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**SUBSTITUTE SENATE BILL 6030**

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**State of Washington                      60th Legislature                      2007 Regular Session**

**By** Senate Committee on Health & Long-Term Care (originally sponsored by Senators Parlette and Schoesler)

READ FIRST TIME 02/28/07.

1            AN ACT Relating to health insurance options for young adults;  
2 amending RCW 48.44.022, 48.46.064, and 48.20.029; and adding a new  
3 section to chapter 48.43 RCW.

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

5            **Sec. 1.** RCW 48.44.022 and 2006 c 100 s 3 are each amended to read  
6 as follows:

7            (1) Except for health benefit plans covered under RCW 48.44.021,  
8 premium rates for health benefit plans for individuals shall be subject  
9 to the following provisions:

10            (a) The health care service contractor shall develop its rates  
11 based on an adjusted community rate and may only vary the adjusted  
12 community rate for:

- 13            (i) Geographic area;
- 14            (ii) Family size;
- 15            (iii) Age;
- 16            (iv) Tenure discounts; and
- 17            (v) Wellness activities.

18            (b) The adjustment for age in (a)(iii) of this subsection may not

1 use age brackets smaller than five-year increments which shall begin  
2 with age twenty and end with age sixty-five. Individuals under the age  
3 of twenty shall be treated as those age twenty.

4 (c) The health care service contractor shall be permitted to  
5 develop separate rates for individuals age sixty-five or older for  
6 coverage for which medicare is the primary payer and coverage for which  
7 medicare is not the primary payer. Both rates shall be subject to the  
8 requirements of this subsection.

9 (d) Except as provided in subsection (2) of this section, the  
10 permitted rates for any age group shall be no more than four hundred  
11 twenty-five percent of the lowest rate for all age groups on January 1,  
12 1996, four hundred percent on January 1, 1997, and three hundred  
13 seventy-five percent on January 1, 2000, and thereafter.

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

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

20 (i) Changes to the family composition;

21 (ii) Changes to the health benefit plan requested by the  
22 individual; or

23 (iii) Changes in government requirements affecting the health  
24 benefit plan.

25 (g) For the purposes of this section, a health benefit plan that  
26 contains a restricted network provision shall not be considered similar  
27 coverage to a health benefit plan that does not contain such a  
28 provision, provided that the restrictions of benefits to network  
29 providers result in substantial differences in claims costs. This  
30 subsection does not restrict or enhance the portability of benefits as  
31 provided in RCW 48.43.015.

32 (h) A tenure discount for continuous enrollment in the health plan  
33 of two years or more may be offered, not to exceed ten percent.

34 (2) Adjusted community rates established under this section shall  
35 pool the medical experience of all individuals purchasing coverage,  
36 except individuals purchasing coverage under RCW 48.44.021, and shall  
37 not be required to be pooled with the medical experience of health  
38 benefit plans offered to small employers under RCW 48.44.023. Carriers

1 may treat young adults, between twenty-one and thirty-four years of  
2 age, and products developed specifically for them as a single banded  
3 experience pool for purposes of establishing rates. The rates  
4 established for this age group are not subject to subsection (1)(d) of  
5 this section. After two years of experience with these products,  
6 carriers shall report to the office of the insurance commissioner on  
7 the product rates, the number of newly insured young adults, and the  
8 impact on other segments of the market.

9 (3) As used in this section and RCW 48.44.023 "health benefit  
10 plan," "small employer," "adjusted community rates," and "wellness  
11 activities" mean the same as defined in RCW 48.43.005.

12 **Sec. 2.** RCW 48.46.064 and 2006 c 100 s 5 are each amended to read  
13 as follows:

14 (1) Except for health benefit plans covered under RCW 48.46.063,  
15 premium rates for health benefit plans for individuals shall be subject  
16 to the following provisions:

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

- 20 (i) Geographic area;
- 21 (ii) Family size;
- 22 (iii) Age;
- 23 (iv) Tenure discounts; and
- 24 (v) Wellness activities.

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

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

34 (d) Except as provided in subsection (2) of this section, the  
35 permitted rates for any age group shall be no more than four hundred  
36 twenty-five percent of the lowest rate for all age groups on January 1,

1 1996, four hundred percent on January 1, 1997, and three hundred  
2 seventy-five percent on January 1, 2000, and thereafter.

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

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

9 (i) Changes to the family composition;

10 (ii) Changes to the health benefit plan requested by the  
11 individual; or

12 (iii) Changes in government requirements affecting the health  
13 benefit plan.

14 (g) For the purposes of this section, a health benefit plan that  
15 contains a restricted network provision shall not be considered similar  
16 coverage to a health benefit plan that does not contain such a  
17 provision, provided that the restrictions of benefits to network  
18 providers result in substantial differences in claims costs. This  
19 subsection does not restrict or enhance the portability of benefits as  
20 provided in RCW 48.43.015.

21 (h) A tenure discount for continuous enrollment in the health plan  
22 of two years or more may be offered, not to exceed ten percent.

23 (2) Adjusted community rates established under this section shall  
24 pool the medical experience of all individuals purchasing coverage,  
25 except individuals purchasing coverage under RCW 48.46.063, and shall  
26 not be required to be pooled with the medical experience of health  
27 benefit plans offered to small employers under RCW 48.46.066. Carriers  
28 may treat young adults, between twenty-one and thirty-four years of  
29 age, and products developed specifically for them as a single banded  
30 experience pool for purposes of establishing rates. The rates  
31 established for this age group are not subject to subsection (1)(d) of  
32 this section. After two years of experience with these products,  
33 carriers shall report to the office of the insurance commissioner on  
34 the product rates, the number of newly insured young adults, and the  
35 impact on other segments of the market.

36 (3) As used in this section and RCW 48.46.066, "health benefit  
37 plan," "adjusted community rate," "small employer," and "wellness  
38 activities" mean the same as defined in RCW 48.43.005.

1       **Sec. 3.** RCW 48.20.029 and 2006 c 100 s 2 are each amended to read  
2 as follows:

3       (1) Premiums for health benefit plans for individuals who purchase  
4 the plan as a member of a purchasing pool:

5       (a) Consisting of five hundred or more individuals affiliated with  
6 a particular industry;

7       (b) To whom care management services are provided as a benefit of  
8 pool membership; and

9       (c) Which allows contributions from more than one employer to be  
10 used towards the purchase of an individual's health benefit plan;  
11 shall be calculated using the adjusted community rating method that  
12 spreads financial risk across the entire purchasing pool of which the  
13 individual is a member. All such rates shall conform to the following:

14       (i) The insurer shall develop its rates based on an adjusted  
15 community rate and may only vary the adjusted community rate for:

16       (A) Geographic area;

17       (B) Family size;

18       (C) Age;

19       (D) Tenure discounts; and

20       (E) Wellness activities.

21       (ii) The adjustment for age in (c)(i)(C) of this subsection may not  
22 use age brackets smaller than five-year increments which shall begin  
23 with age twenty and end with age sixty-five. Individuals under the age  
24 of twenty shall be treated as those age twenty.

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

29       (iv) Except as provided in subsection (2) of this section, the  
30 permitted rates for any age group shall be no more than four hundred  
31 twenty-five percent of the lowest rate for all age groups on January 1,  
32 1996, four hundred percent on January 1, 1997, and three hundred  
33 seventy-five percent on January 1, 2000, and thereafter.

34       (v) A discount for wellness activities shall be permitted to  
35 reflect actuarially justified differences in utilization or cost  
36 attributed to such programs not to exceed twenty percent.

37       (vi) The rate charged for a health benefit plan offered under this

1 section may not be adjusted more frequently than annually except that  
2 the premium may be changed to reflect:

- 3 (A) Changes to the family composition;
- 4 (B) Changes to the health benefit plan requested by the individual;
- 5 or
- 6 (C) Changes in government requirements affecting the health benefit  
7 plan.

8 (vii) For the purposes of this section, a health benefit plan that  
9 contains a restricted network provision shall not be considered similar  
10 coverage to a health benefit plan that does not contain such a  
11 provision, provided that the restrictions of benefits to network  
12 providers result in substantial differences in claims costs. This  
13 subsection does not restrict or enhance the portability of benefits as  
14 provided in RCW 48.43.015.

15 (viii) A tenure discount for continuous enrollment in the health  
16 plan of two years or more may be offered, not to exceed ten percent.

17 (2) Adjusted community rates established under this section shall  
18 not be required to be pooled with the medical experience of health  
19 benefit plans offered to small employers under RCW 48.21.045. Carriers  
20 may treat young adults, between twenty-one and thirty-four years of  
21 age, and products developed specifically for them as a single banded  
22 experience pool for purposes of establishing rates. The rates  
23 established for this age group are not subject to subsection (1)(c)(iv)  
24 of this section. After two years of experience with these products,  
25 carriers shall report to the office of the insurance commissioner on  
26 the product rates, the number of newly insured young adults, and the  
27 impact on other segments of the market.

28 (3) As used in this section, "health benefit plan," "adjusted  
29 community rates," and "wellness activities" mean the same as defined in  
30 RCW 48.43.005.

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

33 The office of the insurance commissioner shall make available  
34 educational and outreach materials targeted to young adults aged  
35 nineteen to thirty-four, as funding becomes available. Education and  
36 outreach efforts shall focus on educating young consumers on the  
37 importance and value of health insurance, including educational

1 materials, public service messages, and other outreach activities. The  
2 commissioner is authorized to fund these activities with grants,  
3 donations, in-kind contributions, or other funding that may be  
4 available.

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