notify, in writing, each licensed carrier and registered third-
30 party administrator of the carrier's or third-party administrator's
31 assessment by November 15th of each year;
32 (k) Submit an annual report to the secretary listing those licensed
33 carriers or registered third-party administrators that failed to remit
34 their assessments;
35 (l) Allow each carrier or third-party administrator up to ninety
36 days after the notification required by (j) of this subsection to remit
37 its assessment or submit an assessment payment plan, subject to

1 approval by the association and initial payment under an approved
2 assessment payment plan;

3 (m) Deposit annual assessments collected by the association, less
4 the association's administrative costs, with the state treasurer to the
5 credit of the universal vaccine purchase account established in RCW
6 43.70.720; and

7 (n) Perform any other functions as may be necessary or proper to
8 carry out the plan of operation.

9 NEW SECTION. **Sec. 4.** (1) The secretary shall calculate the total
10 nonfederal program cost for the upcoming calendar year by October 1,
11 2010, and October 1st of each year thereafter. In addition, by October
12 1, 2010, the secretary shall calculate the total anticipated nonfederal
13 program cost for the period of May 1st through December 31st, 2010.

14 (2) The board of directors of the association shall determine the
15 amount to be raised by the association by multiplying the ratio of the
16 number of covered lives to the total number of Washington state
17 residents under the age of nineteen by the total nonfederal program
18 cost.

19 (3) Each licensed health carrier and third-party administrator must
20 be assessed in proportion to the number of its covered lives.

21 (4) For any year in which the total calculated cost to be received
22 is less than the anticipated cost for vaccines, the association must
23 pay the amount of the increase to the state.

24 (5) The aggregate amount to be raised by the association includes
25 credit for any surpluses remaining from prior years, as well as
26 reasonable costs for the association's administration.

27 (6) The initial amount to be raised by the association through
28 assessments, notification of which must be sent to licensed carriers
29 and registered third-party administrators by November 15, 2010,
30 includes amounts necessary to recover the total nonfederal program cost
31 for the upcoming calendar year as well as the anticipated total
32 nonfederal program cost for the period of May 1st through December
33 31st, 2010. The amount of each licensed carrier's or registered
34 third-party administrator's assessment for this period must be reduced
35 to reflect amounts voluntarily deposited into the universal vaccine
36 purchase account established in RCW 43.70.720 by each licensed carrier
37 or registered third-party administrator prior to December 31, 2010.

1 NEW SECTION. **Sec. 5.** In addition to the duties and powers
2 enumerated elsewhere in this chapter:

3 (1) The secretary shall fine any licensed carrier or registered
4 third-party administrator that fails to pay an assessment within six
5 months of notification under section 3 of this act. The fine is one
6 hundred twenty-five percent of the amount of the delinquent assessment.
7 Fines so levied must be deposited in the universal vaccine purchase
8 account created in RCW 43.70.720.

9 (2) The secretary may adopt rules under chapter 34.05 RCW as
10 necessary to carry out the purposes of this chapter.

11 NEW SECTION. **Sec. 6.** The board of directors of the association
12 shall submit to the secretary, no later than one hundred twenty days
13 after the close of the association's fiscal year, a financial report in
14 a form approved by the secretary.

15 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.24 RCW
16 to read as follows:

17 (1) Any person or entity who, on behalf of a health insurer or
18 health care purchaser, receives or collects charges, contributions, or
19 premiums for, or adjusts or settles claims on or for, residents of
20 Washington state or Washington health care providers and facilities
21 must register with the department of licensing as a third-party
22 administrator by September 1, 2010, and renew their registration on an
23 annual basis thereafter prior to December 31st of each year.

24 (2) The department of licensing may adopt rules under chapter 34.05
25 RCW as necessary to implement this section.

26 NEW SECTION. **Sec. 8.** Sections 1 through 6 of this act constitute
27 a new chapter in Title 70 RCW.

28 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.131 RCW
29 to read as follows:

30 The Washington vaccine association, established in sections 1
31 through 6 of this act, and its powers and duties shall be terminated on
32 June 30, 2015, as provided in section 10 of this act.

1 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.131
2 RCW to read as follows:

3 The following acts or parts of acts, as now existing or hereafter
4 amended, are each repealed, effective June 30, 2016:

- 5 (1) Section 1 of this act;
- 6 (2) Section 2 of this act;
- 7 (3) Section 3 of this act;
- 8 (4) Section 4 of this act;
- 9 (5) Section 5 of this act; and
- 10 (6) Section 6 of this act.

11 NEW SECTION. **Sec. 11.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and takes effect
14 immediately.

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