FORMATTING NOTE:
In initiatives, legislative bills and other proposed measures, language that is to be deleted from current statutes is represented by a "strikethrough" character and language that is to be added is underlined. Because these special characters cannot be formatted in all Internet browsers, a different set of symbols is used for presenting these proposals on-line. The symbols are as follows:

- Text that is surrounded by (({- text here -})) is text that will be DELETED FROM the existing statute if the proposed measure is approved.
- Text that is surrounded by {+ text here +} is text that will be ADDED TO the existing statute if the proposed measure is approved.
- {+ NEW SECTION+} (found at the beginning of a section or paragraph) indicates that ALL of the text in that section will become law if the proposed measure is approved.

* * *

INITIATIVE 227

AN ACT Relating to health care access; amending RCW 41.05.11 and 41.05.55; reenacting and amending RCW 48.43.005; adding new sections to chapter 41.05 RCW; adding a new section to chapter 48.43 RCW; adding new sections to chapter 74.09 RCW; adding a new section to chapter 43.145 RCW; creating new sections; repealing RCW 48.43.075, 48.43.095, and 48.43.105; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

{+ NEW SECTION. +} Sec. 1 (1) We, the people of Washington state, find that many state residents cannot buy affordable, comprehensive health insurance, especially in rural areas of the state. Many health plans fail to cover necessary health care, such as maternity care and life-saving medical procedures. Further, when employers make health plans available, many workers cannot afford to pay for these plans out of their own pockets. The lack of affordable, comprehensive health insurance hurts residents and their families by restricting access to necessary health care and draining already limited household budgets.

(2) The people of Washington therefore intend by this act to protect the rights of all residents enrolled in health plans and to permit residents, regardless of their health or where they live, to purchase coverage in the Washington health insurance plan. In addition, the people intend by this act to provide low cost, comprehensive health insurance for state residents by requiring that certain state health care purchasing be consolidated, administered by the health care authority, and modified to reduce costs, increase efficiencies, and maximize available revenues.

{+ NEW SECTION. +} Sec. 2. A new section is added to chapter 48.43 RCW to read as follows:

(1) To protect and ensure the rights of enrollees, all carriers, and public and private health plans and programs subject to the jurisdiction of the state, shall:

(a) Disclose information regarding benefits, limitations, exclusions, health care providers and facilities, covered drugs, grievance procedures, and related information prior to and at the time of coverage by the plan or program;

(b) Adopt, implement, and disclose policies and procedures governing the collection, use, and disclosure of personally identifiable health information. Such policies and procedures shall conform to rules adopted by the insurance commissioner for the necessary protection of the public's right to privacy consistent with the fair administration of such plans and programs;

(c) Adopt and implement a fair method of resolution of disputes with a plan or program and shall afford the right to a timely, independent review of any decision by the plan or program to modify, discontinue, or deny access to or payment for a significant health service;

(d) Adopt and implement health care utilization review standards and clinical protocols with the advice and consent of participating providers and facilities; and

(e) Maintain health care networks with a sufficient number and type of health care providers and facilities to ensure enrollees timely access to covered health care services, information and referrals.

(2) A carrier or other insurer and any person acting on its behalf that limits or denies access to or payment for health care services is liable for any harm to the covered person, unless the limitation or denial meets accepted community health care standards.

(3) No carrier or other insurer shall engage in any act or practice that would prevent or limit a person from exercising a right to health care service or coverage under any state or federal law.

(4) A carrier or other insurer is responsible for compliance with the provisions of this chapter and is responsible for the compliance of any person acting on its behalf, at its direction, or under carrier standards or requirements concerning the coverage of, payment for, or provision of health care services.

(5) The insurance commissioner shall adopt rules necessary to implement this section. In adopting such rules the commissioner shall take into consideration the model laws and regulations adopted by the National Association of Insurance Commissioners, standards recommended by national managed care accreditation organizations, and current policies and procedures of state agencies.

{+ NEW SECTION. +} Sec. 3. A new section is added to chapter 41.05 RCW to read as follows:

There is created the Washington health insurance plan that shall be available state-wide. Effective July 1 following the adoption of this act, the following programs shall be administered by the Washington health care authority as separate programs under joint procurement and, to the greatest extent possible, joint risk-sharing mechanisms: the public employee benefit plans established under this chapter; the basic health plan established under chapter 70.47 RCW, medicaid programs, state funded medical assistance, and the children's health insurance program established under chapter 74.09 RCW, Titles XIX of the social security act (42 U.S.C. section 1396, et seq.), and XXI of the social security act (42 U.S.C. section 1396, et seq.). The plan shall be administered in accordance with the following standards:

(1) All state residents and small employer groups shall be eligible to enroll in the plan in accordance with this act.

(2) State residents and small employer groups enrolling or renewing enrollment in the plan must contract with the plan to pay premiums for a twelve-month period. State residents or small

employer groups who reenroll after terminating coverage without good cause, shall pay a twenty-five percent surcharge on their premiums for one year.

(3) Plan premiums shall be set only with regard to age and family composition. The plan shall prorate the premiums for any medicare supplemental policy on the basis of the actuarial value of the medicare supplemental benefit schedule relative to the plan benefit schedule.

(4) The plan may not impose a preexisting waiting period or similar limitations for pregnancy, and may not impose a preexisting waiting period for other conditions that exceed that authorized by chapter 48.43 RCW as it existed on July 1, 1999.

(5) Plan health services and health service delivery must comply with the requirements of the medicaid programs under chapter 74.09 RCW and Title XIX of the social security act (42 U.S.C. section 1396, et seq.), and 48.43 RCW for all enrollees, and must be at least substantially equivalent to the extent, duration, and scope of health services available through medicaid programs on January 1, 1999.

(6) Plan health services must include an option for medicare supplemental health insurance plan which may be offered as a medicare plus choice plan in accordance with Title XVIII of the Social Security Act, 42 U.S.C. Sec. 1395 et seq.

(7) The plan shall, to the maximum extent possible, integrate plan health services with other services provided eligible enrollees by the department of social and health services and the department of health.

(8) No public employee may be charged more or receive fewer benefits as a consequence of this act. Plan premiums and enrollee cost-sharing requirements must be designed to prevent adverse financial impacts upon public employees' benefits. Benefits provided public employees shall be no less than provided under chapter 41.05.065 RCW.

(9) The Washington health insurance plan board, established in RCW 41.05.055, may temporarily suspend enrollment of new private pay small employer groups and new private pay residents who are not enrolling as members of enrolled small employer groups when the board projects that plan premiums will increase by more than twice the implicit price deflator for all items as determined by the office of financial management.

(10) Residency verification shall be consistent with the requirements of chapter 74.08.100 RCW.

{+ NEW SECTION. +} Sec. 4. A new section is added to chapter 41.05 RCW to read as follows:

The Washington health care authority shall be the administrator of the Washington health insurance plan effective July 1 following the adoption of this act. All necessary personnel, facilities, supplies, and other financial and nonfinancial resources to create and operate the Washington health insurance plan shall be derived from existing agencies.

(1) The health care authority is hereby granted the powers, duties, and functions of the medical assistance administration under chapter 74.09 RCW. All applicable references to the secretary of the department of social and health services in chapter 74.09 RCW shall be construed to mean the administrator of the health care authority.

(2) The health care authority shall directly contract with or purchase health care services from health care providers, facilities,

local public health agencies, and nonprofit community organizations that serve low-income and under-served populations, and may contract with health carriers, to the extent necessary to provide health services for the benefit of enrollees under the plan.

(3) The health care authority shall design reimbursement methods that minimize overutilization of health services and maximize the provision of quality, medically necessary health services. The health care authority shall require any contracted entity, which is transferring to any subcontractor the financial risk for the provision of health services, to obtain guarantees that the subcontractor is financially capable of assuming that risk and capable of complying with the plan's applicable contractual requirements.

(4) The health care authority shall calculate a case rate for coverage of pregnancy and social security insurance-related health conditions that would qualify financially eligible enrollees for medicaid programs under 74.09 RCW. The health care authority shall use risk-adjustment methodologies to calculate an actuarially sound case rate for each qualifying condition on the basis of functional status and the average cost for providing health services necessary to treat those conditions. The health care authority may not include the case rate costs for these conditions when calculating the plan premiums. The health care authority shall charge the medicaid programs, state funded medical assistance, and the children's health insurance program for the case rate costs incurred by enrollees eligible for those programs. The health care authority shall charge the Washington health insurance plan financial participation program, established in this section, for the case rate costs incurred by enrollees who are not eligible for the medicaid programs, state funded medical assistance, and the children's health insurance program.

(5) The health care authority shall design and implement an operations plan and the Washington health insurance plan financial participation program that is substantially equivalent to that in RCW 48.41.050 and chapter 48.41.090. All health carriers, the Washington health insurance plan, and all insurers who issue stop loss policies shall participate in the Washington health insurance plan financial participation program. The contributions collected under this section shall be deposited into the Washington health insurance plan account established in section 12 of this act.

(6) The health care authority is authorized and required to maximize, to the greatest extent possible, the availability of federal funding by raising income eligibility standards and certification periods for individual enrollees as permitted Title XIX of the social security act (42 U.S.C. Sec. 1396, et seq.), and Title XXI of the social security act (42 U.S.C. Sec. 1396, et seq.).

(7) The health care authority shall apply for any waivers under Title XIX of the social security act (42 U.S.C. Sec. 1396, et seq.), and Title XXI of the social security act (42 U.S.C. Sec. 1396, et seq.) necessary for the medicaid programs and the children's health insurance program established under chapter 74.09 RCW to participate in a joint risk-sharing mechanism.

(8) The health care authority shall adopt all rules necessary to implement this act.

(9) The health care authority shall maintain existing bargaining agreements until a new bargaining agreement is negotiated exclusively with agency employees.

(10) The health care authority shall administer the Washington health insurance plan in consultation with the Washington health insurance plan board, established in RCW 42.05.055, in accordance with the health benefit design approved by the board.

Sec. 5. RCW 41.05.055 and 1995 1st sp.s. c 6 s 4 are each amended to read as follows:

(1) (({- The public employees' benefits -})) {+ Effective April 1 following the adoption of this act, the Washington health insurance plan +} board is created within the authority. The function of the board is to design and approve (({- insurance benefit plans -})) {+ health service benefit design +} for (({- state employees and school district employees -})) {+ the enrollees of the Washington health insurance plan. +}

(2) The board shall be composed of nine members appointed by the governor as follows:

(a) (({- Two -})) {+ Three +} representatives of state employees (({- one -})) {+ two +} of whom shall represent an employee union certified as exclusive representative of at least one bargaining unit of classified employees, and one of whom is retired, is covered by a program under the jurisdiction of the board, and represents an organized group of retired public employees;

(b) Two representatives of school district employees, one of whom shall represent an association of school employees and one of whom (({- is retired, and represents -})) {+ shall represent +} an organized group of retired school employees;

(c) (({- Four members with experience in health benefit management and cost containment -})) {+ Two members who represent nonprofit organizations that advocate on behalf of Washington health insurance plan enrollees who are not public employees +}; and

(d) The administrator {+ and the secretary of health +}.

{- (3) The member who represents an association of school employees and one member appointed pursuant to subsection (2)(c) of this section shall be nonvoting members until such time that there are no less than twelve thousand school district employee subscribers enrolled with the authority for health care coverage -}.

{- (4) -} {+ (3) By April 1 following the adoption of this act +} the governor shall appoint the initial members {+ described in sections (a) through (c) of this section +} of the board to staggered terms not to exceed four years. Members appointed thereafter shall serve two-year terms. Members of the board shall be compensated in accordance with RCW 43.03.250 and shall be reimbursed for their travel expenses while on official business in accordance with RCW 43.03.050 and 43.03.060. The board shall prescribe rules for the conduct of its business. The administrator shall serve as chair of the board. Meetings of the board shall be at the call of the chair.

{+ (4) By May 1 following the adoption of this act and whenever the position of the administrator is vacated, the members of the board described in sections (2) (a) through (c) of this section shall nominate three candidates from among whom the governor shall select an administrator within thirty days. A majority of these board members may recommend that the governor remove an administrator. +}

Sec. 6 RCW 48.43.005 and 1997 c 231 s 202 and 1997 c 55 s 1 are each reenacted and amended to read as follows:

Unless otherwise specifically provided, the definitions in this section apply throughout this chapter, {+ 41.05 RCW, and sections 2

through 4, and 8 through 16 of this act. +}

(1) "Adjusted community rate" means the rating method used to establish the premium for health plans adjusted to reflect actuarially demonstrated differences in utilization or cost attributable to geographic region, age, family size, and use of wellness activities.

(2) "Basic health plan" means the plan described under chapter 70.47 RCW, as revised from time to time.

(3) "Basic health plan model plan" means a health plan as required in RCW 70.47.060(2)(d).

(4) "Basic health plan services" means that schedule of covered health services, including the description of how those benefits are to be administered, that are required to be delivered to an enrollee under the basic health plan, as revised from time to time.

(5) "Certification" means a determination by a review organization that an admission, extension of stay, or other health care service or procedure has been reviewed and, based on the information provided, meets the clinical requirements for medical necessity, appropriateness, level of care, or effectiveness under the auspices of the applicable health benefit plan.

(6) "Concurrent review" means utilization review conducted during a patient's hospital stay or course of treatment.

(7) "Covered person" or "enrollee" means a person covered by a health plan including an enrollee, subscriber, policyholder, beneficiary of a group plan, or individual covered by any other health plan.

(8) "Dependent" means, at a minimum, the enrollee's legal spouse {- and -} unmarried dependent children, {+ and children of dependent children +} who qualify for coverage under the enrollee's health benefit plan.

(9) "Eligible employee" means an employee who works on a full-time basis with a normal work week of thirty or more hours. The term includes a self-employed individual, including a sole proprietor, a partner of a partnership, and may include an independent contractor, if the self-employed individual, sole proprietor, partner, or independent contractor is included as an employee under a health benefit plan of a small employer, but does not work less than thirty hours per week and derives at least seventy-five percent of his or her income from a trade or business through which he or she has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form. Persons covered under a health benefit plan pursuant to the consolidated omnibus budget reconciliation act of 1986 shall not be considered eligible employees for purposes of minimum participation requirements of chapter 265, Laws of 1995.

(10) "Emergency medical condition" means the emergent and acute onset of a symptom or symptoms, including severe pain, that would lead a prudent layperson acting reasonably to believe that a health condition exists that requires immediate medical attention, if failure to provide medical attention would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's health in serious jeopardy.

(11) "Emergency services" means otherwise covered health care services medically necessary to evaluate and treat an emergency medical condition, provided in a hospital emergency department.

(12) "Enrollee point-of-service cost-sharing" means amounts paid to health carriers directly providing services, health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or deductibles.

(13) "Grievance" means a {+ verbal or +} written complaint submitted by or on behalf of a covered person regarding: (a) Denial of payment for medical services or nonprovision of medical services {- included in the covered person's health benefit plan -}, or (b) service delivery issues other than denial of payment for medical services or nonprovision of medical services, including dissatisfaction with medical care, waiting time for medical services, provider or staff attitude or demeanor, or dissatisfaction with service provided by the health carrier.

(14) "Health care facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical facilities licensed under chapter 70.41 RCW, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(15) "Health care provider" or "provider" means:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

(16) "Health care service" {+ or "health service" +} means that service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(17) "Health carrier" or "carrier" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020.

(18) "Health plan" or "health benefit plan" means any policy, contract, or agreement {- offered -} {+ issued +} by a health carrier to provide, arrange, reimburse, or pay for health care services except the following:

(a) Long-term care insurance governed by chapter 48.84 RCW;

(b) Medicare supplemental health insurance governed by chapter 48.66 RCW;

(c) Limited health care services offered by limited health care service contractors in accordance with RCW 48.44.035;

(d) Disability income;

(e) Coverage incidental to a property/casualty liability insurance policy such as automobile personal injury protection coverage and homeowner guest medical;

(f) Workers' compensation coverage;

(g) Accident only coverage;

(h) Specified disease and hospital confinement indemnity when marketed solely as a supplement to a health plan;

(i) Employer-sponsored self-funded health plans;

(j) Dental only and vision only coverage; and

(k) Plans deemed by the insurance commissioner to have a short-term limited purpose or duration, or to be a student-only plan that is guaranteed renewable while the covered person is enrolled as a regular full-time undergraduate or graduate student at an accredited higher education institution, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner.

(19) "Material modification" means a change in the actuarial value of the health plan as modified of more than five percent but less than fifteen percent.

{+ (20) "Medically necessary" means a health service which is reasonably calculated to prevent, diagnose, correct, cure, alleviate or prevent worsening of conditions in the enrollee that endanger life, or cause suffering or pain, or result in an illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction. There is no other equally effective, more conservative and substantially less costly course of treatment or site of service suitable for the enrollee requesting the service. "Course of treatment" may include mere observation or, where appropriate, no treatment at all. +}

{- (20) -} {+ (21) +} "Open enrollment" means the annual sixty-two day period during the months of July and August during which every health carrier offering individual health plan coverage must accept onto individual coverage any state resident within the carrier's service area regardless of health condition who submits an application in accordance with RCW 48.43.035(1).

{- (21) -} {+ (22) +} "Preexisting condition" means any medical condition, illness, or injury that existed any time prior to the effective date of coverage.

{- (22) -} {+ (23) +} "Premium" means all sums charged, received, or deposited by a health carrier as consideration for a health plan or the continuance of a health plan. Any assessment or any "membership," "policy," "contract," "service," or similar fee or charge made by a health carrier in consideration for a health plan is deemed part of the premium. "Premium" shall not include amounts paid as enrollee point-of-service cost-sharing.

{+ (24) "Program" means any medical and health care, pharmaceuticals, and medical equipment purchased with state only or state and federal funds by the department of social and health services, the department of health, the basic health plan, the state health care authority, the department of labor and industries, the department of corrections, and local school districts. +}

{- (23) -} {+ (25) +} "Review organization" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, health care service contractor as defined in RCW 48.44.010, or health maintenance organization as defined in RCW 48.46.020, and entities affiliated with, under contract with, or acting on behalf of a health carrier to perform a utilization review.

{- (24) -} {+ (26) +} "Small employer" means any person, firm, corporation, partnership, association, political subdivision except school districts, or self-employed individual that is actively engaged in business that, on at least fifty percent of its working days during the preceding calendar quarter, employed no more than fifty eligible employees, with a normal work week of thirty or more hours, the majority of whom were employed within this state, and is

not formed primarily for purposes of buying health insurance and in which a bona fide employer-employee relationship exists. In determining the number of eligible employees, companies that are affiliated companies, or that are eligible to file a combined tax return for purposes of taxation by this state, shall be considered an employer. Subsequent to the issuance of a health plan to a small employer and for the purpose of determining eligibility, the size of a small employer shall be determined annually. Except as otherwise specifically provided, a small employer shall continue to be considered a small employer until the plan anniversary following the date the small employer no longer meets the requirements of this definition. The term "small employer" includes a self-employed individual or sole proprietor. The term "small employer" also includes a self-employed individual or sole proprietor who derives at least seventy-five percent of his or her income from a trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, schedule C or F, for the previous taxable year.

{- (25) -} {+ (27) +} "Utilization review" means the prospective, concurrent, or retrospective assessment of the necessity and appropriateness of the allocation of health care resources and services of a provider or facility, given or proposed to be given to an enrollee or group of enrollees.

{- (26) -} {+ (28) +} "Wellness activity" means an explicit program of an activity consistent with department of health guidelines, such as, smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education for the purpose of improving enrollee health status and reducing health service costs.

Sec. 7 RCW 41.05.011 and 1998 c 341 s 706 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section shall apply throughout this chapter {+ and sections 3 through 5, and 8 through 16 of this act. +}

(1) "Administrator" means the administrator of the authority.

(2) "State purchased health care" or "health care" means medical and health care, pharmaceuticals, and medical equipment purchased with state and federal funds by the department of social and health services, the department of health, the basic health plan, the state health care authority, the department of labor and industries, the department of corrections, the department of veterans affairs, and local school districts.

(3) "Authority" means the Washington state health care authority.

(4) "Insuring entity" means an insurer as defined in chapter 48.01 RCW, a health care service contractor as defined in chapter 48.44 RCW, or a health maintenance organization as defined in chapter 48.46 RCW.

(5) "Flexible benefit plan" means a benefit plan that allows employees to choose the level of health care coverage provided and the amount of employee contributions from among a range of choices offered by the authority.

(6) "Employee" includes all full-time and career seasonal employees of the
state, whether or not covered by civil service; elected and appointed

officials of the executive branch of government, including full-time members of boards, commissions, or committees; and includes any or all part-time and temporary
employees under the terms and conditions established under this chapter by the authority; justices of the supreme court and judges of the court of appeals and the superior courts; and members of the state legislature or of the legislative authority of any county, city, or town who are elected to office after February 20, 1970.

"Employee" also includes:

(a) Employees of a county, municipality, or other political subdivision of the state if the legislative authority of the county, municipality, or other political subdivision of the state seeks and receives the approval of the authority to provide any of its insurance programs by contract with the authority, as provided in RCW 41.04.205;

(b) employees of employee organizations representing state civil service employees, at the option of each such employee organization, and, effective October 1, 1995, employees of employee organizations currently pooled with employees of school districts for the purpose of purchasing insurance benefits, at the option of each such employee organization; and (c) employees of a school district if the authority agrees to provide any of the school districts' insurance programs by contract with the authority as provided in RCW 28A.400.350.

(7) "Board" means the (({- public employees' benefits -})) {+ Washington health insurance plan +} board established under RCW 41.05.055.

{- (7) -} {+ (8) +} "Retired or disabled school employee" means:

(a) Persons who separated from employment with a school district or educational service district and are receiving a retirement allowance under chapter 41.32 or 41.40 RCW as of September 30, 1993;

(b) Persons who separate from employment with a school district or educational service district on or after October 1, 1993, and immediately upon separation receive a retirement allowance under chapter 41.32 or 41.40 RCW;

(c) Persons who separate from employment with a school district or educational service district due to a total and permanent disability, and are eligible to receive a deferred retirement allowance under chapter 41.32 or 41.40 RCW.

{+ (9) "Small employer group" means the eligible employees and dependents of a small employer, as those terms are described in RCW 48.43.005, who are enrolled in the Washington health insurance plan by the small employer. +}

{- (9) -} {+ (10) +} "Benefits contribution plan" means a premium only contribution plan, a medical flexible spending arrangement, or a cafeteria plan whereby state and public employees may agree to a contribution to benefit costs which will allow the employee to participate in benefits offered pursuant to 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

{- (10) -} {+ (11) +} "Salary" means a state employee's monthly salary or wages.

{- (11) -} {+ (12) +} "Participant" means an individual who fulfills the eligibility and enrollment requirements under the benefits contribution plan.

{+ (13) "Plan" means the Washington health insurance plan created in section (3) of this act. +}

{- (12) -} {+ (14) +} "Plan year" means the time period established by the authority.

{+ (15) +} {+ "Private pay" means enrollees in the Washington health insurance plan whose premiums are not paid with state or federal funds. +}

{- (13) -} {+ (16) +} "Separated employees" means persons who separate from employment with an employer as defined in:
(a) RCW 41.32.010(11) on or after July 1, 1996; or
(b) RCW 41.35.010 on or after September 1, 2000;
and who are at least age fifty-five and have at least ten years of service under the teachers' retirement system plan III as defined in RCW 41.32.010(40) or the Washington school employees' retirement system plan III as defined in RCW 41.35.010.

{+ (17) "Stop loss policy" means a policy issued to and for the purposes of insuring the employer, the trustee or other sponsor of a benefit plan for providing health services, or the benefit plan itself, but not the employees, members, or participants for which payment by the insurer must be made to the employer, the trustee, or other sponsor of the benefit plan or the benefit plan itself, but not to the employees, members, participants, or health care providers; and the policy must contain a provision that establishes an aggregate attaching point or retention that is at the minimum one hundred twenty percent of the expected claims; and the policy may provide for an individual attaching point or retention that is not less than five percent of the expected claims or one hundred thousand dollars, whichever is less. +}

{+ NEW SECTION. +} Sec. 8. A new section is added to chapter 74.09 RCW to read as follows:

The powers, duties and functions of the Washington state medical assistance administration are transferred to the Washington health care authority. All applicable references to the secretary of the department of social and health services in chapter 74.09 Revised Code of Washington shall be construed to mean the administrator of the health care authority.

{+ NEW SECTION. +} Sec. 9. A new section is added to chapter 70.47 RCW to read as follows:

The provisions of the basic health plan, as required by the chapter, shall be administered in a manner consistent with this act.

{+ NEW SECTION. +} Sec. 10. (1) By January 1 following adoption of this act, the governor must submit to the legislature all necessary legislation for all technical changes required to fully reflect this act in statute and all budget recommendations that are necessary to accomplish the purpose and intent of this act.

(2) By January 1 of the second year following adoption of this act, the Legislature shall conduct a sunset study to determine whether the Washington state health insurance pool established in chapter 48.41 RCW should have its powers, duties and functions transferred to the plan.

{+ NEW SECTION. +} Sec. 11. A new section is added to chapter 41.05 RCW to read as follows:

The Washington health insurance plan shall be funded through private pay premiums, state funds, and contributions to the Washington health insurance plan financial participation program as described in section 4 of this act. The state shall fully fund its fiscal responsibilities under this act, including the funding

required to maximize federal funding participation and plan administrative costs for enrollees eligible under the public employee benefit plans established pursuant to chapter 41.05 RCW; the basic health plan established pursuant to chapter 70.47 RCW, medicaid programs, state funded medical assistance, and the children's health insurance program established under this chapter for coverage in the Washington health insurance plan. Additional public funds which may be necessary to implement the Washington health insurance plan shall be supplemented through increases in the tobacco tax as authorized under chapters 82.24 and 82.26 RCW, any tobacco settlement funds, the maximizing of federal funds available based on the income of an enrollee, and efficiencies in the purchasing and administration of all state health programs under the Washington health insurance plan. All funds necessary to implement this act and to administer and maintain the Washington health insurance plan shall be transferred from the state general fund to the Washington health insurance plan account established in section 12 of this act.

{+ NEW SECTION. +} Sec. 12. A new section is added to chapter 41.05 RCW to read as follows:

The Washington health insurance plan account is created in the state treasury. Any funds collected for the Washington health insurance plan shall be deposited in the Washington health insurance plan account. Moneys in the account shall be used exclusively for the purposes of this chapter, including payments of costs of administering the plan.

{+ NEW SECTION. +} Sec. 13. A new section is added to chapter 43.135 RCW to read as follows:

(1) Initiative Measure No. 601 (this chapter and the amendatory changes enacted by section 6, chapter 2, Laws of 1994) is hereby reenacted and reaffirmed. The legislature also adopts this act to continue the general fund revenue and expenditure limitations contained in this chapter after this one-time transfer of funds.

(2) RCW 43.135.035 does not apply to RCW 41.05.011, 41.05.055, and sections 3, 4, and 8 through 12 of this act.

{+ NEW SECTION. +} Sec. 14. A new section is added to chapter 43.135 RCW to read as follows:

Should Initiative Measure No. 695 be approved by the people, any provision of this act and any tax increase, including, but not limited to, a new tax, a monetary increase in an existing tax, a tax rate increase, an expansion in the legal definition of a tax base, and an extension of an expiring tax that funds any requirement of this act shall be exempt from the provisions of Initiative Measure No. 695.

{+ NEW SECTION. +} Sec. 15. If this act is adopted by the legislature, the year in which the implementation dates in this act are effective is 2000. If this act is adopted by the people, the year in which the implementation dates in this act are effective is 2001.

{+ NEW SECTION. +} Sec. 16. Nothing in this act shall be deemed to impair a contract in existence on the effective date of this section.

{+ NEW SECTION. +} Sec. 17. The following acts or parts of acts are each repealed:

(1) RCW 48.43.075 (Informing patients about their care--Health carriers may not preclude or discourage) and 1996 c 312 s 2;

(2) RCW 48.43.095 (Information provided to an enrollee or a prospective enrollee) and 1996 c 312 s 4; and

(3) RCW 48.43.105 (Preparation of documents that compare health carriers--Immunity--Due diligence) and 1996 c 312 s 5.

{+ NEW SECTION. +} Sec. 18. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

{+ NEW SECTION. +} Sec. 19. This act may be known and cited as the patient protection and health care access act.

{+ NEW SECTION. +} Sec. 20. Sections 4 and 5 of this act take effect on July 1 following the adoption of this act.

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