
SENATE BILL 5658

State of Washington

60th Legislature

2007 Regular Session

By Senators Keiser, Kohl-Welles, Fairley, Franklin and Rockefeller

Read first time 01/26/2007. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to establishing a health care reinsurance program
2 for small businesses; amending RCW 48.21.045, 48.44.023, and 48.46.066;
3 adding new sections to chapter 48.43 RCW; adding a new section to
4 chapter 82.24 RCW; creating new sections; and making an appropriation.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that:

7 (1) The people of Washington have expressed strong concerns about
8 health care costs and access to needed health services. Even if
9 currently insured, they are not confident that they will continue to
10 have health insurance coverage in the future and feel that they are
11 spending more, but getting less.

12 (2) Many employers, especially small employers, struggle with the
13 cost of providing employer-sponsored health insurance coverage to their
14 employees, while others are unable to offer employer-sponsored health
15 insurance due to its high cost.

16 (3) Six hundred thousand Washingtonians are uninsured. Three-
17 quarters work or have a working family member; two-thirds are low
18 income; and one-half are young adults. Many are low-wage workers who
19 are not offered, or eligible for, employer-sponsored coverage. Others

1 struggle with the burden of paying their share of the costs of
2 employer-sponsored health insurance, while still others turn down their
3 employer's offer of coverage due to its costs. Families that work
4 hard, pay taxes, and play by the rules deserve access to decent,
5 affordable health care.

6 (4) While other industrialized nations have developed their own
7 systems of health care, Washingtonians deserve their own solution to
8 the health care crisis. We should use American ingenuity to develop a
9 fair, common sense plan to make sure that all have access to quality,
10 affordable health care.

11 (5) We need to make smart investments in our families' future. By
12 expanding access to affordable care, we can start investing in a
13 healthy future for our country and ensure healthier families and a
14 healthy next generation.

15 NEW SECTION. **Sec. 2.** The legislature intends to reduce premiums
16 for small employers by providing reinsurance services. Reinsurance
17 will reduce the uncertainty that raises premiums across the small group
18 market to: (1) Help make health insurance coverage more affordable for
19 small businesses and their employees; (2) stabilize the private health
20 insurance market for small businesses; and (3) increase the numbers of
21 people with access to affordable health insurance coverage and improve
22 health outcomes in Washington state.

23 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.43 RCW
24 to read as follows:

25 (1) A reinsurance program is hereby established in the office of
26 the insurance commissioner for the purpose of making health insurance
27 coverage more affordable for small employers.

28 (2) The reinsurance program shall reimburse claims for all
29 carriers, defined in RCW 48.43.005, offering health plans to eligible
30 small employers as defined in this section, for eligible employees
31 covered under a health benefit plan.

32 (3) "Eligible small employers" means those employers with at least
33 thirty percent of their eligible employees receiving annual wages from
34 the employer at a level equal to or less than thirty thousand dollars,
35 adjusted annually for inflation. The commissioner may certify employer

1 eligibility with the department of employment security or other means
2 defined by the commissioner. The commissioner may contract out for
3 these services.

4 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.43 RCW
5 to read as follows:

6 Beginning January 1, 2009, the reinsurance program shall reimburse
7 carriers for ninety percent of covered health plan benefits from ten
8 thousand dollars up to a maximum of ninety thousand dollars in a
9 calendar year for eligible small employer groups.

10 (1) Claims shall be reported and funds shall be distributed from
11 the reinsurance account on a calendar year basis. Claims are eligible
12 for reimbursement only for the calendar year in which the claims are
13 paid. Once claims paid on behalf of an enrollee reach or exceed ninety
14 thousand dollars in a given calendar year, no further claims paid on
15 behalf of such person in that calendar year are eligible for
16 reimbursement from the reinsurance account.

17 (2) Each carrier shall submit a request for reimbursement from the
18 reinsurance in a manner prescribed by the insurance commissioner. Each
19 of the requests for reimbursement shall be submitted no later than
20 April 1st following the end of the calendar year for which the
21 reimbursement requests are being made. The commissioner may require
22 carriers to submit such claims data in connection with the
23 reimbursement requests as he or she deems necessary to enable
24 distribution of funds and oversee the operation of the reinsurance
25 account.

26 (3) The commissioner shall calculate the total claims reimbursement
27 amount for all carriers for the calendar year for which claims are
28 being reported. The commissioner may contract out all administrative
29 functions related to the reinsurance program.

30 (a) In the event that the total amount requested for reimbursement
31 for a calendar year exceeds funds available for distribution for claims
32 paid during that same calendar year, the commissioner shall provide for
33 the pro rata distribution of the available funds. Each carrier is
34 eligible to receive only such proportionate amount of the available
35 funds as the individual carrier's total eligible claims paid bears to
36 the total eligible claims paid by all carriers.

1 (b) In the event that funds available for distribution for claims
2 paid by all carriers during a calendar year exceeds the total amount
3 requested for reimbursement by all carriers during that same calendar
4 year, any excess funds shall be carried forward and made available for
5 distribution in the next calendar year. Such excess funds shall be in
6 addition to the funds appropriated for the reinsurance account in the
7 next calendar year.

8 **Sec. 5.** RCW 48.21.045 and 2004 c 244 s 1 are each amended to read
9 as follows:

10 (1)(a) An insurer offering any health benefit plan to a small
11 employer, either directly or through an association or member-governed
12 group formed specifically for the purpose of purchasing health care,
13 may offer and actively market to the small employer a health benefit
14 plan featuring a limited schedule of covered health care services.
15 Nothing in this subsection shall preclude an insurer from offering, or
16 a small employer from purchasing, other health benefit plans that may
17 have more comprehensive benefits than those included in the product
18 offered under this subsection. An insurer offering a health benefit
19 plan under this subsection shall clearly disclose all covered benefits
20 to the small employer in a brochure filed with the commissioner.

21 (b) A health benefit plan offered under this subsection shall
22 provide coverage for hospital expenses and services rendered by a
23 physician licensed under chapter 18.57 or 18.71 RCW but is not subject
24 to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142,
25 48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200,
26 48.21.220, 48.21.225, 48.21.230, 48.21.235, 48.21.240, 48.21.244,
27 48.21.250, 48.21.300, 48.21.310, or 48.21.320.

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

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

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

- 3 (i) Geographic area;
- 4 (ii) Family size;
- 5 (iii) Age; (~~and~~)
- 6 (iv) Wellness activities; and
- 7 (v) Reinsurance premium discounts.

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

12 (c) The insurer shall be permitted to develop separate rates for
13 individuals age sixty-five or older for coverage for which medicare is
14 the primary payer and coverage for which medicare is not the primary
15 payer. Both rates shall be subject to the requirements of this
16 subsection (3).

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

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

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

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

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

36 (h) For the purposes of this section, a health benefit plan that
37 contains a restricted network provision shall not be considered similar
38 coverage to a health benefit plan that does not contain such a

1 provision, provided that the restrictions of benefits to network
2 providers result in substantial differences in claims costs. A carrier
3 may develop its rates based on claims costs due to network provider
4 reimbursement schedules or type of network. This subsection does not
5 restrict or enhance the portability of benefits as provided in RCW
6 48.43.015.

7 (i) Adjusted community rates established under this section shall
8 pool the medical experience of all small groups purchasing coverage.
9 However, annual rate adjustments for each small group health benefit
10 plan may vary by up to plus or minus four percentage points from the
11 overall adjustment of a carrier's entire small group pool, such overall
12 adjustment to be approved by the commissioner, upon a showing by the
13 carrier, certified by a member of the American academy of actuaries
14 that: (i) The variation is a result of deductible leverage, benefit
15 design, or provider network characteristics; and (ii) for a rate
16 renewal period, the projected weighted average of all small group
17 benefit plans will have a revenue neutral effect on the carrier's small
18 group pool. Variations of greater than four percentage points are
19 subject to review by the commissioner, and must be approved or denied
20 within sixty days of submittal. A variation that is not denied within
21 sixty days shall be deemed approved. The commissioner must provide to
22 the carrier a detailed actuarial justification for any denial within
23 thirty days of the denial.

24 (4) Nothing in this section shall restrict the right of employees
25 to collectively bargain for insurance providing benefits in excess of
26 those provided herein.

27 (5)(a) Except as provided in this subsection, requirements used by
28 an insurer in determining whether to provide coverage to a small
29 employer shall be applied uniformly among all small employers applying
30 for coverage or receiving coverage from the carrier.

31 (b) An insurer shall not require a minimum participation level
32 greater than:

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

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

37 (c) In applying minimum participation requirements with respect to

1 a small employer, a small employer shall not consider employees or
2 dependents who have similar existing coverage in determining whether
3 the applicable percentage of participation is met.

4 (d) An insurer may not increase any requirement for minimum
5 employee participation or modify any requirement for minimum employer
6 contribution applicable to a small employer at any time after the small
7 employer has been accepted for coverage.

8 (6) An insurer must offer coverage to all eligible employees of a
9 small employer and their dependents. An insurer may not offer coverage
10 to only certain individuals or dependents in a small employer group or
11 to only part of the group. An insurer may not modify a health plan
12 with respect to a small employer or any eligible employee or dependent,
13 through riders, endorsements or otherwise, to restrict or exclude
14 coverage or benefits for specific diseases, medical conditions, or
15 services otherwise covered by the plan.

16 (7) As used in this section, "health benefit plan," "small
17 employer," "adjusted community rate," and "wellness activities" mean
18 the same as defined in RCW 48.43.005.

19 **Sec. 6.** RCW 48.44.023 and 2004 c 244 s 7 are each amended to read
20 as follows:

21 (1)(a) A health care services contractor offering any health
22 benefit plan to a small employer, either directly or through an
23 association or member-governed group formed specifically for the
24 purpose of purchasing health care, may offer and actively market to the
25 small employer a health benefit plan featuring a limited schedule of
26 covered health care services. Nothing in this subsection shall
27 preclude a contractor from offering, or a small employer from
28 purchasing, other health benefit plans that may have more comprehensive
29 benefits than those included in the product offered under this
30 subsection. A contractor offering a health benefit plan under this
31 subsection shall clearly disclose all covered benefits to the small
32 employer in a brochure filed with the commissioner.

33 (b) A health benefit plan offered under this subsection shall
34 provide coverage for hospital expenses and services rendered by a
35 physician licensed under chapter 18.57 or 18.71 RCW but is not subject
36 to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290,

1 48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335,
2 48.44.340, 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and
3 48.44.460.

4 (2) Nothing in this section shall prohibit a health care service
5 contractor from offering, or a purchaser from seeking, health benefit
6 plans with benefits in excess of the health benefit plan offered under
7 subsection (1) of this section. All forms, policies, and contracts
8 shall be submitted for approval to the commissioner, and the rates of
9 any plan offered under this section shall be reasonable in relation to
10 the benefits thereto.

11 (3) Premium rates for health benefit plans for small employers as
12 defined in this section shall be subject to the following provisions:

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

- 15 (i) Geographic area;
- 16 (ii) Family size;
- 17 (iii) Age; (~~and~~)
- 18 (iv) Wellness activities; and
- 19 (v) Reinsurance premium discounts.

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

24 (c) The contractor shall be permitted to develop separate rates for
25 individuals age sixty-five or older for coverage for which medicare is
26 the primary payer and coverage for which medicare is not the primary
27 payer. Both rates shall be subject to the requirements of this
28 subsection (3).

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

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

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

1 (i) Changes to the enrollment of the small employer;
2 (ii) Changes to the family composition of the employee;
3 (iii) Changes to the health benefit plan requested by the small
4 employer; or
5 (iv) Changes in government requirements affecting the health
6 benefit plan.

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

10 (h) For the purposes of this section, a health benefit plan that
11 contains a restricted network provision shall not be considered similar
12 coverage to a health benefit plan that does not contain such a
13 provision, provided that the restrictions of benefits to network
14 providers result in substantial differences in claims costs. A carrier
15 may develop its rates based on claims costs due to network provider
16 reimbursement schedules or type of network. This subsection does not
17 restrict or enhance the portability of benefits as provided in RCW
18 48.43.015.

19 (i) Adjusted community rates established under this section shall
20 pool the medical experience of all groups purchasing coverage.
21 However, annual rate adjustments for each small group health benefit
22 plan may vary by up to plus or minus four percentage points from the
23 overall adjustment of a carrier's entire small group pool, such overall
24 adjustment to be approved by the commissioner, upon a showing by the
25 carrier, certified by a member of the American academy of actuaries
26 that: (i) The variation is a result of deductible leverage, benefit
27 design, or provider network characteristics; and (ii) for a rate
28 renewal period, the projected weighted average of all small group
29 benefit plans will have a revenue neutral effect on the carrier's small
30 group pool. Variations of greater than four percentage points are
31 subject to review by the commissioner, and must be approved or denied
32 within sixty days of submittal. A variation that is not denied within
33 sixty days shall be deemed approved. The commissioner must provide to
34 the carrier a detailed actuarial justification for any denial within
35 thirty days of the denial.

36 (4) Nothing in this section shall restrict the right of employees
37 to collectively bargain for insurance providing benefits in excess of
38 those provided herein.

1 (5)(a) Except as provided in this subsection, requirements used by
2 a contractor in determining whether to provide coverage to a small
3 employer shall be applied uniformly among all small employers applying
4 for coverage or receiving coverage from the carrier.

5 (b) A contractor shall not require a minimum participation level
6 greater than:

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

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

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

15 (d) A contractor may not increase any requirement for minimum
16 employee participation or modify any requirement for minimum employer
17 contribution applicable to a small employer at any time after the small
18 employer has been accepted for coverage.

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

27 **Sec. 7.** RCW 48.46.066 and 2004 c 244 s 9 are each amended to read
28 as follows:

29 (1)(a) A health maintenance organization offering any health
30 benefit plan to a small employer, either directly or through an
31 association or member-governed group formed specifically for the
32 purpose of purchasing health care, may offer and actively market to the
33 small employer a health benefit plan featuring a limited schedule of
34 covered health care services. Nothing in this subsection shall
35 preclude a health maintenance organization from offering, or a small
36 employer from purchasing, other health benefit plans that may have more
37 comprehensive benefits than those included in the product offered under

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

5 (b) A health benefit plan offered under this subsection shall
6 provide coverage for hospital expenses and services rendered by a
7 physician licensed under chapter 18.57 or 18.71 RCW but is not subject
8 to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, 48.46.290,
9 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510,
10 48.46.520, and 48.46.530.

11 (2) Nothing in this section shall prohibit a health maintenance
12 organization from offering, or a purchaser from seeking, health benefit
13 plans with benefits in excess of the health benefit plan offered under
14 subsection (1) of this section. All forms, policies, and contracts
15 shall be submitted for approval to the commissioner, and the rates of
16 any plan offered under this section shall be reasonable in relation to
17 the benefits thereto.

18 (3) Premium rates for health benefit plans for small employers as
19 defined in this section shall be subject to the following provisions:

20 (a) The health maintenance organization shall develop its rates
21 based on an adjusted community rate and may only vary the adjusted
22 community rate for:

- 23 (i) Geographic area;
- 24 (ii) Family size;
- 25 (iii) Age; (~~and~~)
- 26 (iv) Wellness activities; and
- 27 (v) Reinsurance premium discounts.

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

32 (c) The health maintenance organization shall be permitted to
33 develop separate rates for individuals age sixty-five or older for
34 coverage for which medicare is the primary payer and coverage for which
35 medicare is not the primary payer. Both rates shall be subject to the
36 requirements of this subsection (3).

37 (d) The permitted rates for any age group shall be no more than

1 four hundred twenty-five percent of the lowest rate for all age groups
2 on January 1, 1996, four hundred percent on January 1, 1997, and three
3 hundred seventy-five percent on January 1, 2000, and thereafter.

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

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

10 (i) Changes to the enrollment of the small employer;

11 (ii) Changes to the family composition of the employee;

12 (iii) Changes to the health benefit plan requested by the small
13 employer; or

14 (iv) Changes in government requirements affecting the health
15 benefit plan.

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

19 (h) For the purposes of this section, a health benefit plan that
20 contains a restricted network provision shall not be considered similar
21 coverage to a health benefit plan that does not contain such a
22 provision, provided that the restrictions of benefits to network
23 providers result in substantial differences in claims costs. A carrier
24 may develop its rates based on claims costs due to network provider
25 reimbursement schedules or type of network. This subsection does not
26 restrict or enhance the portability of benefits as provided in RCW
27 48.43.015.

28 (i) Adjusted community rates established under this section shall
29 pool the medical experience of all groups purchasing coverage.
30 However, annual rate adjustments for each small group health benefit
31 plan may vary by up to plus or minus four percentage points from the
32 overall adjustment of a carrier's entire small group pool, such overall
33 adjustment to be approved by the commissioner, upon a showing by the
34 carrier, certified by a member of the American academy of actuaries
35 that: (i) The variation is a result of deductible leverage, benefit
36 design, or provider network characteristics; and (ii) for a rate
37 renewal period, the projected weighted average of all small group
38 benefit plans will have a revenue neutral effect on the carrier's small

1 group pool. Variations of greater than four percentage points are
2 subject to review by the commissioner, and must be approved or denied
3 within sixty days of submittal. A variation that is not denied within
4 sixty days shall be deemed approved. The commissioner must provide to
5 the carrier a detailed actuarial justification for any denial within
6 thirty days of the denial.

7 (4) Nothing in this section shall restrict the right of employees
8 to collectively bargain for insurance providing benefits in excess of
9 those provided herein.

10 (5)(a) Except as provided in this subsection, requirements used by
11 a health maintenance organization in determining whether to provide
12 coverage to a small employer shall be applied uniformly among all small
13 employers applying for coverage or receiving coverage from the carrier.

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

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

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

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

24 (d) A health maintenance organization may not increase any
25 requirement for minimum employee participation or modify any
26 requirement for minimum employer contribution applicable to a small
27 employer at any time after the small employer has been accepted for
28 coverage.

29 (6) A health maintenance organization must offer coverage to all
30 eligible employees of a small employer and their dependents. A health
31 maintenance organization may not offer coverage to only certain
32 individuals or dependents in a small employer group or to only part of
33 the group. A health maintenance organization may not modify a health
34 plan with respect to a small employer or any eligible employee or
35 dependent, through riders, endorsements or otherwise, to restrict or
36 exclude coverage or benefits for specific diseases, medical conditions,
37 or services otherwise covered by the plan.

1 NEW SECTION. **Sec. 8.** A new section is added to chapter 82.24 RCW
2 to read as follows:

3 (1) In addition to the tax imposed upon the sale, use, consumption,
4 handling, possession, or distribution of cigarettes under other
5 sections of this chapter, there is imposed a tax in an amount equal to
6 the rate of twelve and one-half mills per cigarette.

7 (2) The revenue collected under this section shall be deposited as
8 follows:

9 (a) 21.7 percent shall be deposited into the health services
10 account.

11 (b) 2.8 percent shall be deposited into the general fund.

12 (c) 2.3 percent shall be deposited into the violence reduction and
13 drug enforcement account under RCW 69.50.520.

14 (d) 1.7 percent shall be deposited into the water quality account
15 under RCW 70.146.030.

16 (e) The remainder shall be deposited into the reinsurance account
17 under section 9 of this act.

18 NEW SECTION. **Sec. 9.** The reinsurance account is created in the
19 state treasury. The account shall consist of revenues deposited into
20 the account under section 8 of this act. Moneys in the account may be
21 spent only after appropriation. Expenditures from the account may be
22 used for the purposes of this act, including the reimbursement paid to
23 carriers and the associated administrative expenses of operating the
24 reinsurance program.

25 NEW SECTION. **Sec. 10.** A new section is added to chapter 48.43 RCW
26 to read as follows:

27 The insurance commissioner or the administrator of the account, on
28 behalf of and with the prior approval of the commissioner, may purchase
29 reinsurance from an insurance company licensed to write such type of
30 insurance in this state. Such reinsurance may be purchased with funds
31 appropriated to the reinsurance account established in section 9 of
32 this act.

33 NEW SECTION. **Sec. 11.** A new section is added to chapter 48.43 RCW
34 to read as follows:

35 Upon the request of the insurance commissioner, each carrier shall

1 furnish such data as the commissioner deems necessary to oversee the
2 operation of the reinsurance account. The commissioner shall adopt
3 rules that set forth procedures for the operation of the reinsurance
4 account and distribution of funds therefrom.

5 NEW SECTION. **Sec. 12.** The sum of five million dollars, or as much
6 thereof as may be necessary, is appropriated for the biennium ending
7 June 30, 2009, from the health savings account, previously identified
8 with small employer insurance assistance, to the reinsurance account
9 established in section 9 of this act for the purposes of this act.

--- END ---