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

7 "NEW SECTION. **Sec. 1.** SHORT TITLE. This chapter shall be known  
8 and may be cited as the small employer health care coverage  
9 availability act."

10 "NEW SECTION. **Sec. 2.** PURPOSE. The purpose and intent of this  
11 chapter and RCW 48.14.040 is to promote the availability of health care  
12 coverage to small employers regardless of the health status or claims  
13 experience of their employees and their employees' dependents, to  
14 prevent abusive rating practices, to require disclosure of rating  
15 practices to purchasers, to establish rules regarding renewability of  
16 coverage, to establish limitation on the use of preexisting condition  
17 exclusions, to provide for development of basic and standard health  
18 benefit plans to be offered to all small employers, and to improve the  
19 overall fairness and efficiency of the small employer health care  
20 coverage market.

21 This chapter is not intended to provide a solution to the problem  
22 of affordability of health care or health insurance."

23 "NEW SECTION. **Sec. 3.** DEFINITIONS. As used in this chapter:

24 (1) "Actuarial certification" means a written statement by a member  
25 of the American academy of actuaries, or other individual acceptable to  
26 the commissioner, that a small employer carrier is in compliance with

1 the provisions of section 5 of this act, based upon the person's  
2 examination, including a review of the appropriate records and of the  
3 actuarial assumptions and methods used by the small employer carrier in  
4 establishing premium rates for applicable health benefit plans.

5 (2) "Affiliate" or "affiliated" means any entity or person who  
6 directly or indirectly through one or more intermediaries, controls or  
7 is controlled by, or is under common control with, a specified entity  
8 or person.

9 (3) "Association" means an organization organized and maintained in  
10 good faith for purposes other than that of obtaining health care  
11 coverage. Associations shall have constitutions and bylaws or other  
12 analogous governing documents and shall have been in active existence  
13 for at least five years, unless they are based on participation in a  
14 certain industry, in which case they must have been in active existence  
15 for at least two years.

16 (4) "Base premium rate" means, as to a rating period, the lowest  
17 premium rate for either employees or enrollees, based on rates or  
18 formulas filed by the small employer carrier with the commissioner,  
19 that could be charged under the rating system by the small employer  
20 carrier to small employers with similar case characteristics for health  
21 benefit plans with the same or similar coverage.

22 (5) "Basic health benefit plan" means a health benefit plan  
23 developed under section 9 of this act that meets the requirements of  
24 RCW 48.21.045, 48.44.023, or 48.46.066.

25 (6) "Board" means the board of directors of the Washington state  
26 health insurance pool, as established by chapter 48.41 RCW and amended  
27 by chapter ..., Laws of 1992 (this act).

28 (7) "Carrier" means any entity that provides health benefits  
29 coverage in Washington state. For the purposes of this chapter,  
30 carrier includes an insurance company, health care service contractor,

1 health maintenance organization, or any person or entity that lawfully  
2 writes, issues, or administers health benefit plans in Washington state  
3 and is subject to the jurisdiction of the state of Washington.

4 (8) "Case characteristics" means demographic or other objective  
5 characteristics of a small employer that are considered by the small  
6 employer carrier in the determination of premium rates for the small  
7 employer, provided that claim experience, health status, and duration  
8 of coverage shall not be case characteristics for the purposes of this  
9 chapter.

10 (9) "Commissioner" means the insurance commissioner as defined in  
11 RCW 48.02.010.

12 (10) "Committee" means the health benefit plan committee created  
13 under section 9 of this act.

14 (11) "Dependent" means the eligible employee's lawful spouse,  
15 unmarried natural child, adopted child or child legally placed for  
16 adoption, stepchild, or legally designated minor ward; unmarried child  
17 who is a full-time student under the age of twenty-three years who is  
18 financially dependent upon an eligible employee; or unmarried child of  
19 any age who is medically certified and disabled and claimed as an  
20 exemption on the federal income tax form of the eligible employee.

21 (12) "Eligible employee" means an active employee, proprietor,  
22 partner, or corporate officer of the small employer's group who is paid  
23 on a regular, periodic basis through the group's payroll system and who  
24 regularly works on a full-time basis and has a normal work week of  
25 thirty or more hours, and who is expected to continue doing so. An  
26 eligible employee must have met any applicable requirement of the  
27 employer as to the period of employment before the employee is eligible  
28 for health benefits coverage. The term does not include an employee,  
29 proprietor, partner, or corporate officer who works on a part-time,  
30 temporary, or substitute basis.

1 (13) "Established geographic service area" means a geographical  
2 area, if any, as approved by the commissioner and based on the  
3 carrier's certificate of authority to transact business in Washington  
4 state, within which the carrier is authorized to provide coverage.

5 (14) "Financially impaired" means a carrier that, after the  
6 effective date of this section, is not insolvent and is:

7 (a) Deemed by the commissioner to be potentially unable to fulfill  
8 its contractual obligations; or

9 (b) Placed under an order of rehabilitation or conservation by a  
10 court of competent jurisdiction.

11 (15) "Health benefit plan" means any hospital or medical policy or  
12 certificate, health care service contract, health maintenance  
13 organization subscriber contract, or plan provided by any other benefit  
14 arrangement subject to this chapter. The term does not include  
15 accident only, credit, dental, vision, medicare supplement, long-term  
16 care, or disability income insurance, coverage issued as a supplement  
17 to liability insurance, workers' compensation or similar insurance, or  
18 automobile medical payment insurance.

19 (16) "Index rate" means, as to a rating period for small employers  
20 with similar case characteristics for the same or similar coverage, the  
21 arithmetic average of the applicable base premium rate and  
22 corresponding highest premium rate for either employees or enrollees  
23 based on rates or formulas filed by the small employer carrier with the  
24 commissioner.

25 (17) "Late enrollee" means an eligible employee or dependent who  
26 requests enrollment in a health benefit plan of a small employer  
27 following the initial enrollment period in which the person was  
28 initially eligible to enroll under the terms of the health benefit  
29 plan, provided that such initial enrollment period is a period of at

1 least thirty days. However, an eligible employee or dependent shall  
2 not be considered a late enrollee if:

3 (a) The individual meets each of the following:

4 (i) The individual was covered under qualifying previous coverage  
5 at the time the individual was eligible to enroll;

6 (ii) The individual certified at the time of the initial enrollment  
7 that coverage under another health benefit plan was the reason for  
8 declining enrollment;

9 (iii) The individual lost coverage under qualifying previous  
10 coverage as a result of termination of employment or eligibility, the  
11 involuntary termination of the qualifying previous coverage, death of  
12 a spouse, or divorce;

13 (iv) The individual requests enrollment within thirty days after  
14 termination of the qualifying previous coverage;

15 (b) The individual is employed by an employer that offers multiple  
16 health benefit plans and the individual elects a different plan during  
17 an open enrollment period; or

18 (c) A court has ordered coverage be provided for a dependent under  
19 a covered employee's health benefit plan and request for enrollment is  
20 made within thirty days after issuance of the court order.

21 (18) "New business premium rate" means, as to a rating period, the  
22 lowest premium rate for either employees or enrollees based on rates or  
23 formulas filed by the small employer carrier with the commissioner and  
24 which could have been charged by the small employer carrier to small  
25 employers with similar case characteristics for newly issued health  
26 benefit plans with the same or similar coverage.

27 (19) "Plan of operation" means the plan of operation of the program  
28 established under section 8 of this act.

29 (20) "Premium" means all moneys paid by a small employer and  
30 eligible employees as a condition of receiving coverage from a small

1 employer carrier, including any fees or other contributions associated  
2 with the health benefit plan.

3 (21) "Producer" means an agent, broker, or solicitor as defined in  
4 chapter 48.17 RCW.

5 (22) "Program" means the Washington small employer program  
6 established under section 8 of this act.

7 (23) "Qualifying previous coverage" and "qualifying existing  
8 coverage" means benefits or coverage provided under:

9 (a) Medicare, medicaid, or the basic health plan;

10 (b) An employer-based health insurance or health benefit  
11 arrangement that provides benefits similar to or exceeding benefits  
12 provided under a basic or standard health benefit plan that is subject  
13 to regulations of Washington state provided that such coverage has been  
14 in effect for the individual in question for a period of at least six  
15 months; or

16 (c) An individual health insurance policy issued by a carrier that  
17 provides benefits similar to or exceeding benefits provided under a  
18 standard health benefit plan, provided that such policy has been in  
19 effect for a period of at least six months.

20 (24) "Rating period" means the twelve-month period for which  
21 premium rates established by a small employer carrier are presumed to  
22 be in effect.

23 (25) "Restricted network provision" means any provision of a health  
24 benefit plan that conditions the payment of benefits, in whole or in  
25 part, on the use of health care providers that have entered into an  
26 arrangement with the carrier pursuant to chapter 48.44 or 48.46 RCW to  
27 provide health care services to covered individuals.

28 (26) "Similar coverage" means two or more health benefit plans  
29 whose differences in plan or benefit structure cause no major  
30 differences in the rate schedules associated with the benefit plans.

1 Carriers may define two or more coverage plans as being dissimilar and  
2 separate coverage if the structure of the benefits, payment methods, or  
3 other aspect of the coverage plans results in actuarial rate  
4 differences of more than fifteen percent, as filed by the carrier with  
5 the commissioner. A fully insured association plan in existence on  
6 July 1, 1992, and meeting the requirements of this chapter as of July  
7 1, 1993, may be considered dissimilar and separate coverage.

8 (27) "Small employer" means any person, firm, corporation,  
9 partnership, or association that is actively engaged in business that,  
10 on at least fifty percent of its working days during the preceding  
11 calendar quarter, employed at least three eligible employees unrelated  
12 by blood or marriage but no more than forty-nine eligible employees,  
13 the majority of whom were employed within Washington state. In  
14 determining the number of eligible employees, companies that are  
15 affiliated companies, or that are eligible to file a combined tax  
16 return for purposes of state taxation, shall be considered one  
17 employer. Small employers who are members of multiple employer groups  
18 or associations are subject to this chapter. Multiple employer group  
19 members or association members that do not meet the definition of a  
20 small employer are not subject to this chapter.

21 (28) "Small employer carrier" means any carrier that offers health  
22 benefit plans covering eligible employees of one or more small  
23 employers in Washington state.

24 (29) "Standard benefit plan" means a health benefit plan developed  
25 under section 9 of this act."

26 NEW SECTION. **Sec. 4.** APPLICABILITY AND SCOPE. (1) This chapter  
27 shall apply to any health benefit plan that provides coverage to the  
28 employees of a small employer in Washington state if any of the  
29 following conditions are met:

1 (a) Any portion of the premium or benefits is paid by or on behalf  
2 of the small employer and the employer meets the minimum participation  
3 and employer contribution requirements set forth by the carrier;

4 (b) An eligible employee or dependent is reimbursed, whether  
5 through wage adjustments or otherwise, by or on behalf of the small  
6 employer for any portion of the premium; or

7 (c) The health benefit plan is treated by the employer or any of  
8 the eligible employees or dependents as part of a plan or program for  
9 the purposes of section 162, 125, or 106 of the United States Internal  
10 Revenue Code.

11 (2) Each carrier holding a certificate of authority or a  
12 certificate of registration shall be treated as a separate carrier for  
13 the purposes of this chapter."

14 "NEW SECTION. **Sec. 5.** RESTRICTIONS RELATING TO PREMIUM RATES.

15 (1) Premium rates for health benefit plans subject to this chapter  
16 shall be subject to the following provisions:

17 (a) The premium rates charged during a rating period to small  
18 employers with similar case characteristics for the same or similar  
19 coverage, or the rates that could be charged to such employers under  
20 the rating system as filed with the commissioner, shall not vary from  
21 the index rate by more than twenty-five percent of the index rate.

22 (b) Subject to the limits established in (a) of this subsection,  
23 the percentage increase in the premium rate charged to a small employer  
24 for a new rating period may not exceed the sum of the following:

25 (i) The percentage change applied to all small employers covered by  
26 the small employer carrier from the first day of the prior rating  
27 period to the first day of the new rating period to account for the  
28 cost experience of the prior rating period and the anticipated cost  
29 experience for the new rating period;



1 (ii) Any adjustment, not to exceed fifteen percent annually and  
2 adjusted pro rata for rating periods of less than one year, due to the  
3 claim experience, health status, and duration of coverage of the  
4 employees or dependents of the small employer as determined from the  
5 small employer carrier's rate manual; and

6 (iii) Any adjustment due to change in coverage or change in the  
7 case characteristics of the small employer, as determined from the  
8 small employer carrier's rate manual.

9 (c) Adjustments in rates for claim experience, health status, and  
10 duration of coverage shall not be charged to individual employees or  
11 dependents. Any such adjustment shall be applied uniformly to the  
12 rates charged for all employees and dependents of the small employer.

13 (d) A small employer carrier may utilize industry as a case  
14 characteristic in establishing premium rates, provided that the highest  
15 rate factor associated with any industry classification shall not  
16 exceed the lowest rate factor associated with any industry  
17 classification by more than fifteen percent.

18 (e) Except for fully insured association plans in existence on July  
19 1, 1993, for health benefit plans issued prior to the effective date of  
20 this section, a premium rate for a rating period may exceed the ranges  
21 set forth in (a) of this subsection for a period of three years  
22 following the effective date of this section. In such cases, the  
23 percentage increase in the premium rate charged to a small employer for  
24 a new rating period shall not exceed the sum of the following:

25 (i) The percentage change in the new business premium rate measured  
26 from the first day of the prior rating period to the first day of the  
27 new rating period. In the case of a health benefit plan into which the  
28 small employer carrier is no longer enrolling new small employers, the  
29 small employer carrier shall use the percentage change in the base  
30 premium rate, provided that such change does not exceed, on a

1 percentage basis, the change in the new business premium rate for the  
2 most similar health benefit plan into which the small employer carrier  
3 is actively enrolling new small employers; and

4 (ii) Any adjustment due to change in coverage or change in the case  
5 characteristics of the small employer, as determined from the small  
6 employer carrier's rate manual.

7 (f)(i) Small employer carriers shall apply rating factors,  
8 including case characteristics, consistently with respect to all small  
9 employers. Rating factors shall produce premiums for identical small  
10 employers that differ only by amounts attributable to plan design and  
11 do not reflect differences due to the nature of the groups assumed to  
12 select particular health benefit plans. All small employer health  
13 benefit plans offered by a carrier shall be rated subject to the  
14 requirements of (a) of this subsection.

15 (ii) A small employer carrier shall treat all health benefit plans  
16 issued or renewed in the same calendar month as having the same rating  
17 period.

18 (g) For the purposes of this subsection, a health benefit plan that  
19 utilizes a restricted provider network shall not be considered similar  
20 coverage to a health benefit plan that does not utilize such a network,  
21 provided that utilization of the restricted provider network results in  
22 substantial differences in claims costs.

23 (h) A small employer carrier shall not use case characteristics  
24 other than age, gender, industry and geographic area, without prior  
25 approval of the commissioner, based on the board's recommendation.

26 (i) The commissioner may establish rules, giving due consideration  
27 to the recommendations of the board, to implement the provisions of  
28 this section and to assure that rating practices used by small employer  
29 carriers are consistent with the purposes of this chapter, including:

1 (i) Assuring that differences in rates charged for health benefit  
2 plans by small employer carriers are reasonable and reflect actuarially  
3 acceptable differences in plan design, not including differences due to  
4 the nature of the groups assumed to select particular health benefit  
5 plans; and

6 (ii) Prescribing the manner in which case characteristics may be  
7 used by small employer carriers.

8 (j) Nothing in this section shall be construed as a prohibition  
9 against using family size and composition in setting rates.

10 (2) A small employer carrier shall not transfer a small employer  
11 involuntarily into a health benefit plan or out of a health benefit  
12 plan unless that benefit plan is discontinued by the carrier for all  
13 small employers. A small employer carrier shall not offer to transfer  
14 a small employer into or out of a health benefit plan unless such offer  
15 is made to transfer all small employers with the same health benefit  
16 plan without regard to case characteristics, claim experience, health  
17 status, or duration of coverage.

18 (3) In connection with the offering for sale of any health benefit  
19 plan to a small employer, a small employer carrier shall make a  
20 reasonable disclosure, at least once in writing to the small employer  
21 or as part of its solicitation and sales materials, of all of the  
22 following:

23 (a) The extent to which premium rates for a specified small  
24 employer are established or adjusted based upon the actual or expected  
25 variation in claims costs or actual or expected variation in health  
26 status of the employees of the small employer and their dependents;

27 (b) The provisions of the health benefit plan concerning the small  
28 employer carrier's right to change premium rates and factors, other  
29 than claim experience, that affect changes in premium rates;

1 (c) The provision relating to renewability of policies and  
2 contracts; and

3 (d) The provisions relating to any preexisting condition.

4 (4)(a) Each small employer carrier shall maintain at its principal  
5 place of business a complete and detailed description of its rating  
6 practices and renewal underwriting practices, including information and  
7 documentation that demonstrate that its rating methods and practices  
8 are based upon commonly accepted actuarial assumptions and are in  
9 accordance with sound actuarial principles.

10 (b) Each small employer carrier shall file with the commissioner  
11 annually on or before March 15 an actuarial certification certifying  
12 that the carrier is in compliance with this chapter and that the rating  
13 methods of the small employer carrier are actuarially sound. Such  
14 certification shall be in a form and manner, and shall contain such  
15 information, as specified by the commissioner. A copy of the  
16 certification shall be retained by the small employer carrier at its  
17 principal place of business.

18 (c) A small employer carrier shall make the information and  
19 documentation described in (a) of this subsection available to the  
20 commissioner upon request. The information shall be considered  
21 proprietary and trade secret information and shall not be subject to  
22 disclosure by the commissioner to any persons outside of the office  
23 except as agreed to by the small employer carrier or as ordered by a  
24 court of competent jurisdiction."

25 "NEW SECTION. **Sec. 6.** RENEWABILITY OF COVERAGE. (1) A health  
26 benefit plan subject to this chapter shall be renewable with respect to  
27 all eligible employees and dependents, at the option of the small  
28 employer, except in any of the following cases:

1 (a) Nonpayment of the required premiums or cost-sharing  
2 requirements of the health benefit plan;

3 (b) Fraud or misrepresentation by the small employer or, with  
4 respect to coverage of individual insureds, the insureds or their  
5 representatives;

6 (c) Noncompliance with the carrier's minimum participation or  
7 eligibility requirements;

8 (d) Noncompliance with the carrier's employer contribution  
9 requirements;

10 (e) Repeated misuse of a provider network provision;

11 (f) The small employer carrier elects to not renew all of its  
12 health benefit plans issued to small employers in Washington state. In  
13 such a case the carrier shall:

14 (i) Provide advance notice of its decision under this subsection  
15 (1)(f)(i) to the board and to the commissioner; and

16 (ii) Provide notice of the decision not to renew coverage to all  
17 affected small employers and to the commissioner in each state in which  
18 an affected covered individual is known to reside at least one hundred  
19 eighty days prior to the nonrenewal of any health benefit plan by the  
20 carrier. Notice to the commissioner under this subsection (1)(f)(ii)  
21 shall be provided at least three working days prior to the notice to  
22 the affected small employers;

23 (g) The commissioner finds that the continuation of coverage for  
24 small employers would:

25 (i) Not be in the best interests of the policyholders or  
26 certificate holders; or

27 (ii) Impair the carrier's ability to meet its contractual  
28 obligations.

29 In such instance the commissioner shall assist affected small  
30 employers in finding replacement coverage.

1 (2) Nothing in this section will preclude a carrier from modifying  
2 its health benefit plans other than its basic or standard health  
3 benefit plans, unless changed by the board, so long as the  
4 modifications are offered to all of the small employers covered by the  
5 modified plans.

6 (3) A small employer carrier that elects not to renew a standard  
7 health benefit plan under subsection (1)(f) of this section shall be  
8 prohibited from writing new business in the small employer market in  
9 Washington state for a period of five years from the date of notice to  
10 the commissioner.

11 (4) In the case of a small employer carrier that ceases doing  
12 business in one established geographic service area of the state, the  
13 rules set forth in this section shall apply only to the carrier's  
14 operations in such service area."

15 "NEW SECTION. **Sec. 7.** GENERAL SMALL EMPLOYER CARRIER  
16 REQUIREMENTS. (1) Small employer carriers may offer a variety of  
17 benefit plans to small employers; however each small employer carrier  
18 must offer a standard health benefit plan developed by the health  
19 benefit plan committee pursuant to section 9 of this act to any  
20 eligible small employer. A small employer carrier may offer a basic  
21 health benefit plan developed by the health benefit plan committee  
22 pursuant to sections 9 and 15 of this act to any eligible small  
23 employer with fewer than twenty-five employees. All health benefit  
24 plans covering small employers shall include at least a standard health  
25 benefit coverage established pursuant to this chapter and shall also  
26 comply with the following provisions:

27 (a) A small employer carrier shall file with the commissioner, in  
28 a form and manner prescribed by the commissioner, the basic, standard,  
29 and other small employer health benefit plans to be used by the

1 carrier. Any health benefit plan filed pursuant to this subsection  
2 (1)(a) may be used by a small employer carrier immediately after it is  
3 filed.

4 (b) A health benefit plan shall not deny, exclude, or limit  
5 benefits for a covered individual for losses incurred more than six  
6 months following the effective date of the individual's coverage due to  
7 a preexisting condition. A small employer health benefit plan shall  
8 not define a preexisting condition more restrictively than:

9 (i) A condition that would have caused an ordinarily prudent person  
10 to seek medical advice, diagnosis, care, or treatment during the six  
11 months immediately preceding the effective date of coverage;

12 (ii) A condition for which medical advice, diagnosis, care, or  
13 treatment was recommended or received during the six months immediately  
14 preceding the effective date of coverage; or

15 (iii) A pregnancy existing on the effective date of coverage.

16 (c) A health benefit plan shall waive any time period applicable to  
17 a preexisting condition exclusion or limitation period with respect to  
18 particular services for the period of time an individual was covered by  
19 qualifying previous coverage that provided benefits with respect to  
20 such services, provided that the qualifying previous coverage did not  
21 terminate more than thirty days prior to the effective date of the new  
22 coverage. This subsection (1)(c) does not preclude application of any  
23 eligibility waiting period imposed by the small employer subject to the  
24 federal Employee's Retirement Income Security Act (ERISA) and  
25 applicable to all new employees and dependents under the health benefit  
26 plan. The eligibility waiting period imposed by the small employer  
27 shall not be counted as part of the time period used to determine  
28 qualifying previous coverage.

29 (d) A health benefit plan may exclude coverage for late enrollees  
30 for the greater of twelve months or for a twelve-month preexisting

1 condition exclusion, provided that if both a period of exclusion from  
2 coverage and a preexisting condition exclusion are applicable to a late  
3 enrollee, the combined period shall not exceed twelve months from the  
4 date the individual enrolls for coverage under the health benefit plan.

5 (e)(i) Except as provided in (iv) of this subsection (1)(e),  
6 requirements used by a small employer carrier in determining whether to  
7 provide coverage to a small employer, including requirements for  
8 minimum participation of eligible employees and minimum employer  
9 contributions, shall be applied uniformly among all small employers  
10 with the same number of eligible employees applying for coverage or  
11 receiving coverage from the small employer carrier.

12 (ii) A small employer carrier may vary application of minimum  
13 participation requirements and minimum employer contribution  
14 requirements only by the size of the small employer group.

15 (iii)(A) Except as provided in (iii)(B) of this subsection (1)(e),  
16 in applying minimum participation requirements with respect to a small  
17 employer, a small employer carrier shall not consider employees or  
18 dependents who have qualifying existing coverage in determining whether  
19 the applicable percentage of participation is met.

20 (B) With respect to a small employer with ten or fewer eligible  
21 employees, a small employer carrier may consider employees or  
22 dependents who have coverage under another health benefit plan  
23 sponsored by an employer in applying minimum participation  
24 requirements.

25 (iv) A small employer carrier shall not increase any requirement  
26 for minimum employee participation or any requirement for minimum  
27 employer contribution applicable to a small employer at any time after  
28 the small employer has been accepted for coverage.

29 (f)(i) If a small employer carrier offers coverage to a small  
30 employer, the small employer carrier shall offer coverage to all of the



1 eligible employees of the small employer and their dependents. A small  
2 employer carrier shall not offer coverage to only certain individuals  
3 in a small employer group or to only part of the group, except in the  
4 case of late enrollees as provided in (e) of this subsection.

5 (ii) A small employer carrier shall not modify the basic or  
6 standard health benefit plan with respect to a small employer or any  
7 eligible employee or dependent through riders, endorsements, or  
8 otherwise, to restrict or exclude coverage for certain diseases or  
9 medical conditions otherwise covered by the basic or standard health  
10 benefit plan.

11 (2)(a) Every small employer carrier shall, as a condition of  
12 transacting business in Washington state with small employers, actively  
13 offer to small employers at least a standard health benefit plan.

14 (b) A small employer carrier shall issue a basic or standard health  
15 benefit plan to any eligible small employer that applies for such a  
16 plan and agrees to make the required premium payments and to satisfy  
17 the other reasonable provisions of the health benefit plan not  
18 inconsistent with this chapter.

19 (c) A small employer carrier shall issue at least the standard  
20 health benefit plan to any eligible small employer that applies to such  
21 a plan and agrees to make the required premium payments and to satisfy  
22 the other reasonable provisions of the health benefit plan not  
23 inconsistent with this chapter, until the carrier's target of high-risk  
24 individuals has been met under section 8 of this act.

25 (d) Coverage provided to a small employer through an association  
26 shall be subject to all of the requirements of this chapter, except the  
27 requirement to make health benefit plans available to small employers  
28 that do not belong to the association. For the purpose of providing  
29 coverage to the association, a carrier shall not be required to issue

1 a health benefit plan to any small employer that is not a member of any  
2 such association through the association policy or contract.

3 (e)(i) No small employer carrier utilizing a restricted network  
4 provision shall be required to offer coverage or accept applications  
5 pursuant to (b) of this subsection in the case of the following:

6 (A) To a small employer, where the small employer is not physically  
7 located in the carrier's established geographic service area;

8 (B) To an employee, when the employee does not reside within the  
9 carrier's established geographic service area; or

10 (C) Within an established geographic service area where the carrier  
11 reasonably anticipates, and demonstrates to the satisfaction of the  
12 commissioner that it will not have the capacity within that area in its  
13 network of providers to deliver service adequately to the members of  
14 such groups because of its obligations to existing group contract  
15 holders and enrollees.

16 (ii) A carrier that cannot offer coverage pursuant to (e)(i)(C) of  
17 this subsection may not offer coverage in the applicable service area  
18 to any new employer groups until the later of ninety days following  
19 each such refusal or the date on which the carrier notifies the  
20 commissioner that it has regained capacity to deliver services to small  
21 employer groups in that service area.

22 (f) A small employer carrier shall not be required to offer  
23 coverage or accept applications pursuant to (b) of this subsection  
24 where the commissioner finds that the acceptance of an application or  
25 applications would place the small employer carrier in a financially  
26 impaired condition; provided, however, that a small employer carrier  
27 that has not offered coverage or accepted applications pursuant to this  
28 subsection (2)(f) may not offer health benefit plans to any group  
29 except pursuant to a marketing plan approved by the commissioner.

1 (g) For purposes of establishing continued small employer  
2 eligibility under this chapter, a small employer carrier may reassess  
3 the size of the covered employer on the anniversary date of the  
4 employer's policy. Coverage under this chapter may be discontinued if  
5 the small employer no longer meets the size requirements provided for  
6 in this chapter. However, if a small employer falls below the minimum  
7 size, coverage must be continued for a period of at least one year  
8 before the small employer carrier can discontinue coverage under this  
9 chapter, provided that the small employer continues to fall below the  
10 minimum group size requirements of this chapter.

11 (h) The provisions of this subsection shall be effective one  
12 hundred eighty days after the commissioner's approval of the basic and  
13 standard health benefit plans developed under section 9 of this act,  
14 provided that if the small employer program created under section 8 of  
15 this act is not yet in operation on such date, the provisions of this  
16 subsection shall be effective on the date that such program begins  
17 operation."

18 "NEW SECTION. **Sec. 8.** SMALL EMPLOYER HEALTH BENEFITS COVERAGE  
19 PROGRAM. (1) All small employer carriers issuing health benefit plans  
20 in this state on and after July 1, 1993, shall be required to meet the  
21 requirements of this section as a condition of authority to transact  
22 business in Washington state. However, nothing in this chapter shall  
23 be construed to prohibit a small employer carrier from continuing to  
24 offer coverage to small employer groups after meeting its target of  
25 high-risk individuals as defined by the board.

26 (2) There is created a nonprofit entity to be known as the  
27 Washington small employer health benefits coverage program. All small  
28 employer carriers issuing health benefit plans in Washington state on  
29 and after July 1, 1993, shall be participants in the program.

1 (3) The program shall operate subject to the supervision and  
2 control of the board of the Washington health insurance pool, as  
3 established by chapter 48.41 RCW and amended by chapter --, Laws of  
4 1992 (this act).

5 (4) Within sixty days of the effective date of this section each  
6 small employer carrier shall make a filing with the commissioner  
7 containing the carrier's enrollment in health benefit plans issued to  
8 small employers in this state as of the effective date of this section.

9 (5) Within one hundred eighty days after the effective date of this  
10 section, the board shall submit to the commissioner a plan of operation  
11 and thereafter any amendments thereto necessary or suitable, to assure  
12 the fair, reasonable, and equitable administration of the program. The  
13 commissioner may, after notice and hearing, disapprove the plan of  
14 operation if the commissioner determines that it does not meet the  
15 requirements of chapter --, Laws of 1992 (this act). The plan of  
16 operation shall become effective unless disapproved in writing by the  
17 commissioner within thirty days of the date it was submitted by the  
18 board.

19 (6) If the board fails to submit a plan of operation within one  
20 hundred eighty days after the effective date of this section, the  
21 commissioner shall, after notice and hearing, adopt a temporary plan of  
22 operation, which shall be rescinded at the time a plan of operation is  
23 submitted by the board.

24 (7) The plan of operation shall:

25 (a) Establish procedures for handling and accounting of program  
26 assets and moneys and for an annual fiscal reporting to the  
27 commissioner;

28 (b) Establish procedures for retaining independent consultants to  
29 assist the board in establishing and enforcing reasonable target  
30 amounts and risk distribution practices for small employer carriers;

1 (c) Establish procedures at least annually for assigning targets of  
2 high-risk individuals among small employer carriers in accordance with  
3 the provisions of this chapter;

4 (d) Establish targets of sufficient size and variability to assure  
5 that a substantial proportion of available carrier capacity remains  
6 open for new enrollment in a geographic area;

7 (e) Establish procedures so that carriers who have fulfilled their  
8 target of high-risk individuals from small employers in a geographic  
9 area may remain open selectively for new enrollment to small employers;

10 (f) Establish procedures for collecting assessments from all small  
11 employer carriers to provide for administrative expenses incurred or  
12 estimated to be incurred for the period for which the assessment is  
13 made; and

14 (g) Provide for any additional matters necessary for the  
15 implementation and administration of the program.

16 (8) The program board shall have the specific authority to:

17 (a) Establish rules, conditions, and procedures pertaining to its  
18 functions under this chapter, including the board's authority to review  
19 and approve a carrier's accounting for high-risk individuals from newly  
20 enrolled small employers;

21 (b) Enter into contracts as are necessary or proper to carry out  
22 the provisions and purposes of this section, including the authority,  
23 with the approval of the commissioner, to enter into contracts with  
24 similar programs of other states for the joint performance of common  
25 functions or with persons or other organizations for the performance of  
26 administrative functions;

27 (c) Sue or be sued, including taking any legal actions necessary or  
28 proper for recovering any assessments and penalties for, on behalf of,  
29 or against the program or any allocating carriers;

1 (d) Assess small employer carriers in accordance with the  
2 provisions of subsection (12) of this section, and to make interim  
3 assessments as may be reasonable and necessary for organizational and  
4 interim operating expenses. Any interim assessments shall be credited  
5 as offsets against any regular assessments due following the close of  
6 the fiscal year;

7 (e) Appoint appropriate legal, actuarial, audit, and other  
8 committees as necessary to provide technical assistance in the  
9 operation of the program, policy, and other contract design, and any  
10 other function within the authority of the program;

11 (f) Perform other functions necessary and proper to carry out its  
12 responsibilities under this chapter.

13 (9) The board shall establish procedures, as part of the plan of  
14 operation, for determining targets by geographic area of high-risk  
15 individuals in small employers with no more than twenty-five eligible  
16 employees among all small employer carriers. Such procedures shall be  
17 designed to assure a fair distribution of risks among small employer  
18 carriers. The procedures shall include the following:

19 (a) A method by which the board shall estimate each year the total  
20 number of expected new high-risk individuals across all small employer  
21 groups that will be identified and used for determining carrier targets  
22 under this subsection during the year. The board shall develop a  
23 uniform definition of a high-risk individual based on standardized  
24 criteria that are generally accepted, actuarially justified and similar  
25 to those that would be administered by carriers in determining on a  
26 prospective basis an individual's likely risk category, for purposes of  
27 this section. The board shall not consider those high-risk individuals  
28 already in each small employer carrier's existing book of business  
29 subject to these targets, except as provided by (b) of this subsection.

1 (b) A method by which the board shall assign to each small employer  
2 carrier a target number of high-risk individuals. The target number  
3 for a small employer carrier shall bear the same proportional  
4 relationship to the total number of high-risk individuals estimated  
5 under (a) of this subsection as the small employer carrier's average  
6 annual enrollment of small employers bears to the average annual  
7 enrollment of all small employer carriers for coverage of small  
8 employers. However, for small employer carriers whose enrollees from  
9 small groups are at least sixty percent of their total covered  
10 enrollees from all sources in the geographic service area and which  
11 have fewer than ten thousand enrollees, no more than forty percent of  
12 their small group enrollees shall be deemed small group enrollees for  
13 purposes of establishing the carrier's target. In the case of an  
14 established small employer carrier with an established geographic  
15 services area, the board shall allow an initial adjustment to the  
16 target otherwise applicable to the small employer carrier where the  
17 carrier applies to the board for such an adjustment and demonstrates to  
18 the satisfaction of the board that such an adjustment is appropriate.  
19 The adjustment shall account for such factors as the carrier's  
20 increased or decreased exposure resulting from the demographics of the  
21 carrier's geographic service area, the existing mix of small groups,  
22 the existing risk base of the carrier, and other factors that the board  
23 deems appropriate and applies consistently.

24 (c) A procedure by which the board shall determine the number of  
25 high-risk eligible employees and dependents of each small employer that  
26 constitutes the carrier's target of high-risk individuals, not  
27 including those high-risk individuals already in a small employer  
28 carrier's existing book of business subject to this chapter, except as  
29 provided in (b) of this subsection. A small employer carrier may not  
30 count an individual towards filling its target unless it receives the

1 approval of the board. The board shall not approve an individual to be  
2 counted toward a small employer carrier's target unless the carrier  
3 submitted that individual to the board within sixty days following the  
4 commencement of coverage with the carrier. If a small employer carrier  
5 fails to submit an individual to the board within sixty days following  
6 the commencement of coverage, the carrier is permanently prohibited  
7 from submitting that individual to the board in the future for the  
8 purpose of meeting the carrier's target.

9 (d) A procedure by which a small employer carrier which has met its  
10 established target for new enrollment of high-risk individuals in small  
11 employer groups may cease enrolling small employers with high-risk  
12 individuals in the carrier's geographic service area.

13 (e) A procedure by which the board shall establish a target for a  
14 small employer carrier that wishes to enter a new geographic service  
15 area.

16 (f) Procedures for achieving an equitable, prospective distribution  
17 among small employer carriers of high-risk individuals; efficient  
18 administration of the program; and providing incentive for small  
19 employer carriers to manage the care of high-risk individuals enrolled  
20 under the program.

21 (10) The board shall periodically evaluate the program to assure  
22 equity in the distribution of high-risk individuals under small  
23 employers, including consideration of the comparative lengths of time  
24 that carriers have provided coverage to meet their target of high-risk  
25 individuals and of the utilization and cost data for small groups and  
26 high-risk individuals enrolled with the carrier after the effective  
27 date of this section. The board, subject to the approval of the  
28 commissioner, shall have the authority to make adjustments to the  
29 procedures established pursuant to this subsection to further the goal



1 of equitable distribution of high-risk individuals under small  
2 employers.

3 (11) Following the close of each fiscal year, the board shall  
4 determine the program expenses of the administration. The net expense  
5 for the year shall be recouped by assessment on the participating  
6 carriers.

7 (12) Small employer carriers shall accept application from all  
8 small employers until their targets for high-risk individuals are met,  
9 as determined by the board pursuant to subsection (9) of this section.  
10 A small employer carrier may also offer to small employers coverage  
11 that is more comprehensive than that required by this chapter.

12 (13) Each small employer carrier shall file with the commissioner,  
13 in a form and manner to be prescribed by the commissioner, an annual  
14 report. The report shall state the small employer carrier's enrollment  
15 of new small employer coverage written in the previous twelve-month  
16 period. The report also shall state the number and size of small  
17 employers with high-risk individuals and the number of high-risk  
18 individuals that meets the standard criteria for high-risk individuals,  
19 the names and number of the small employers that canceled or terminated  
20 coverage with it during the preceding calendar year, and the reasons  
21 for such cancellations or terminations, if known. The report shall be  
22 filed on or before March 1 for the preceding calendar year. A copy of  
23 the report shall be provided to the board.

24 (14) Neither the participation by members, the establishment of  
25 rates, forms, or procedures for coverages issued by the program, nor  
26 any other joint or collective action required by this chapter or the  
27 state of Washington shall be the basis of any legal action, criminal or  
28 civil liability or penalty against the program or any small employer  
29 carrier either jointly or separately.

1 (15) The program board and operations are exempt from any and all  
2 taxes. This exemption shall not be construed to include carriers."

3 "NEW SECTION. **Sec. 9.** HEALTH BENEFIT PLAN COMMITTEE. (1) The  
4 commissioner shall appoint a health benefit plan committee. The  
5 committee shall be composed of balanced representation from small  
6 employer carriers, including insurance companies, health care service  
7 contractors, health maintenance organizations, and other carriers, and  
8 from small employers, employees, and health care providers.

9 (2) The committee shall recommend the form and level of coverage to  
10 be made available by small employer carriers under sections 7 and 8 of  
11 this act.

12 (3)(a) The committee shall recommend benefit levels, cost sharing  
13 levels, exclusions, and limitations for the basic and standard health  
14 benefit plans. The committee shall also design at least two basic and  
15 two standard health benefit plans that contain benefit and cost sharing  
16 levels consistent with the basic method of operation and benefits of  
17 health maintenance organizations, at least one of which shall be  
18 consistent with restrictions and requirements imposed on health  
19 maintenance organizations by federal law, including the federal HMO act  
20 (42 U.S.C. Sec. 300e et seq.). The committee may also develop  
21 recommended underwriting standards for use voluntarily by carriers that  
22 employ such practices.

23 (b) With the approval of the board, the committee shall submit the  
24 health benefit plans described in (a) of this subsection to the  
25 commissioner for approval within one hundred eighty days after the  
26 appointment of the committee.

27 (c)(i) A small employer carrier shall file with the commissioner,  
28 in a format and manner prescribed by the commissioner, the health  
29 benefit plans to be used by the carrier. Any health benefit plan filed

1 pursuant to this subsection (3)(c)(i) may be used by a small employer  
2 carrier immediately after it is filed.

3 (ii) The commissioner at any time may, after providing written  
4 notice and an opportunity for a hearing to the small employer carrier,  
5 disapprove the continued use by a small employer carrier of a basic or  
6 standard health benefit plan on the grounds that the plan does not meet  
7 the requirements of this subsection."

8 "NEW SECTION. **Sec. 10.** PERIODIC MARKET EVALUATION. (1) The  
9 board, in consultation with members of the committee, shall study and  
10 report at least every three years to the commissioner on the  
11 effectiveness of this chapter. The report shall analyze the  
12 effectiveness of this chapter in promoting rate stability, product  
13 availability, and percent of eligible employers providing coverage.  
14 The report may contain recommendations for actions to improve the  
15 overall effectiveness, efficiency, and fairness of the small employer  
16 health care coverage market place. The report shall address whether  
17 carriers and producers are fairly and actively marketing and issuing  
18 health benefit plans to small employers in fulfillment of the purposes  
19 of this chapter. The report may contain recommendations for market  
20 conduct or other regulatory standards or actions.

21 (2) The board shall commission an actuarial study, by an  
22 independent actuary approved by the commissioner, within the first  
23 three years of the operation of the program to evaluate and measure the  
24 relative risks being assumed by differing types of small employer  
25 carriers as a result of this chapter."

26 "NEW SECTION. **Sec. 11.** WAIVER OF CERTAIN STATE LAWS. Nothing in  
27 this chapter shall be construed to require the basic health benefit

1 plan of a small employer carrier to satisfy the applicable requirements  
2 of:

3 (1) RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142, 48.21.144,  
4 48.21.146, 48.21.160 through 48.21.197, 48.21.200, 48.21.220,  
5 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244, 48.21.250,  
6 48.21.300, 48.21.310, or 48.21.320;

7 (2) RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290, 48.44.300,  
8 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335, 48.44.340,  
9 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460;

10 (3) RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290, 48.46.350,  
11 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510, 48.46.520, and  
12 48.46.530."

13 "NEW SECTION. **Sec. 12.** ADMINISTRATIVE PROCEDURES. The  
14 commissioner may issue rules in accordance with this chapter, to be  
15 implemented on July 1, 1993, upon due consideration of recommendations  
16 of the board."

17 "NEW SECTION. **Sec. 13.** STANDARDS TO ASSURE FAIR MARKETING. (1)  
18 If a small employer carrier chooses to offer only a basic or standard  
19 health benefit plan to a small employer, the carrier shall notify the  
20 small employer of the reason or reasons for this decision in a form and  
21 manner prescribed by the commissioner. If a small employer carrier  
22 that has met its target of high-risk individuals under section 8 of  
23 this act chooses not to offer a basic or standard health benefit plan  
24 to a small employer, the carrier shall notify the small employer in a  
25 form and manner prescribed by the commissioner of the availability of  
26 coverage through other small employer carriers in the geographic area.

27 (2) A small employer carrier may provide reasonable compensation,  
28 as provided under the plan of operation of the program, provided, no

1 incentives or remuneration of any kind may be paid to or accepted by  
2 the producer to place or refer small groups with any carrier based on  
3 health status or claims history of potential enrollees.

4 (3) No small employer carrier shall terminate, fail to renew, or  
5 limit its contract or agreement of representation with a producer  
6 because the producer has placed small employers with the small employer  
7 carrier.

8 (4) No small employer carrier or producer shall induce or otherwise  
9 encourage a small employer to separate or otherwise exclude an employee  
10 from health coverage or benefits provided in connection with the  
11 employee's employment.

12 (5) If a small employer carrier declines to offer a health benefit  
13 plan to a small employer for a reason permitted under section 7 or 8 of  
14 this act, the small employer carrier shall notify the small employer of  
15 such decision in writing and shall state the reason or reasons for the  
16 decision.

17 (6) Upon due consideration of the recommendation of the board, the  
18 commissioner may adopt by rule additional standards to provide for the  
19 availability of health benefit plans to small employers through the  
20 program.

21 (7)(a) A violation of this section by a small employer insurer or  
22 producer shall be an unfair trade practice under chapter 48.30 RCW. A  
23 violation by a health care service contractor or a health maintenance  
24 organization is a prohibited practice under the applicable provisions  
25 of chapter 48.44 or 48.46 RCW.

26 (b) If a small employer carrier enters into a contract, agreement,  
27 or other arrangement with a third-party administrator to provide  
28 administrative, marketing, or the other services related to the  
29 offering of health benefit plans to small employers in Washington

1 state, the third-party administrator shall be subject to this section  
2 as if it were a small employer carrier."

3 "Sec. 14. RCW 48.41.040 and 1989 c 121 s 2 are each amended to  
4 read as follows:

5 (1) There is hereby created a nonprofit entity to be known as the  
6 Washington state health insurance pool. All members in this state on  
7 or after May 18, 1987, shall be members of the pool. When authorized  
8 by federal law, all self-insured employers shall also be members of the  
9 pool.

10 (2) Pursuant to chapter 34.05 RCW the commissioner shall, within  
11 ninety days after ~~((May 18, 1987))~~ the effective date of this section,  
12 give notice to all members of the time and place for the ~~((initial))~~  
13 organizational meetings of the pool as restructured pursuant to chapter  
14 --, Laws of 1992 (this act). A board of directors shall be  
15 established, which shall be comprised of ~~((nine))~~ thirteen members.  
16 The commissioner shall select (a) three members of the board who shall  
17 represent ~~((a))~~ (i) the general public, ~~((b))~~ (ii) health care  
18 providers, and ~~((c))~~ (iii) health insurance agents and (b) two  
19 members of the board who shall represent small employers as defined by  
20 section 3 of this act. The remaining members of the board shall be  
21 selected by election from among the members of the pool. The elected  
22 members shall, to the extent possible, include at least ~~((one))~~ three  
23 representatives of health care service contractors, ~~((one))~~ three  
24 representatives of health maintenance organizations, and ~~((one))~~ two  
25 representatives of commercial insurers which provides disability  
26 insurance. When self-insured organizations become eligible for  
27 participation in the pool, the membership of the board shall be  
28 increased to ~~((eleven))~~ fifteen and at least one member of the board  
29 shall represent the self-insurers. In electing and appointing members

1 of the board, due regard shall be given to the need for geographic  
2 balance among members and for representation from diverse carrier  
3 perspectives. Members of the board representing small business shall  
4 not vote on matters involving the administration of the Washington  
5 state health insurance coverage access act established by this chapter.  
6 Members of the board representing providers and agents shall not vote  
7 on matters involving sections 1 through 13, 15, 16, 19, and 20 of this  
8 act.

9 (3) The (~~original~~) additional members of the board of directors  
10 as provided by sections 1 through 13, 15, 16, 19, and 20 of this act  
11 shall be appointed for intervals of one to three years. Thereafter,  
12 all board members shall serve a term of three years. Board members  
13 shall receive no compensation, but shall be reimbursed for all travel  
14 expenses as provided in RCW 43.03.050 and 43.03.060.

15 (4) The board shall submit to the commissioner a plan of operation  
16 for the pool and any amendments thereto necessary or suitable to assure  
17 the fair, reasonable, and equitable administration of the pool. The  
18 commissioner shall, after notice and hearing pursuant to chapter 34.05  
19 RCW, approve the plan of operation if it is determined to assure the  
20 fair, reasonable, and equitable administration of the pool and provides  
21 for the sharing of pool losses on an equitable, proportionate basis  
22 among the members of the pool. The plan of operation shall become  
23 effective upon approval in writing by the commissioner consistent with  
24 the date on which the coverage under this chapter must be made  
25 available. If the board fails to submit a plan of operation within one  
26 hundred eighty days after the appointment of the board or any time  
27 thereafter fails to submit acceptable amendments to the plan, the  
28 commissioner shall, within ninety days after notice and hearing  
29 pursuant to chapters 34.05 and 48.04 RCW, adopt such rules as are  
30 necessary or advisable to effectuate this chapter. The rules shall

1 continue in force until modified by the commissioner or superseded by  
2 a plan submitted by the board and approved by the commissioner."

3       "NEW SECTION.   **Sec. 15.**  APPLICATION OF CHAPTER TO CHAPTERS 48.21,  
4 48.44, AND 48.46 RCW.  This chapter applies to carriers regulated under  
5 chapters 48.21, 48.44, and 48.46 RCW.  After the effective date of this  
6 section, basic group disability insurance policies issued pursuant to  
7 RCW 48.21.045, basic health care service contracts issued pursuant to  
8 RCW 48.44.023, and basic health maintenance agreements issued pursuant  
9 to RCW 48.46.066 shall become subject to this chapter when they are  
10 renewed or reissued."

11       "NEW SECTION.   **Sec. 16.**  CAPTIONS.  Captions as used in this  
12 chapter constitute no part of the law."

13       "NEW SECTION.   **Sec. 17.**  A new section is added to chapter 82.02  
14 RCW to read as follows:

15       The provisions of this title shall not apply to the Washington  
16 small employer benefits coverage program board and operations  
17 established under section 8 of this act.  This exemption shall not be  
18 construed to include carriers."

19       "NEW SECTION.   **Sec. 18.**  A new section is added to chapter 84.36  
20 RCW to read as follows:

21       The real and personal property of the Washington small employer  
22 benefits coverage program board and operations is exempt from  
23 taxation."

24       "NEW SECTION.   **Sec. 19.**  SEVERABILITY.  If any provision of this  
25 act or its application to any person or circumstance is held invalid,



1 the remainder of the act or the application of the provision to other  
2 persons or circumstances is not affected."

3 "NEW SECTION. **Sec. 20.** EFFECTIVE DATE. This act shall take  
4 effect July 1, 1993, except for sections 8, 9, 11, 12, 14, 17 and 18 of  
5 this act. Sections 8, 9, 11, 12, 14, 17 and 18 of this act are  
6 necessary for the immediate preservation of the public peace, health,  
7 or safety, or support of the state government and its existing public  
8 institutions, and shall take effect immediately."

9 "NEW SECTION. **Sec. 21.** Sections 1 through 13, 15, 16, 19, and  
10 20 of this act shall constitute a new chapter in Title 48 RCW."

11 **SB 6384** - H COMM AMD  
12 By Committee on Financial Institutions & Insurance

13  
14 On page 1, line 2 of the title, after "reform;" strike the  
15 remainder of the title and insert "amending RCW 48.41.040; adding a new  
16 section to chapter 82.02 RCW; adding a new section to chapter 84.36  
17 RCW; adding a new chapter to Title 48 RCW; prescribing penalties;  
18 providing an effective date; and declaring an emergency."